

23 FEBRUARY 2018

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- Operational results deliver a **\$5.7 million profit after tax**, EPS of 5.6 cents enabling a **fully franked final dividend** of 1 cent per share. This makes total dividend payment of 2017 2 cents, fully franked
- **Steady growth** in profit after tax recorded in our core business, book and book-like printing in the niche markets within Australia, despite the reduction in revenue
- **Continued efforts for ongoing operational efficiency** within 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 75.61% shareholder, Lion Rock Group Limited, which is headquartered in Hong Kong with sales office in 12 major cities worldwide.

FINANCIAL RESULTS OVERVIEW

AUD\$'000s	Year ended 31 December 2017	Year ended 31 December 2016	Change % Favourable/ (Unfavourable)
Continuing Operations *			
Revenue	79,206	86,965	(9%)
EBITDA	9,527	10,093	(6%)
Profit after tax	5,690	5,508	3%
Discontinued Operation**			
Profit after tax	-	9,386	(100%)
Total profit after tax	5,690	14,894	(62%)
Earnings per share	5.63 cents	15.49 cents	(64%)
Fully franked dividend per share	Ordinary: 1 Cent	Ordinary: 1 Cent	N/A

* 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 year ended 31 December 2017.

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

‘With 2017 being the first full year of the group manufacturing exclusively in Australia and solely for Publishing customers, the results are in line with board expectations. Each of our businesses (Ligare in Sydney, CanPrint in Canberra and McPherson’s Printing in country Victoria) have worked hard to refine core capabilities and consolidate business operations with a ‘continuous improvement’ mentality. This approach is yielding positive results with steady growth in our bottom line against reduced revenue and we will continue to work to be at the top of our game. Investment in equipment and technology will continue and I look forward to enhancing the close working relationships with our key customers and suppliers in 2018.’

CORE BUSINESS PERFORMANCE

AUD\$'000s	Year ended 31 December 2017	Year ended 31 December 2016	Change % Favourable/ (Unfavourable)
Revenue	79,206	86,965	(9%)
Other income	1,750	1,015	72%
Operating expenses	(71,429)	(77,887)	8%
EBITDA	9,527	10,093	(6%)
Profit after tax	5,690	5,508	3%

The continuing operations represent the core business and focus of OPUS Group. The business recorded a sales decline of 9% or \$7,759,000 over the prior year. This has been driven by the net effect of commencement of new businesses in middle of 2016 and early 2017 and a reduction of printing spend from existing customers through online publications.

Operating expenses from continuing operations reduced by 8% or \$6,458,000 as a result of the synergies of partnering with Lion Rock Group Limited to strengthen sourcing networks, bargaining power as well as cost efficiency management.

Profit after tax of the core business increased from \$5,508,000 in the year ended 2016 to \$5,690,000 in the 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

AUD\$'000s	Year ended 31 December 2017	Year ended 31 December 2016	Change % Favourable/ (Unfavourable)
Revenue	-	12,067	(100%)
Other income	-	8,645	(100%)
Operating expenses	-	(10,441)	100%
EBITDA	-	10,271	(100%)
Profit after tax	-	9,698	(100%)

The prior year showed the result from discontinued operations of C.O.S. Printers Pte Ltd under the Publishing Services Division and Cactus Group under the 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 now consist solely of its Publishing Services Division within Australia.

**CONTENT
FASTER
SMARTER**



OUTLOOK

Following the divestment of businesses in 2016, the Group will continually review the market it operates in and resource allocation to ensure that operations are delivered in the most cost effective manner. Management adopts a hands-on approach to manage the Publishing Services Division in Australia to improve its cost structure and to be more responsive to opportunity for growth and scale in order to maximise shareholders' wealth.

**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 75.61% shareholder, Lion Rock Group Limited which is headquartered in Hong Kong with sales offices 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:

Tammy Tang (Executive Director) +61 2 9584 7623

OPUS GROUP LIMITED
Appendix 4E - Preliminary Final Report
For the year ended 31 December 2017

(Previous corresponding period: year ended 31 December 2016)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Comparison to previous corresponding period	Increase/Decrease	Change	To AUD\$'000s
Revenue from continuing operations	Decrease	9%	79,206
Profit before income tax from continuing operations	Decrease	5%	7,912
Profit after income tax from continuing operations	Increase	3%	5,690
Profit after income tax from discontinued operations	Decrease	100%	-
Profit for the year attributable to members	Decrease	62%	5,690

EXPLANATION OF FINANCIAL PERFORMANCE

OPUS Group reported revenue from continuing operations of \$79,206,000, which was \$7,759,000 lower than the prior year (2016: \$86,965,000). The revenue drop was driven by the net effect of commencement of new customer contracts in middle of 2016 and early 2017 and a reduction of printing spend from existing customers through online publications.

Profit after income tax from continuing operations increased 3% or \$182,000 which reflected the enhancement of productivity after the divestment decision made in the prior year.

Profit for the year attributable to members decreased by \$9,204,000 or 62% which was due to discontinued operations. The prior year bottom line included gains from disposal of \$8,393,000.

DIVIDEND INFORMATION

Types of Dividend	Amount per share (cents)	Franked amount per share (cents)
Special Dividend for the year ended 31 Dec 2017 (2016:10 cents) per share	Nil	Nil
Interim Dividend for the year ended 31 Dec 2017 (2016: 1 cent) per share	1	1
Final Dividend for the year ended 31 Dec 2017 (2016: 1 cent) per share	1	1
Dividend reinvestment plan	Not applicable	

On 23 February 2018 the directors declared a final dividend for the year ended 31 December 2017 of 1 cent per ordinary share with a record date of 28 May 2018 to be paid on 8 June 2018, a total estimated distribution of \$1,053,556 based on the number of ordinary shares on issue as at 23 February 2018. As the dividend was fully franked, there are no income tax consequences for the owners of OPUS Group relating to this dividend.

NET TANGIBLE ASSETS/LIABILITIES

	31 December 2017 (cents)	31 December 2016 (cents)
Net tangible assets per security	34.16	31.14

Net tangible assets are calculated as net assets less total intangible assets. Net tangible assets per security are based on OPUS Group Limited's issued capital as the legal parent entity and issuer of this financial information for both years.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN LOST DURING THE YEAR

On 1 January 2017, Mr Richard Celarc (Director) acquired Ligare Limited, a wholly owned subsidiary of OPUS Group incorporated in New Zealand for a consideration of NZD\$1. This resulted in an immaterial loss to the Group.

AUDIT

The financial statements have been audited and an unqualified opinion has been issued.

OTHER RELEVANT INFORMATION

Please refer to the Financial Report for the year ended 31 December 2017 attached.

**OPUS GROUP LIMITED
AND CONTROLLED ENTITIES**

A.B.N.48 006 162 876

**ANNUAL FINANCIAL REPORT
YEAR ENDED 31 DECEMBER 2017**

OPUS Group Limited and Controlled Entities

Company Directory

DIRECTORS

Richard F. Celarc
Chairman / Executive Director

C. K. Lau
Executive Director

M. L. Lam
Executive Director

T. Y. Tang
Executive Director

Paul A. Young
Non-Executive Director

COMPANY SECRETARIES

Laura Lou
T. Y. Tang

REGISTERED OFFICE AND POSTAL ADDRESS

138 Bonds Road
Riverwood, NSW 2210

CONTACT NUMBERS

Telephone: (02) 9533 2555
Facsimile: (02) 9533 3719

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 Limited and Controlled Entities Operating and Financial Review

The Board presents the *Operating and Financial Review* for the year ended 31 December 2017, 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.

1. OPUS GROUP'S OPERATIONS

Our Business Model

OPUS Group is an Australian, technology based printing group. 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 the Australian Market and with global access through Lion Rock Group Limited ("Lion Rock Group"), formerly known as 1010 Printing Group Limited, a substantial shareholder of OPUS Group. Lion Rock Group is an international integrated print management company with printing facilities in China and Singapore; 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 Australia. The regional solution allows customers to select the optimal content solution based on product type, run length, timing, location, security and fulfilment.

In 2016, OPUS Group disposed of C.O.S. Printers Pte, Ltd ("C.O.S."), the Publishing Services operation based in Singapore, and ceased the activities in the Outdoor Media Division upon the disposal of Cactus Imaging Pty Ltd and Cactus Imaging Holdings Pty Ltd (the "Cactus Group"), the Outdoor Media operation based in Sydney. The divestments allowed OPUS Group to focus on the Publishing Services Division in the Australian Market without distraction and maximise the synergies of partnering with Lion Rock Group, to strengthen its sourcing networks, bargaining power with suppliers and the excellence of industrial management experience.

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 and 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

OPUS Group's primary operation is engaging in 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 Sydney, Canberra and Maryborough (Victoria), the Group's offerings span 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 can access multiple content and service delivery options across traditional print, digital print-on-demand, distribute & print and online electronic delivery.

OPUS Group Limited and Controlled Entities Operating and Financial Review

2. KEY STRATEGIES

Value chain management

The additional resources available from Lion Rock 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 which translates to a cost saving for the 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 focusing on the enhancement of the ERP system and standardising operating systems across the Group. 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.

Technology upgrade

OPUS Group continues to upgrade its technology to increase its competitive edge and continues to invest in new printing technology and solutions. OPUS Group's 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 divestment of the Outdoor Media Division in 2016, OPUS Group is continually reviewing the market it operates in and resource allocation to ensure that operations are delivered in the most cost effective manner. Management adopts a hands-on approach to core operations in Australia in regards to improving its cost structure and being more responsive to opportunity for growth and scale in order to maximise shareholders' wealth.

OPUS Group Limited and Controlled Entities Operating and Financial Review

3. BUSINESS PROSPECTS, OPPORTUNITIES AND RISKS

OPUS Group is now focusing its resources in the Publishing Service Division exclusively in the niche Australian market. The year of consolidation enabled the Group to respond promptly to the market it currently operates in terms of growth and investment opportunity. Apart from the commissioning of new digital colour inkjet lines, the majority of capital reinvestment continues towards digital equipment to improve turnaround times and productivity to enhance competitiveness.

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. In the past few years, OPUS has been steadily building its range of non-print products and services as part of a comprehensive solution offering. 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 service offering, speed to market becomes an essential to achieve success. OPUS Group is in the process of upgrading its technology, which includes an in-house ERP system and digital print solutions, to meet customers' demand. The ability to print faster and more cost effectively is the competitive edge of OPUS Group.

Slow growth in the domestic economy and foreign exchange fluctuations

With the continuously slow growth in the domestic economy, OPUS Group's turnover may be adversely impacted by declining consumer sentiment. The principal raw material used in OPUS Group's business is paper. It's under the expectation that paper cost will keep increasing in the coming years which may pressurise the production costs. Any weakness in the AUD will affect the paper price further and hence dampen OPUS Group's profit margin.

OPUS Group has been reset to increase its competitiveness in the domestic market and 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, it also has support from manufacturing facilities outside of Australia which allows OPUS Group to tailor an optimum solution to each customer.

OPUS Group Limited and Controlled Entities
Operating and Financial Review

4. 2017 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY

OPUS Group reported revenue of \$79,206,000, which was \$7,759,000 lower than the prior year (2016: \$86,965,000). The revenue drop was driven by the net effect of commencement of new customer contracts in the middle of 2016 and early 2017 and reduction of printing spend of existing customers through online publications. The profit for the Group after providing for income tax amounted \$5,690,000 (2016: \$14,894,000). The reduction in profit after tax was a result of divestment of businesses in 2016. Profit after tax from continuing operations showed a gentle increase of 3% from 2016: \$5,508,000 to 2017: \$5,690,000, which reflected the enhancement of productivity after the divestment decision made in the prior year.

Further details in respect of these results are provided below:

Reported Financial Performance

	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s	% Change Favourable / (Unfavourable)
Revenue from continuing operations	79,206	86,965	(9%)
Operating expenses	(73,118)	(79,734)	8%
Other income	1,750	1,015	72%
Operating profit before net finance income from continuing operations	7,838	8,246	(5%)
Net finance income	74	116	(36%)
Profit before income tax from continuing operations	7,912	8,362	(5%)
Income tax expense	(2,222)	(2,854)	22%
Profit after income tax from continuing operations	5,690	5,508	3%
Profit from discontinued operations (net of income tax)	-	9,386	(100%)
Profit for the year	5,690	14,894	(62%)
Basic earnings per share (cents) from continuing operations	5.63¢	5.73¢	(2%)
Basic earnings per share (cents) from discontinued operations	-	9.76¢	(100%)
Diluted earnings per share (cents) from continuing operations	5.51¢	5.39¢	2%
Diluted earnings per share (cents) from discontinued operations	-	9.18¢	(100%)

OPUS Group Limited and Controlled Entities Operating and Financial Review

Financial Highlights

The Publishing Services Division generated revenue of \$79,206,000 which dropped by 9% when compared to 2016: \$86,977,000. Following the disposal of Cactus Group in August 2016, OPUS solely operates in the Publishing Services Division.

The Publishing Services Division recorded an EBITDA of \$10,441,000 which dropped by 16% when compared to 2016: \$12,416,000, it was a result of margin erosion on the pressure of increasing production costs. Corporate represented the Group's activities in finance income and costs, staff costs and other corporate overheads incurred under central corporate and treasury function which are not appropriate to be allocated to Publishing Services segment.

	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s	% Change Favourable / (Unfavourable)
Revenue			
Publishing Services Division	79,206	86,977	(9%)
Corporate	-	(12)	100%
Total Revenue on continuing operations	79,206	86,965	(9%)
EBITDA			
Publishing Services Division	10,441	12,416	(16%)
Corporate costs	(914)	(2,323)	61%
EBITDA from continuing operations	9,527	10,093	(6%)
Depreciation and amortisation expense	(1,689)	(1,847)	9%
Net finance income	74	116	(36%)
Profit before income tax from continuing operations	7,912	8,362	(5%)

OPUS Group Limited and Controlled Entities
Operating and Financial Review

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

	31 Dec 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
Total current assets	43,362	36,897
Total current liabilities	(14,274)	(16,390)
Net current assets	<u>29,088</u>	<u>20,507</u>
Cash:		
Finance lease liabilities	(255)	(90)
Cash and cash equivalents	25,673	17,519
Net cash	<u>25,418</u>	<u>17,429</u>
Total equity	<u>35,990</u>	<u>28,730</u>

The Consolidated Financial Position of OPUS Group continues its improvement after the recapitalisation transaction in late 2014 and divestment of businesses during 2016. As at 31 December 2017, OPUS Group had total equity of \$ 35,990,000 (2016:\$28,730,000).

There is net working capital of \$29,088,000 (2016:\$20,507,000). The current ratio is 3.0 (2016: 2.3). OPUS Group had cash at year end of \$25,673,000 (2016: \$17,519,000). The only interest bearing liabilities are the finance lease liabilities of \$255,000 (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 0.7% (2016: 0.3%).

OPUS Group Limited and Controlled Entities Directors' Report

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 "parent entity") and the entities it controlled at the end of, or during, the year ended 31 December 2017.

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
- C. K. Lau
- M. L. Lam
- T. Y. Tang (appointed on 27 December 2017)
- Paul A. Young

(a) Information on Current Directors and Key Management Personnel

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. Mr Celarc took the role of Chief Executive Officer during the period from March 2016 to May 2017. He currently leads OPUS in its strategic direction and in the design and implementation of initiatives and processes that will enable OPUS to consolidate and expand its leading position in the print sector. Mr Celarc has been a key driver of the OPUS Group's cross-site production strategy and ensuring the best use of equipment across the OPUS Group to deliver optimal customer outcomes. 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 the 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.

C. K. Lau (Executive Director)

Mr Lau was appointed as director in October 2014. He is an Executive Director of Lion Rock Group Limited (HKEX Stock Code 1127), the ultimate parent company of OPUS Group, and has been responsible for the overall strategic formulation of the Lion Rock Group since it commenced its printing business in 2005. Mr Lau was the managing director of an executive search consultancy in Hong Kong and 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.

M. L. Lam (Executive Director)

Ms Lam was appointed as director in November 2014. She is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Ms Lam received her Doctor of Business Administration degree from the Hong Kong Polytechnic University and Masters 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 Lion Rock 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.

OPUS Group Limited and Controlled Entities Directors' Report

(a) Information on Current Directors and Key Management Personnel (continued)

T. Y. Tang (Executive Director)

Ms Tang was appointed as director in December 2017. She is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants Australia. Ms Tang obtained a Bachelor's degree in Business Administration in Accountancy from the Hong Kong Polytechnic University. She is a qualified and experienced finance professional with experience gained in both Ernst and Young, Hong Kong and Sydney prior to joining OPUS Group in 2016.

Ms Tang 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 Gradability Pty Ltd (formerly known as Performance Education 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 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) Directors' Meetings

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

Director	Eligible to attend	Attended
Richard F. Celarc (Chairman)	4	4
C. K. Lau	4	4
M. L. Lam	4	4
T. Y. Tang*	-	-
Paul A. Young	4	4

*appointed on 27 December 2017

(c) 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 were as follows:

Director	Audit Risk Management and Compliance		Nomination and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended
Richard F. Celarc	2	2	1	1
C. K. Lau	2	2	1	1
M. L. Lam	2	2	1	1
T. Y. Tang*	-	-	-	-
Paul A. Young(Chairman)	2	2	1	1

*appointed on 27 December 2017

OPUS Group Limited and Controlled Entities Directors' Report

(d) Principal Activities

The principal activities of the OPUS Group are providing printing services, including 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, Local Councils and other commercial entities.

(e) Dividends

	Record date	Payment date	Amount per share Cents	Franked amount per share Cents
Interim dividend for the year ended 31 December 2017	4 Sep 2017	15 Sep 2017	1	1

On 23 February 2018 the directors declared a final dividend for the year ended 31 December 2017 of 1 cent per ordinary share to be paid on 8 June 2018 a total estimated distribution of \$1,053,556 based on the number of ordinary shares on issue as at 23 February 2018. As the dividend was fully franked, there are no income tax consequences for the owners of OPUS Group relating to this dividend.

(f) Consolidated Results

The consolidated profit after income tax from operations of OPUS Group for the year ended 31 December 2017 was \$5,690,000 (2016: \$14,894,000).

(g) Review of Operations

The review of operations of the OPUS Group included in the Operating and Financial Review on pages 1 to 6 of the Financial Report and forms part of this report.

(h) Significant Changes in the State of Affairs

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

(i) 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.

(j) 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 2017, is not included as it would prejudice the interests of the OPUS Group.

(k) Share Options

On 3 May 2017, the ultimate parent Lion Rock Group exercised 20 million share options at \$0.35 each. This resulted in proceeds of \$7,000,000. As of 31 December 2017, there were no outstanding options.

(l) 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 7 to 8 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 page 8 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 14 of the Financial Report and form part of this Directors' Report.

OPUS Group Limited and Controlled Entities Directors' Report

(m) Company Secretary

The role of Company Secretary was shared between Laura Lou and T. Y. Tang. 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 expanded in 2014 to include company secretary and group HR duties. She holds a Bachelor of Commerce, Bachelor of Arts and a Masters degree of Sustainable Development from the University of NSW.

T. Y. Tang (Joint Company Secretary)

The qualifications and experience of Ms T. Y. Tang are set out on page 8 of the Director's Report.

(n) 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.

(o) 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	Period Covered	Position	Employer
Richard F. Celarc	1 Jan 2017 – 18 May 2017	Chief Executive Officer	Under Consultancy arrangement
	1 Jan 2017 – 31 Dec 2017	Chairman	
T. Y. Tang	1 Jan 2017 – 31 Dec 2017	Vice President – Finance	OPUS Group (Australia) Pty Limited
	27 Dec 2017 – 31 Dec 2017	Joint Company Secretary	

OPUS Group Limited and Controlled Entities Directors' Report

(o) Remuneration Report (continued)

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 2017 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) is 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.

OPUS Group Limited and Controlled Entities Directors' Report

(o) Remuneration Report (continued)

Remuneration and other transactions with key management personnel (continued)

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	\$266,667	Nil	Nil	Nil
T. Y. Tang	Open	\$136,720	1 month	1 month	1 month

[#]Mr Celarc is not under an employment contract with OPUS Group. He was paid with consultancy fees through a related entity. Remuneration disclosed for year ended 31 December 2017 represents payment of consulting fees.

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 is no guaranteed base pay increases included in any Senior Executives' contracts.

The 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.

For the year ended 31 December 2017, no discretionary bonus was paid to key management personnel (2016: \$29,167) which did not link to any performance targets.

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 2017. The Chairman of the Nomination and Remuneration Committee is Mr Young, a Non-Executive Director.

OPUS Group Limited and Controlled Entities Directors' Report

(o) Remuneration Report (continued)

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 2017	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total	Proportion of remuneration linked to performance
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long Service Leave	Termination benefits	Options		
Name	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Directors of OPUS Group Limited</i>									
R. F. Celarc	266,667	-	-	-	-	-	-	266,667	0%
C. K. Lau	-	-	-	-	-	-	-	-	0%
M. L. Lam	-	-	-	-	-	-	-	-	0%
T. Y. Tang*	-	-	-	-	-	-	-	-	0%
P. A. Young	63,927	-	-	6,073	-	-	-	70,000	0%
<i>Other Group Key Management Personnel</i>									
T. Y. Tang*	120,000	-	-	11,400	5,320	-	-	136,720	0%
Total remuneration	450,594	-	-	17,473	5,320	-	-	473,387	

* Ms Tang held the position of Vice President – Finance during the year and appointed as director on 27 December 2017

Full year ended 31 Dec 2016	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total	Proportion of remuneration linked to performance
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long Service Leave	Termination benefits	Options		
Name	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Directors of OPUS Group Limited</i>									
R. F. Celarc	362,000	-	-	1,425	-	-	-	363,425	0%
C. K. Lau	-	-	-	-	-	-	-	-	0%
M. L. Lam	-	-	-	-	-	-	-	-	0%
P. A. Young	63,927	-	-	6,073	-	-	-	70,000	0%
<i>Other Group Key Management Personnel</i>									
Clifford D. J. Brigstocke+									
- CEO	78,952	-	9,796	7,831	(1,941)	-	-	94,638	0%
- Director of sales	71,804	29,167	543	3,811	(77,437)	-	-	27,888	0%
Total remuneration	576,683	29,167	10,339	19,140	(79,378)	-	-	555,951	

+ Change of role from 22 March 2016 and resigned on 1 May 2016. The movement in Long Service Leave represented the reversal of provision.

- (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 2017 includes \$266,667 (year ended 31 December 2016:\$347,000) 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 11.

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 15.

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

(o) Remuneration Report (continued)

Additional information

The earnings of the OPUS Group for the five years/period to 31 December 2017 are summarised below:

	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s	Year ended 31 Dec 2015 AUD\$'000s	Six months ended 31 Dec 2014 AUD\$'000s	Year ended 30 Jun 2014 AUD\$'000s
Revenue	79,206	86,965	87,200	57,969	116,873
EBITDA from continuing operations	9,527	10,093	9,059	1,950	10,294
EBIT from continuing operations	7,838	8,246	6,367	(898)	3,224
Profit/(loss) after income tax from continuing operations	5,690	5,508	8,700	(8,771)	(47,073)
Profit from discontinued operations (net of Income tax)	-	9,386	3,347	-	-
Profit/(loss) for the year/period	5,690	14,894	12,047	(8,771)	(47,073)

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

	Year ended 31 Dec 2017 AUD	Year ended 31 Dec 2016 AUD	Year ended 31 Dec 2015 AUD	Six months ended 31 Dec 2014 AUD	Year ended 30 Jun 2014 AUD
Share price at financial year/period end (\$)	0.48	0.49	0.50	0.43	0.40 [*]
Total dividends declared (cents per share)	2 [#]	12.00	3.00	-	-
Basic profit/(loss) per share (cents per share)	5.63	15.49	12.50	(21.67)	(401.76) [*]

[#] Included a final dividend for the year ended 31 December 2017 of 1 cent per ordinary share declared by the directors on 23 February 2018.

^{*} 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 2017

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				
Richard F. Celarc	12,334,647	(6,000,000)	6,334,647	6,334,647
C. K. Lau	-	-	-	-
M. L. Lam	-	-	-	-
T. Y. Tang	-	-	-	-
Paul A. Young	735,473	-	735,473	735,473

^{*} As of 21 February 2018

OPUS Group Limited and Controlled Entities Directors' Report

(o) Remuneration Report (continued)

Other transactions with KMPs

Consulting fees

Consulting fees paid to Mr Celarc through Angrich Pty Limited for the year ended 31 December 2017 amounted to \$266,667 (2016: \$347,000). There was no outstanding balance with Angrich Pty Limited at 31 December 2017 (2016: Nil). These amounts are disclosed as part of Mr Celarc's remuneration noted on page 13.

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 expires on 31 December 2021. Lease fees paid for the year total \$711,234 (2016: \$675,173). There was a prepaid rent balance of \$338,198 with D.M.R.A Property Pty Limited at 31 December 2017 (2016: Nil).

This concludes the remuneration report, which has been audited.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

OPUS Group Limited and Controlled Entities Directors' Report

(t) Non-audit Services

Details of the amounts paid or payable to the auditors for non-audit services provided during the financial year by the auditor are outlined in Note 29 of the Financial Report.

The Directors are satisfied that the provision of non-audit services during the financial year, 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 29 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 by the Audit & Risk Management Committee 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.

(u) 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 17.

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

23 February 2018, Sydney

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

As lead auditor of Opus Group Limited for the year ended 31 December 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 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 year.



John Bresolin
Partner

BDO East Coast Partnership

Sydney, 23 February 2018

OPUS Group Limited and Controlled Entities 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 23 February 2018.

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, will be filed to ASX with the Group's Annual Report.

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 8 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.

OPUS Group Limited and Controlled Entities Corporate Governance Statement

- 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, Ms Lam and Ms Tang.

Principle 2: The Board is structured to add value

Board composition and nomination

The Board currently comprises five Directors, one of whom is Mr Celarc, who is Chairman and Executive Director. The other three Executive Directors are Mr Lau, Ms Lam and Ms Tang. 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 7 to 8 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".

OPUS Group Limited and Controlled Entities Corporate Governance Statement

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 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 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 2017 is as follows:

Year ended 31 December 2017	Male	Female	Total
Board	3	2	5
Senior Management	3	3	6
Operational Staff	173	55	228
Back Office Staff	27	26	53
Total Board and employees	206	86	292
	71%	29%	100%

Year ended 31 December 2016	Male	Female	Total
Board	3	1	4
Senior Management	4	4	8
Operational Staff	178	59	237
Back Office Staff	31	24	55
Total Board and employees	216	88	304
	71%	29%	100%

OPUS Group Limited and Controlled Entities Corporate Governance Statement

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, Ms Lam and Ms Tang 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 8 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 to the external audit.

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 Vice President - Finance 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.

OPUS Group Limited and Controlled Entities Corporate Governance Statement

Attestation by Vice President - Finance

In accordance with recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Vice President - Finance 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.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2017

		Consolidated	
	Note	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Continuing Operations			
Revenue	5	79,206	86,965
Other income	6	1,750	1,015
Expenses:			
Changes in inventories		(24,624)	(27,946)
Other production costs and freight		(17,265)	(18,062)
Employee benefits expense	7	(25,101)	(26,475)
Occupancy costs		(2,115)	(2,043)
Depreciation and amortisation expense	8	(1,689)	(1,847)
Other expenses	8	(2,324)	(3,361)
Operating profit before finance income from continuing operations		7,838	8,246
Net finance income		74	116
Profit before income tax from continuing operations		7,912	8,362
Income tax expense	9	(2,222)	(2,854)
Profit after income tax from continuing operations		5,690	5,508
Discontinued Operations			
Profit after income tax from discontinued operations	11	-	9,386
Profit for the year		5,690	14,894
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
De-recognition of foreign currency reserve	23(a)	(101)	816
Exchange differences on translation of foreign operations	23(a)	160	(33)
Other comprehensive income for the year		59	783
Total comprehensive income for the year		5,749	15,677

OPUS Group Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2017 (Continued)

		Consolidated	
	Note	Year ended 31 Dec 2017 Cents	Year ended 31 Dec 2016 Cents
Earnings per share			
Basic earnings per share			
Earnings from continuing operations	3	5.63	5.73
Earnings from discontinued operations	3	-	9.76
Total		5.63	15.49
Diluted earnings per share			
Earnings from continuing operations	3	5.51	5.39
Earnings from discontinued operations	3	-	9.18
Total		5.51	14.57

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 31 December 2017**

		Consolidated	
		2017	2016
Note		AUD\$'000s	AUD\$'000s
Current assets			
	Cash and cash equivalents	25,673	17,519
	Trade and other receivables	10,870	14,352
	Inventories	5,331	3,765
	Other current assets	1,262	1,261
	Current tax receivable	226	-
	Total current assets	43,362	36,897
Non-current assets			
	Property, plant and equipment	7,003	7,063
	Deferred tax assets	2,460	2,632
	Other non-current assets	-	262
	Total non-current assets	9,463	9,957
	Total assets	52,825	46,854
Current liabilities			
	Trade and other payables	10,607	12,320
	Interest bearing liabilities	56	17
	Employee benefits	3,611	3,945
	Current tax payable	-	108
	Total current liabilities	14,274	16,390
Non-current liabilities			
	Deferred tax liabilities	422	301
	Interest bearing liabilities	199	73
	Employee benefits	245	243
	Provisions	1,695	1,117
	Total non-current liabilities	2,561	1,734
	Total liabilities	16,835	18,124
	Net assets	35,990	28,730
Equity			
	Share capital	14,491	6,036
	Reserves	4,840	9,591
	Profits reserve	16,659	13,103
	Total equity	35,990	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 year ended 31 December 2017

	Note	Share capital AUD\$'000s	Reserves AUD\$'000s	Profits reserve AUD\$'000s	Accumulated losses AUD\$'000s	Total AUD\$'000s
Consolidated						
Balance at 1 January 2017		6,036	9,591	13,103	-	28,730
Profit after income tax	23(b)	-	-	5,690	-	5,690
Other comprehensive income, net of tax	23(a)	-	59	-	-	59
Total comprehensive income for the year		-	59	5,690	-	5,749
<i>Transactions with owners in their capacity as owners</i>						
Dividend paid	23(e)	-	-	(2,134)	-	(2,134)
Share buy-back, net of transaction costs	22	(3,339)	-	-	-	(3,339)
Share option exercised, net of transaction costs	22	6,984	-	-	-	6,984
Transfer	23(a)	4,810	(4,810)	-	-	-
Total changes in ownership interests		8,455	(4,810)	(2,134)	-	1,511
Balance at 31 December 2017		14,491	4,840	16,659	-	35,990

	Note	Share capital AUD\$'000s	Reserves AUD\$'000s	Profits reserve AUD\$'000s	Accumulated losses AUD\$'000s	Total AUD\$'000s
Consolidated						
Balance at 1 January 2016		70,594	8,808	11,083	(62,836)	27,649
Other comprehensive income, net of tax	23(a)	-	783	-	-	783
Profit after income tax	23(b)	-	-	14,894	-	14,894
Total comprehensive income for the year		-	783	14,894	-	15,677
<i>Transactions with owners in their capacity as owners</i>						
Dividend paid	23(e)	-	-	(12,533)	-	(12,533)
Capital reduction	22	(62,495)	-	-	62,495	-
Share buy-back, net of transaction costs	22	(2,063)	-	-	-	(2,063)
Transfer		-	-	(341)	341	-
Total changes in ownership interests		(64,558)	-	(12,874)	62,836	(14,596)
Balance at 31 December 2016		6,036	9,591	13,103	-	28,730

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 2017

	Note	Consolidated	
		Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		90,965	110,593
Payments to suppliers and employees (inclusive of GST)		(82,270)	(98,978)
Net income tax paid		(2,263)	(3,548)
Other income		1,264	1,327
Interest received		326	201
Interest and borrowing costs paid		(57)	(175)
Net cash provided by operating activities	12	7,965	9,420
Cash flows from investing activities			
Net cash inflows on disposal of subsidiaries		(25)	14,618
Payments for purchase of property, plant and equipment		(1,083)	(3,227)
Proceeds from the disposal of property, plant and equipment		52	113
Net cash (used in)/ provided by investing activities		(1,056)	11,504
Cash flows from financing activities			
Payment for share buy-back	22	(3,339)	(2,063)
Dividends paid	23(e)	(2,134)	(12,533)
Net proceeds from exercised share options		6,984	-
Payment of finance lease liabilities		(62)	(117)
Net cash provided by/(used in) financing activities		1,449	(14,713)
Net increase in cash and cash equivalents		8,358	6,211
Cash and cash equivalents at the beginning of the financial year			
Net effect of exchange rate changes on cash		(204)	(151)
Cash and cash equivalents held at the end of the financial year		25,673	17,519

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

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

1. Corporate information

The consolidated financial statements of OPUS Group Limited and its controlled entities (collectively, "OPUS Group" or the "Group") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 23 February 2018. OPUS Group Limited (the "Company" or the "Parent") is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (Stock Code: OPG). The ultimate parent of OPUS Group Limited is Lion Rock Group Limited ("Lion Rock Group"), formerly known as 1010 Printing Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1127). Lion Rock Group owns 75.61% of the ordinary shares as of 31 December 2017.

The Group is principally engaged in the provision of printing services. The Group's principal place of business is 138 Bonds Road, Riverwood, NSW 2210, Australia. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' report.

2. 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.

(a) Basis of preparation

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 ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000 Australian Securities and Investment Commission ("ASIC") Corporation (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016, except when otherwise indicated. When necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

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 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 following new, revised and amended Accounting Standards are most relevant to the Group:

AASB 15 Revenue from Contracts with Customers - effective from 1 January 2018

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 Leases (or AASB 16 Leases, once applied).

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has commenced assessing the impact of AASB 15 on the Group's financial statements. Whilst the impact of implementation has yet to be quantified, based on management's initial evaluation of the Group's revenue streams and customer contracts, the impact is not expected to be significant.

AASB 9 Financial instruments - effective from 1 January 2018

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.

Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Management has commenced assessing the impact of AASB 9 on the Group's financial statements and have identified some areas that may require further assessment prior to implementation. Whilst the impact of this has yet to be quantified, based on consideration of the Group's existing financial instruments, this is not expected to be significant.

AASB 16 Leases - effective from 1 January 2019

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$6,191,000, see Note 25. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit or loss and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16, however, most will have to be recognised.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OPUS Group Limited as at 31 December 2017 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 OPUS Group.

Subsidiaries are all entities over which OPUS Group has control. The Group controls an entity when the 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group's companies 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 Group.

Where the 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 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(c) 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 Consolidated Financial Report is presented in Australian Dollars ("AUD\$"), which is 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 Pte, Ltd is Singapore Dollars. 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;
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve; and
- When a foreign operation is disposed of, in part or in full, the relevant amount of the reserve is transferred to profit or loss.

(ii) Transactions and balances

Foreign currency transactions 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.

(d) 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(e) Parent entity financial information

The financial information for the parent entity, OPUS Group Limited is disclosed in Note 28. This 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 carried 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.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST unless the GST incurred is not recoverable from the relevant taxation authority. In these circumstances, 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. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

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 relevant tax authority.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

3. 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.

Basic earnings per share

Earnings from continuing operations
Earnings from discontinued operations
Total

Diluted earnings per share

Earnings from continuing operations
Earnings from discontinued operations
Total

Consolidated	
Year ended 31 Dec 2017 Cents	Year ended 31 Dec 2016 Cents
5.63	5.73
-	9.76
5.63	15.49
5.51	5.39
-	9.18
5.51	14.57

Consolidated

Earnings from continuing operations used in calculating basic and diluted earnings per share

Earnings from discontinued operations used in calculating basic and diluted earnings per share

'000s

Weighted average number of ordinary shares used as the denominator in calculating the basic profit per share

Adjustments for calculation of diluted earnings per share:
Share options

Weighted average number of ordinary shares used as the denominator in calculating the diluted profit per share

Consolidated	
Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
5,690	5,508
-	9,386
101,140	96,152
2,040	6,090
103,180	102,242

Details relating to share based payments are set out in Note 22.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

4. Segment reporting

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 is responsible for the allocation of resources to operating segments and assessing their performance, 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 an efficient and seamless transition from 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. Upon the disposal of Cactus Imaging Pty Ltd and Cactus Holdings Pty Ltd (the “Cactus Group”) on 1 August 2016, OPUS Group ceased activities in the Outdoor Media Division.

(b) Segment revenue

Sales between segments 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

4. Segment reporting (continued)

(c) 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 the purpose of management accounts.

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	
	31 Dec 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
EBITDA on ordinary activities from continuing operations	9,527	10,093
Depreciation and amortisation expenses	(1,689)	(1,847)
Net finance income	74	116
Profit before income tax from continuing operations	7,912	8,362

(d) 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.

(e) Segment information

	Consolidated	
	Year ended	Year ended
	31 Dec 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
Publishing Services	79,206	86,977
Other	-	(12)
Total revenue from continuing operations	79,206	86,965

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

4. Segment reporting (continued)

(e) Segment information (continued)

Year ended 31 Dec 2017	Publishing Services AUD\$'000s	Outdoor Media AUD\$'000s	Corporate* AUD\$'000s	Gains/(loss) on disposal of subsidiaries+ AUD\$'000s	Total AUD\$'000s
Continuing Operations					
Total external revenue	79,206	-	-	-	79,206
Other income	1,096	-	654	-	1,750
Operating expenses	(69,861)	-	(1,435)	(133)	(71,429)
EBITDA from Continuing Operations	10,441	-	(781)	(133)	9,527
Depreciation and amortisation expenses	(1,604)	-	(85)	-	(1,689)
Net finance income/(cost)	(42)	-	116	-	74
Profit before income tax from Continuing Operations	8,795	-	(750)	(133)	7,912
Total consolidated segment result	8,795	-	(750)	(133)	7,912
Year ended 31 Dec 2016					
Continuing Operations					
Total external revenue	86,977	-	(12)	-	86,965
Other income	800	-	215	-	1,015
Operating expenses	(75,361)	-	(2,526)	-	(77,887)
EBITDA from Continuing Operations	12,416	-	(2,323)	-	10,093
Depreciation and amortisation expenses	(1,816)	-	(31)	-	(1,847)
Net finance income/(cost)	(37)	-	153	-	116
Profit before income tax from Continuing Operations	10,563	-	(2,201)	-	8,362
Discontinued Operations					
Total external revenue	5,297	6,770	-	-	12,067
Other income	226	26	-	8,393	8,645
Operating expenses	(5,000)	(5,441)	-	-	(10,441)
EBITDA from Discontinued Operations	523	1,355	-	8,393	10,271
Depreciation and amortisation expenses	(99)	(286)	-	-	(385)
Net finance income/(cost)	(157)	(31)	-	-	(188)
Profit before income tax from Discontinued Operations	267	1,038	-	8,393	9,698
Total consolidated segment result	10,830	1,038	(2,201)	8,393	18,060

* Included in Corporate are the Group's activities in finance income and costs, staff costs and other corporate activities incurred under central corporate and treasury function which can not be allocated to either the Publishing Services or the Outdoor Media segment.

+ Gains on disposal of subsidiaries in the prior year represented \$3,589,000 and \$4,804,000 from disposal of C.O.S. and Cactus Group, respectively (Note 11).

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

5. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

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

Consideration is recognised on a gross basis when the Group is operating as a principal (acting on its own account when contracting with customers for the supply of goods or services in return for consideration) and a net basis when the 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). Whether the Group is acting as a principal or agent is assessed on the case by case basis in consideration of the specific facts and circumstances.

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Sales of goods	79,206	86,965

6. Other income

Other income is recognised when it is received or when the right to receive payment is established.

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Scrap recoveries	650	504
Reversal of impairment of trade receivables	463	-
Reversal of make good provision	239	-
Loss on disposal of assets	-	(60)
Discounts received	122	154
Insurance refund	31	157
Other	245	260
Total other income	1,750	1,015

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

7. Employee benefits expense

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Salaries, wages and other staff costs	23,214	24,469
Superannuation	1,887	2,006
Total employee benefits expense	25,101	26,475

Superannuation

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.

8. Expenses

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis, over the estimated useful lives of the asset or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	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

Land is not depreciated.

Operating leases

Operating lease payments are charged to Profit or Loss on a straight-line basis over the term of the lease.

Included within Profit or Loss are the following specific expenses:

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Bad debts expense	93	58
Movement in the provision for inventories	(35)	288
Reversal of impairment of trade receivables	-	(57)
Loss on disposal of assets	40	-
Foreign exchange gains	-	20
Loss on disposal of subsidiaries	133	-
Minimum lease payments related to operating leases	2,553	2,562

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

9. Income tax expense

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 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 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.

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.

(a) *Income tax expense*

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Current tax expense	2,102	2,262
Deferred tax expense	293	291
Under/(over) provision in prior years	(173)	301
Total income tax expense	2,222	2,854
Deferred income tax included in income tax <i>expense</i> comprises:		
Decrease in deferred tax assets – Note 10	172	76
Increase in deferred tax liabilities – Note 10	121	215
	293	291

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

9. Income tax expense (continued)

(b) *Reconciliation of current income tax expense*

	Consolidated	
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Profit before income tax	7,912	8,362
Income tax using the OPUS Group's domestic rate of tax (30%)	2,374	2,508
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(64)	-
Non-deductible expenses	242	15
Utilisation of previously unrecognised tax losses	6	-
Tax rate difference in overseas entities	(156)	(73)
Current year tax losses not recognised	-	59
Current year temporary differences not recognised	-	(48)
Under/(over) provision in prior years	(173)	301
Other	(7)	92
Total income tax expense	2,222	2,854

(c) *Tax losses*

	Consolidated	
	31 Dec 2017 AUD\$'000s	31 Dec 2016 AUD\$'000s
Unused tax losses for which no deferred tax asset has been recognised	101	863
Tax benefit @ 28% *	28	242
Tax benefit at jurisdiction tax rates	28	242

* New Zealand jurisdiction tax rate

Unused tax losses in relation to New Zealand are not likely to be recovered in the foreseeable future and hence have not been recognised.

The Group has capital losses, for which no deferred tax asset is recognised on the Consolidated Statement of Financial Position, of \$7,538,000 (2016: \$7,538,000). These are available indefinitely for offset against future capital gains, subject to relevant tax tests.

(d) *Franking credits*

	Consolidated	
	2017 AUD\$'000s	2016 AUD\$'000s
Franking credits available for subsequent financial years based on a tax rate of 30%	23,242	21,805

The above amounts represent the balance of the Australian franking account as at the end of the financial year, adjusted for franking credits which are expected to arise from the payment of current tax liabilities.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

10. Deferred tax balances

Deferred tax assets

Deferred tax assets are attributable to the following:

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Property, plant and equipment	273	316
Employee benefits	1,157	1,240
Make good provision	509	335
Provision for inventory obsolescence	267	278
Others	254	463
Deferred tax assets	2,460	2,632

Movements

	2017	2016
	AUD\$'000s	AUD\$'000s
Opening balance 1 January	2,632	3,065
Charged to profit or loss for continuing operations	(172)	(76)
Derecognised on disposal of subsidiaries	-	(351)
Charged to profit or loss for discontinued operations	-	(6)
Closing balance 31 December	2,460	2,632

Recognition of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from utilised tax losses, are only recognised if it is probable that OPUS Group will generate taxable earnings in future periods, in order to utilise the recognised deferred tax assets.

Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Property, plant and equipment	153	147
Inventories	111	106
Other	158	48
Total deferred tax liabilities	422	301

Movements

	2017	2016
	AUD\$'000s	AUD\$'000s
Opening balance 1 January	301	153
Charged to profit or loss for continuing operations	121	215
Derecognised on disposal of subsidiaries	-	(104)
Charged to profit or loss for discontinued operations	-	37
Closing balance 31 December	422	301

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

11. Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in Profit or Loss.

There were no discontinued operations or non-current assets classified as held for sale during the year end 31 December 2017. Details of discontinued operations for the year ended 31 December 2016 are disclosed below:

(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 year ended 31 December 2016 from the discontinued operation is analysed as follows:

	At date of disposal AUD\$'000s
Revenue	5,297
Operating expenses	<u>(5,030)</u>
Profit before income tax	267
Gain on disposal of C.O.S.	<u>3,589</u>
Profit before income tax	3,856
Income tax expense	<u>(50)</u>
Profit after income tax	<u>3,806</u>

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

	At date of disposal AUD\$'000s
Operating	(202)
Investing	(81)
Financing	<u>-</u>
Net cash outflows for the period	<u>(283)</u>

The net assets and the net cash inflows of C.O.S. 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	<u>(6,895)</u>
Gain on disposal before de-recognition of foreign currency translation reserve	4,405
De-recognition of foreign currency translation reserve	<u>(816)</u>
Gain on disposal of C.O.S.	<u>3,589</u>
Total consideration received in cash	11,300
Cash and cash equivalents held at C.O.S.	<u>(2,521)</u>
Net cash inflows on disposal of C.O.S.	<u>8,779</u>

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

11. Discontinued Operations (continued)

(b) Disposal of Cactus Group

On 27 July 2016, the Group entered into another conditional sale and purchase agreement to dispose of 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 year ended 31 December 2016 from the discontinued operation is analysed as follows:

	At date of disposal AUD\$'000s
Revenue	6,770
Operating expenses	(5,732)
Profit before income tax	<u>1,038</u>
Gain on disposal of Cactus Group	4,804
Profit before income tax	<u>5,842</u>
Income tax expense	(262)
Profit after income tax	<u>5,580</u>

The net cash outflows of Cactus Group were as follows:

	At date of disposal AUD\$'000s
Operating	2,921
Investing	(498)
Financing	(2,510)
Net cash outflows for the period	<u>(87)</u>

The net assets of Cactus Group and the net cash inflows at the date of disposal were as follows:

	At date of disposal AUD\$'000s
Net assets of Cactus Group at the date of disposal	1,035
Gain on disposal	4,804
Total consideration received in cash	<u>5,839</u>
Cash and cash equivalents held at Cactus Group	-
Net cash inflows on disposal of Cactus Group	<u>5,839</u>

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

11. Discontinued Operations (continued)

(c) *Carrying value of net assets and liabilities by categories at date of disposal for both C.O.S. and Cactus Group were:*

	At date of disposals AUD\$'000s
Property, plant and equipment	2,018
Cash and cash equivalents	2,521
Inventories	1,783
Trade and other receivables	2,812
Deferred tax assets	351
Other non-current assets	878
Total assets	<u>10,363</u>
Trade and other payables	1,039
Finance lease liabilities	34
Deferred tax liabilities	101
Provision for income tax	343
Employee benefits	916
Total liabilities	<u>2,433</u>
Carrying value of net assets	<u>7,930</u>

12. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	Consolidated	
	2017 AUD\$'000s	2016 AUD\$'000s
Cash on hand and at bank	25,673	17,519
	Year ended 31 Dec 2017 AUD\$	Year ended 31 Dec 2016 AUD\$
Reconciliation of net cash provided by operating activities to operating profit after income tax:		
Operating profit after income tax	5,690	14,894
Unrealised foreign exchange loss	162	92
Finance costs	33	-
Depreciation of property, plant and equipment	1,689	2,233
Movement in provision for impairment of trade and other receivables	(486)	(199)
Bad debt written-off	93	-
Provision for/(reversal of) impairment of inventories	(38)	332
Loss on disposal of assets	40	64
Loss/(gain) on disposal of subsidiaries	133	(8,393)
<i>Operating profit before working capital changes</i>	<u>7,316</u>	<u>9,023</u>
Decrease in trade and other receivables	4,136	2,088
Decrease/(increase) in inventories	(1,559)	555
Decrease in trade and other payables	(1,713)	(532)
Decrease in employee entitlements	(276)	(420)
Decrease in amount due to fellow subsidiary	-	(1,114)
Increase in provisions	102	202
Decrease in tax payable	(334)	(716)
Decrease in deferred tax balances	293	334
Net cash provided by operating activities	<u>7,965</u>	<u>9,420</u>

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

13. Trade and other receivables

Trade and other 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 and other 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.

Provision for impairment of trade and other receivables

The provision for impairment of trade and other receivables assessment requires a degree of estimation and judgment. 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.

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Trade and other receivables	10,984	14,952
Less: provision for impairment of receivables	(114)	(600)
Total trade and other receivables	10,870	14,352

Movements in the provision for impairment of trade and other receivables are as follows:

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Opening balance	600	848
Provision reversed during the year	(463)	(168)
Disposal of subsidiaries	-	(49)
Written off during the year	(23)	(31)
Closing balance	114	600

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

14. Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and the estimated costs of necessary to make the sale.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgment. 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.

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Raw materials	5,478	3,974
Work in progress	303	352
Finished goods	442	369
Less: Provision for impairment of inventories	(892)	(930)
Total inventories	5,331	3,765

Movements in the provision for impairment of inventories are as follows:

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Opening balance	930	728
Provisions recognised during the year	(35)	369
Written off during the year	(3)	(37)
Disposal of subsidiaries	-	(130)
Closing balance	892	930

15. Other current assets

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Sundry debtors	211	110
Prepayments	904	783
Deposits	147	368
Total other current assets	1,262	1,261

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

16. Particulars in relation to controlled entities	Country of Incorporation
OPUS Group Limited	Australia
<i>Wholly owned subsidiaries up to the date of this report:</i>	
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
<i>Wholly owned subsidiaries either disposed or deregistered up to the date of this report:</i>	
C.O.S. Printers Pte Limited [^]	Singapore
Cactus Imaging Holdings Pty Limited [#]	Australia
Cactus Imaging Pty Limited [#]	Australia
Ligare Limited ⁺	New Zealand
Cactus Imaging Limited [@]	New Zealand
Cactus Imaging Holdings Limited ^{&}	New Zealand

^{*} 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 30.

[^] Disposed on 10 May 2016.

[#] Disposed on 1 August 2016.

⁺ Disposed on 1 January 2017.

[@] Deregistered on 14 February 2017.

[&] Deregistered on 9 February 2018.

All investments represent 100% ownership interest at reporting date (2016:100%).

17. Property, plant and equipment

Cost and recognition

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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.

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.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

17. Property, plant and equipment (continued)

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
<i>Freehold land and buildings</i>		
At cost	2,632	2,632
Accumulated depreciation and impairment	(1,311)	(1,134)
Total Freehold land and buildings	1,321	1,498
<i>Leasehold improvements</i>		
At cost	1,990	1,516
Accumulated depreciation and impairment	(1,525)	(1,465)
Total leasehold improvements	465	51
Total property assets	1,786	1,549
<i>Plant and equipment</i>		
At cost	48,454	47,887
Accumulated depreciation and impairment	(43,360)	(42,531)
Total plant and equipment	5,094	5,356
<i>Office furniture and equipment</i>		
At cost	461	455
Accumulated depreciation and impairment	(394)	(378)
Total office furniture and equipment	67	77
<i>Motor vehicles</i>		
At cost	293	314
Accumulated depreciation and impairment	(285)	(304)
Total motor vehicles	8	10
<i>Computer equipment</i>		
At cost	3,035	3,083
Accumulated depreciation and impairment	(2,987)	(3,012)
Total computer equipment	48	71
Total property, plant and equipment	7,003	7,063

(a) *Reconciliations*

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year 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 2017	1,498	5,356	77	10	51	71	7,063
Other additions	-	1,228	19	-	499	7	1,753
Disposals	-	(92)	-	-	-	-	(92)
Disposal of subsidiaries	-	(29)	(2)	-	-	(1)	(32)
Depreciation for the year	(177)	(1,369)	(27)	(2)	(85)	(29)	(1,689)
Closing balance 31 Dec 2017	1,321	5,094	67	8	465	48	7,003
Carrying amount							
Opening balance 1 Jan 2016	1,674	5,748	254	149	173	185	8,183
Other additions	-	3,023	141	-	62	91	3,317
Disposals	-	(117)	-	-	-	(60)	(177)
Disposal of subsidiaries	-	(1,516)	(276)	(114)	(73)	(37)	(2,016)
Effect of movements in exchange rates	-	(4)	(5)	(2)	-	-	(11)
Depreciation for the year	(176)	(1,778)	(37)	(23)	(111)	(108)	(2,233)
Closing balance 31 Dec 2016	1,498	5,356	77	10	51	71	7,063

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

18. Trade and other payables

These amounts represent liabilities for goods and services provided to the 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.

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Trade creditors	5,487	6,432
Other creditors	616	1,053
Sundry provisions and accruals	3,943	4,449
Receipt in advance	240	-
Provision for PAYE/PAYG	38	57
GST payable	283	329
Total trade and other payables	10,607	12,320

19. Interest bearing liabilities

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Non-current liabilities		
Finance leases	199	73
Total non-current interest bearing liabilities	199	73
Current liabilities		
Finance leases	56	17
Total current interest bearing liabilities	56	17
Total interest bearing liabilities	255	90

Unused facilities

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Floating rate - expiring within one year (guarantee facilities, corporate cards etc.)	1,223	1,220
	1,223	1,220

20. Employee benefits

Short-term obligations

The liabilities for wages and salaries, including annual leave and long service leave expected to be settled wholly within 12 months of the reporting date 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.

A provision is recognised for amounts 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.

Obligations for contributions to defined contribution plans are recognised as an expense in Consolidated Statement of Profit or Loss as they fall due.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

20. Employee benefits (continued)

Other long-term employee benefit obligations

This includes liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end the reporting date. They are therefore 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 using the projected unit credit method. Consideration is given to the 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 of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Consolidated Statement of Profit or Loss.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Employee benefits liability for annual leave and time in lieu	1,569	1,855
Employee benefits liability for long service leave – current	2,042	2,090
Total current employee benefits	3,611	3,945
Employee benefits liability for long service leave – non-current	245	243
Total non-current employee benefits	245	243
Total employee benefits	3,856	4,188

Employee benefits liability

The liability for employee benefits expected to be settled more than 12 months from the reporting date is 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.

Long service leave 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. Current and non-current classification is stated in Note 2(d). 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 2017 management estimate that approximately \$1,083,000 (2016: \$1,183,000) of the above current employee entitlement provision will not be taken within 12 months.

21. Provisions

Provisions are recognised when the 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 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

21. Provisions (continued)

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.

Judgements, estimates and assumptions on 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.

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Make good provision	1,695	1,117
Total provisions	1,695	1,117

Movements in the provision are as follows:

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
Opening balance	1,117	915
Provisions recognised during the year	578	202
Closing balance	1,695	1,117

22. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options 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 of the Company 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.

		Consolidated		Consolidated	
	note	2017	2016	2017	2016
		Shares	Shares	AUD\$'000s	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)	(6,902,092)	(4,155,934)	(3,339)	(2,063)
Exercise of share options	(c)	20,000,000	-	6,984	-
Transfer from share option reserve		-	-	4,810	-
Fully paid		105,355,570	92,257,662	14,491	6,036

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

22. Share capital (continued)

- (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 the *Corporations 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 was to remain opened until the earlier of 8 December 2017 or when 20 million shares have been bought back. As of 8 December 2017, the share buy-back was closed and OPUS bought back and fully cancelled 11,058,026 shares (31 December 2016: 4,155,934 shares).
- (c) During the year ended 31 December 2017, the ultimate parent Lion Rock Group Limited (formerly known as “1010 Printing Group Limited”) exercised 20 million share options at \$0.35 each. This resulted in proceeds of \$7,000,000. As of 31 December 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.

Share-based payment transactions

The 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.

As of 31 December 2017, there were no outstanding share options.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
3/11/2014	30/09/2017	\$0.35	20,000,000	-	20,000,000	-	-

For the options granted in November 2014 and exercised during the year ended 31 December 2017, 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

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

23. Reserves and accumulated losses

	Consolidated	
	2017	2016
	AUD\$'000s	AUD\$'000s
<i>(a) Reserves</i>		
Foreign currency translation reserve	4,840	4,781
Share option reserve	-	4,810
	4,840	9,591
<i>Foreign currency translation reserve</i>		
Opening balance	4,781	3,998
De-recognition to profit or loss on disposal of discontinued operation	-	816
De-recognition to profit or loss on disposal of a subsidiary	(101)	-
Exchange differences on the translation of foreign operations	160	(33)
Closing balance	4,840	4,781
<i>Share option reserve</i>		
Opening balance	4,810	4,810
Transfer to share capital (exercise of share options)	(4,810)	-
Closing balance	-	4,810
<i>(b) Profits reserve</i>		
Opening balance	13,103	11,083
Profit after income tax	5,690	14,894
Dividend paid	(2,134)	(12,533)
Transfer to accumulated losses	-	(341)
Closing balance	16,659	13,103
<i>(c) Accumulated losses</i>		
Opening balance	-	(62,836)
Capital reduction	-	62,495
Transfer from profit reserve	-	341
Closing balance	-	-

(d) Nature and purpose of reserves

(i) 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.

(ii) 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 Lion Rock 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 22). Share Option reserve was transferred to share capital upon Lion Rock Group exercised the option during the year.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

23. Reserves and accumulated losses (continued)

(iii) 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 amounted to \$ 2,134,000 (2016: \$12,533,000) were distributed from the profits reserve during the year.

(e) 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.

Dividends paid during the financial year were as follows:

	2017 AUD\$'000s	2016 AUD\$'000s
Interim and special dividend for the year ended 31 December 2017 of 1 cent (2016: 11 cents) per ordinary share	1,067	10,605
Final dividend for the year ended 31 December 2016 of 1 cent per ordinary share (31 December 2015: 2 cents)	1,067	1,928
	2,134	12,533

On 23 February 2018 the directors declared a final dividend for the year ended 31 December 2017 of 1 cent per ordinary share to be paid on 8 June 2018, a total estimated distribution of \$1,053,556 based on the number of ordinary shares on issue as at 23 February 2018. As the dividend was fully franked, there are no income tax consequences for the owners of OPUS Group relating to this dividend.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

24. 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 2017				
	Financial assets	Non-derivatives	Total carrying amount	Fair value
	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Assets				
Trade and other receivables	10,870	-	10,870	10,870
Other current assets	358	-	358	358
Cash and cash equivalents	25,673	-	25,673	25,673
Total financial assets	36,901	-	36,901	36,901
Liabilities				
Finance leases	-	255	255	255
Trade and other payables	-	10,084	10,084	10,084
Total financial liabilities	-	10,339	10,339	10,339

31 December 2016				
	Financial assets	Non-derivatives	Total carrying amount	Fair value
	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Assets				
Trade and other receivables	14,352	-	14,352	14,352
Other current assets	478	-	478	478
Cash and cash equivalents	17,519	-	17,519	17,519
Total financial assets	32,349	-	32,349	32,349
Liabilities				
Finance leases	-	90	90	90
Trade and other payables	-	11,991	11,991	11,991
Total financial liabilities	-	12,081	12,081	12,081

(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\$"), US Dollars ("USD\$"), Chinese Yuan ("CYN"), Hong Kong Dollars ("HKD\$") and Pound Sterling ("GBP"). 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

24. 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	
	2017 AUD\$'000	2016 AUD\$'000	2017 AUD\$'000	2016 AUD\$'000
New Zealand dollars	277	662	-	502
US dollars	2,474	1,553	-	1
	2,751	2,215	-	503

OPUS Group had net assets denominated in foreign currencies of \$2,751,000 (assets \$2,751,000) as at 31 December 2017 (2016: net assets \$1,712,000 (assets \$2,215,000 less liabilities \$503,000)).

Sensitivity Analysis

Based on this exposure above, had the Australian dollar weakened by 10% / strengthened by 5% against these foreign currencies with all other variables held constant, OPUS Group's profit after income tax for the year end retained earnings would have been \$275,000 higher / \$138,000 lower (2016: \$171,000 higher / \$86,000 lower). 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 realised foreign exchange loss for the year ended 31 December 2017 was \$3,000 (2016: loss of \$83,000).

(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 2017, the OPUS Group has no interest bearing liabilities issued at floating rate (2016: Nil).

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 2017 it is estimated that an increase of one percentage point in interest rates would increase OPUS Group's profit before income tax for the year by approximately \$273,000 (2016: \$175,000).

(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 Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

24. Financial risk management (continued)

(c) Credit risk (continued)

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

	2017 AUD\$'000s	2016 AUD\$'000s
New Zealand	-	271
Australia	10,984	14,681
Trade and other receivables (gross)	10,984	14,952
Less: Allowances for doubtful debts	(114)	(600)
Net trade and other receivables	10,870	14,352

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

	2017 AUD\$'000s	2016 AUD\$'000s
31-60 days over standard terms	-	-
61+ days over standard terms	114	600
Allowance for doubtful debts	114	600

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

	2017 AUD\$'000s	2016 AUD\$'000s
Neither past due, nor impaired		
Current	7,952	11,331
Past due, but not impaired		
1-30 days over standard terms	1,259	1,866
31-60 days over standard terms	1,073	579
61+ days over standard terms	586	576
Net trade receivables	10,870	14,352

(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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

24. 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 2017					
Finance lease liabilities	255	290	70	220	-
Trade and other payables	10,084	10,084	10,084	-	-
Total financial liabilities	10,339	10,374	10,154	220	-
31 Dec 2016					
Finance lease liabilities	90	107	22	85	-
Trade and other payables	11,991	11,991	11,991	-	-
Total financial liabilities	12,081	12,098	12,013	85	-

(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 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

25. Contractual commitments for expenditure

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Consolidated Statement or 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.

(a) Capital commitments

Aggregate capital expenditure contracted for at reporting date, but not provided for in the accounts due:

Plant and equipment

Total capital commitments

Consolidated	
2017	2016
AUD\$'000s	AUD\$'000s
456	168
456	168

(b) Lease commitments

Non-cancellable operating lease rentals are payable as follows:

Not later than one year

Later than one year but not later than five years

More than five years

Total lease commitments

Consolidated	
2017	2016
AUD\$'000s	AUD\$'000s
2,249	2,667
3,942	6,529
-	234
6,191	9,430

Certain properties are leased from related parties under non-cancellable operating leases. Refer to Note 27 for details of these related party leases.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

26. Contingent liabilities

The obligations of the OPUS Group under commercial agreements amounts to \$550,000, and is secured by a bank guarantee (2016: \$550,000).

27. Related parties

(a) *Ultimate holding company*

At 31 December 2017, Lion Rock Group holds 75.61% 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 2017		As at 31 Dec 2017
			AUD		AUD
1010 Printing International Limited	Fellow subsidiary	Outwork	1,024,569		-
		Sales	9,785		
C.O.S. Printers Pte Limited	Fellow subsidiary	Outwork	135,940		-
Ligare Limited	Related company	Sales	39,661		-
Mr Celarc	Director & shareholder	Rent and outgoings	711,234 [*]	Prepayment	338,198 [*]
		Consulting fees	266,667		

Entity	Relationship with OPUS Group	Nature of transactions	Year ended 31 Dec 2016		As at 31 Dec 2016
			AUD		AUD
1010 Printing International Limited	Fellow subsidiary	Outwork	611,574		-
		Sales	2,535,696		
		Purchases	8,484		
		Interest	9,501		
C.O.S. Printers Pte Limited	Fellow subsidiary (since 10 May 2016)	Outwork	63,764		-
Mr Celarc	Director & shareholder	Rent and outgoings	675,173		-
		Consulting fees	347,000		

^{*} During the year ended 31 December 2017, \$1,049,432 was paid in relation to rent and outgoings, of which \$711,234 related to 2017. The remaining balance of \$338,198 relates to 2018 and has been recorded as a prepayment.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

27. Related parties (continued)

(c) *Key management personnel compensation*

	Consolidated	
	Year ended 31 Dec 2017 AUD	Year ended 31 Dec 2016 AUD
Short-term employee benefits	386,667	552,262
Post-employment benefits	11,400	13,067
Long-term benefits	5,320	(79,378)
Total key management personnel compensation	403,387	485,951

Details of above remuneration disclosures are provided in the Remuneration Report on pages 10 to 15.

(d) Disposal of subsidiaries

In May 2016, OPUS Group disposed of C.O.S., a wholly owned subsidiary of OPUS Group incorporated in Singapore, for a consideration of \$11,300,000 to 1010 Printing Group Limited. (Note 11)

In January 2017, Mr Celarc (Director) acquired Ligare Limited, a wholly owned subsidiary of OPUS Group incorporated in New Zealand, for a consideration of NZD\$1. The sale of Ligare Limited resulted in an immaterial loss, which has been recorded in profit or loss.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

28. Parent entity financial information

(a) *Summary financial information*

The individual financial statements for the parent entity show the following aggregate amounts:

	2017 AUD\$'000s	2016 AUD\$'000s
Statement of Financial Position		
Current assets	21,020	12,074
Non-current assets	27,340	27,340
Total assets	48,360	39,414
Current liabilities	19,791	13,183
Non-current liabilities	14	6
Total liabilities	19,805	13,189
<i>Shareholders' equity</i>		
Issued capital	28,825	20,370
Share option reserve	-	4,810
Profits reserve	16,659	13,103
Accumulated losses	(16,929)	(12,058)
Total shareholders' equity	28,555	26,225
	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Profit after income tax for the year	819	14,434
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	819	14,434
<i>Summary of movements in retained earnings/(accumulated losses)</i>		
Accumulated losses at the beginning of the financial year	(12,058)	(74,434)
Capital reduction	-	62,495
Profit after income tax for the year	819	14,434
Transferred to profits reserve	(5,690)	(14,553)
Accumulated losses at the end of the financial year	(16,929)	(12,058)
<i>Summary of movements in profits reserve</i>		
Profits reserve at the beginning of the financial year	13,103	11,083
Transferred from accumulated losses	5,690	14,553
Dividend paid	(2,134)	(12,533)
Profits reserve at the end of the financial year	16,659	13,103

(b) *Guarantees entered into by the parent entity*

At 31 December 2017, there are cross guarantees given by the parent entity as described in Note 30.

(c) *Contingent liabilities of the parent entity*

The parent entity did not have any contingent liabilities as at 31 December 2017 (2016: nil) (Note 26).

(d) *Impairment*

OPUS Group Limited recognised a cumulative impairment of non-current assets of \$49,552,000 as at 31 December 2017 (2016: \$58,124,000), comprising impairments in subsidiary investments of \$29,114,000 (2016: \$29,114,000) and impairment of intercompany receivables of \$20,438,000. (2016: \$29,010,000).

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

29. Auditors' remuneration

During the year 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 2017 AUD\$	Year ended 31 Dec 2016 AUD\$
Audit services		
BDO East Coast Partnership - Audit and review of financial reports of OPUS Group	124,000	172,156
Other BDO network firms- Audit and review of financial reports and other audit work for OPUS Group's New Zealand and Singapore businesses	-	32,979
Total BDO remuneration for audit services	124,000	205,135
Tax services		
BDO East Coast Partnership	32,000	23,250
Other BDO network firms-Tax services for OPUS Group's Singapore business	-	148
Total BDO remuneration for tax services	32,000	23,398

The remuneration for services disclosed above only includes fees paid to auditors whilst they were appointed as auditors to the Company or its subsidiaries.

30. 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

*Exited the Closed Group on 1 August 2016 up on disposal.

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".

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

30. 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 2017 of the Closed Group:

	Year ended 31 Dec 2017 AUD\$'000s	Year ended 31 Dec 2016 AUD\$'000s
Continuing Operations		
Revenue	79,206	87,483
Other income	1,496	980
Changes in inventories	(24,619)	(27,670)
Other production costs and freight	(17,265)	(19,298)
Employee benefits expense	(25,101)	(26,215)
Occupancy costs	(2,115)	(1,987)
Depreciation and amortisation expense	(1,689)	(1,816)
Reversal of impairment of intercompany receivable	419	11,376
Other expenses	(2,188)	(3,214)
Operating profit before finance income from continuing operations	8,144	19,639
Net finance income	74	139
Profit before income tax from continuing operations	8,218	19,778
Income tax expense	(2,378)	(2,853)
Profit after income tax from continuing operations	5,840	16,925
Discontinued Operation		
Profit after income tax from discontinued operation	-	5,581
Profit for the year	5,840	22,506
Other comprehensive income, net of tax		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	5,840	22,506
<i>Summary of movements in retained earnings/(accumulated losses)</i>		
Retained earnings/(accumulated losses) at the beginning of the financial year	7,954	(62,494)
Profit after income tax	150	7,612
Capital reduction	-	62,495
Transfer from profits reserve	-	341
Retained earnings at the end of the financial year	8,104	7,954
<i>Summary of movements in profits reserve</i>		
Profits reserve at the beginning of the financial year	10,486	8,466
Profit after income tax	5,690	14,894
Dividend paid	(2,134)	(12,533)
Transfer to accumulated losses	-	(341)
Profits reserve at the end of the financial year	14,042	10,486

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

30. 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 2017 of the Close Group:

	2017	2016
	AUD\$'000s	AUD\$'000s
Current assets		
Cash and cash equivalents	25,673	17,104
Trade and other receivables	10,870	14,105
Inventories	5,331	3,734
Current tax receivable	226	-
Other current assets	1,262	1,259
Total current assets	43,362	36,202
Non-current assets		
Property, plant and equipment	7,003	7,032
Deferred tax assets	2,460	2,632
Other non-current assets	-	262
Total non-current assets	9,463	9,926
Total assets	52,825	46,128
Current liabilities		
Trade and other payables	10,607	11,809
Current tax payable	-	40
Interest bearing liabilities	56	17
Employee benefits	3,611	3,889
Total current liabilities	14,274	15,755
Non-current liabilities		
Deferred tax liabilities	422	301
Interest bearing liabilities	199	73
Employee benefits	245	243
Provisions	1,695	1,117
Total non-current liabilities	2,561	1,734
Total liabilities	16,835	17,489
Net assets	35,990	28,639
Equity		
Share capital	14,491	6,036
Reserves	(647)	4,163
Profits reserve	14,042	10,486
Retained earnings	8,104	7,954
Total equity	35,990	28,639

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

30. Deed of Cross Guarantee (continued)

(c) Impairment

The Closed Group recognised the following cumulative impairment of assets as at 31 December 2017:

	2017 AUD\$'000s	2016 AUD\$'000s
Impairment of goodwill	36,597	36,597
Impairment of investment in subsidiaries	5,376	5,376
Impairment of intercompany receivable	-	8,402

31. Subsequent events

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.

Directors' Declaration

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 28 to 66 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 2017 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 30 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 30.

Note 2(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 Vice President – Finance required by 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Richard Celarc
Chairman
23 February 2018, Sydney

INDEPENDENT AUDITOR'S REPORT

To the members of OPUS Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OPUS Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 31 December 2017 the Group held inventory of \$5.3 million, as disclosed in Note 14 to the financial report.</p> <p>Valuation of inventory is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining the provision for obsolescence.</p>	<p>To determine whether the valuation of inventory was appropriate at reporting date we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> Assessed the Group's accounting policy for the valuation of inventory and provisioning against inventory obsolescence to ensure it has been correctly formulated in accordance with the Australian Accounting Standards; Assessed the assumptions applied by the Group in determining the provision for obsolescence in comparison to recent sales experience and to ageing of inventory on hand at year-end; Agreed inventory on hand at year-end to initial purchase invoice and subsequent sales invoice on a sample basis and compared the carrying amount to the net realisable value; Analysed inventory turnover by product group in comparison to prior period and to expectations; Performed gross margin analysis by product group in comparison to prior periods.

Other information

The directors are responsible for the other information. The other information comprises the information in the Operating and Financial Review and the Directors' Report (excluding the audited Remuneration report section) for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Letter, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Letter, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.



Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

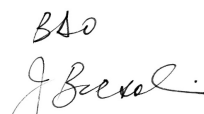
We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of OPUS Group Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO East Coast Partnership



John Bresolin
Partner

Sydney, 23 February 2018

OPUS Group Limited and Controlled Entities 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 21 February 2018, OPUS Group had 581 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 21 February 2018)

Number of Shares	Fully Paid Ordinary Shares	Number of Holders
1-1,000	23,165	209
1,001-5,000	315,009	119
5,001-10,000	475,571	66
10,001-100,000	5,175,294	145
100,001-over	99,366,531	42
	<u>105,355,570</u>	<u>581</u>

The number of shareholders holding less than a marketable parcel is 213.

Substantial Shareholders

The following shareholders are recorded as substantial shareholders:

Holder	Number of Shares	Last Notified	% of Issued Capital
Lion Rock Group Limited	79,657,143	3 May 2017	74.67%
Richard Francis Celarc & his associates	<u>6,334,647</u>	3 May 2017	<u>5.94%</u>
	<u>85,991,790</u>		<u>80.61%</u>

OPUS Group Limited and Controlled Entities
Additional Information

Twenty Largest Shareholders (as at 21 February 2018)

Rank	Name	Units	% of Units
1	BOOKBUILDERS BVI LIMITED	79,657,143	75.61%
2	DMRA PROPERTY PTY LIMITED	2,918,408	2.77%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,904,001	1.81%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,857,188	1.76%
5	MR RICHARD CELARC <RICHARD CELARC FAMILY A/C>	1,658,459	1.57%
6	LIGARE SUPERANNUATION NOMINEES PTY LTD	1,500,000	1.42%
7	BFA SUPER PTY LTD <GDN SUPER FUND A/C>	1,047,369	0.99%
8	MR PETER ROBERT LEMON AUST EXECUTOR TRUSTEES LTD <CYAN C3G FUND>	600,000	0.57%
9	MRS ALISON LORD PURVES J C O'SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	590,000	0.56%
10	MRS ALISON LORD PURVES J C O'SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	500,000	0.48%
11	J C O'SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	500,000	0.48%
12	CLAPSY PTY LTD <BARON SUPER FUND A/C>	500,000	0.48%
13	AGRICO PTY LTD <PALM SUPER FUND A/C>	500,000	0.48%
14	NATIONAL NOMINEES LIMITED MR GREGORY JOHN HEWETT & MRS LORRAINE SHIRLEY HEWETT <AMIENS SUPER FUND A/C>	379,691	0.36%
15	MR GREGORY JOHN HEWETT & MRS LORRAINE SHIRLEY HEWETT <AMIENS SUPER FUND A/C>	370,000	0.35%
16	CITICORP NOMINEES PTY LIMITED	367,073	0.35%
17	PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	324,644	0.31%
18	HAKUNA MATATA INVESTMENTS PTY LIMITED <C & G RICHARDSON S/F A/C>	300,000	0.29%
19	PAY FARMS PTY LTD <KR & CS PAY SUPER FUND A/C>	250,000	0.24%
20	SEAVIEW CRES PTY LTD <SEAVIEW SUPER A/C>	250,000	0.24%
TOTAL:		95,973,976	91.10%

Share Buy-Backs

On 8 December 2016, the shareholders of Opus Group approved the on market share buy-back of up to 20 million shares. The share buy-back commenced on 9 December 2016 and remained open until the earlier of 8 December 2017 or when 20 million shares had been bought back.

As at 8 December 2017, Opus Group has purchased 11,058,026 shares, at an aggregate cost of \$5,402,000. The buy-back was funded by Opus Group's cash reserves. All shares purchased have been cancelled. The Company's shares now stands at 105,355,570 shares.

Other Information

OPUS Group Limited, incorporated and domiciled in Australia, is a Listed Public Company limited by Shares.