



**22 May 2015**

**OPUS GROUP LIMITED  
ANNUAL GENERAL MEETING  
HELD AT CACTUS IMAGING  
12 RACHEL CLOSE, SILVERWATER NSW 2128**

**CHAIRMAN'S ADDRESS**

As the recently appointed Executive Chairman, it is with pleasure that I welcome you to our Annual General Meeting that covers our performance for the six months ended 31 December 2014.

As you may recall, we have changed our year-end reporting dates in line with our new major shareholder, the Hong Kong listed 1010 Printing Group Limited ("1010"), to a calendar year ending December 31. This change required us to submit an additional annual report for this specific period and to hold this AGM.

As already reported, 2014 was a transformative year for us as we undertook a significant capital raising which achieved a total of \$28.3 million in new capital, exceeding even our most optimistic hopes at the outset of that process.

In the last six-months, we have rapidly executed our plans following the capital raising at a significant one off cost. In particular, we have re-set our cost base to ensure that we have not only a sustainable business model, but also one that has a hands-on management structure that is far more flexible and ready to adapt swiftly to our customers' changing requirements.

Being debt free and with the distractions of the difficult period now well behind us, our CEO, Cliff Brigstocke, and I are working extremely hard with our senior leadership team to improve business performance.

In many ways, we are going back to our previous and successful business model. That is a hands on and simplified approach. The 'back to basics' rule now applies and with direct management from Cliff, myself and the senior management team, we have fast, consultative decision making that forms the basis of running a successful business.

With 1010 Printing as partners, we are also investing. Our most recent investments have been new inkjet technology, designed to print faster, more effectively and close to our customer base, matching our customers' need for faster delivery.

Finally, it is encouraging to see the early results of our turn-around plan bearing fruit. Whilst there are significant one-off items, both in terms of costs of our operational restructuring and the financial benefits of the recapitalisation, the loss for OPUS Group after providing for income tax amounted to \$8,771,000 (FY 30 June 2014: \$47,073,000; HY 31 December 2013: \$35,256,000).

The financial position of OPUS Group has improved substantially after the recapitalisation transaction in November 2014. As at 31 December 2014, OPUS Group had total equity of \$16,267,000 (30 June 2014: total deficiency \$9,540,000). There is net working capital of \$5,314,000 (30 June 2014: working capital shortfall \$50,261,000). OPUS Group is now in a net cash position. OPUS Group had cash of \$7,119,000 (30 June 2014: \$3,516,000) and the only financial liabilities comprise an unsecured promissory note of \$1,900,000 and \$2,118,000 of finance leases. With the sound financial footing, OPUS Group can now move forward on a strong and fully funded basis.

2015 will be a major turn-around year and one that will set a strong foundation for our future performance as we continue to work closely with our customers and suppliers.

I would like to take the opportunity to thank our customers, suppliers, shareholders and fellow employees for sticking with us through the past twelve months as we restructured the business for the future.

Cliff will now briefly update you on the operational aspects of the past six months.

## **CHIEF EXECUTIVE OFFICER'S ADDRESS**

Thanks Richard.

As Richard has stated, the significant effort and time dedicated to our successful recapitalisation and the resultant introduction of 1010 Printing Group Limited (1010) as our new major shareholder is now behind us.

As a result, we are debt free and, without the shackles that we had to work under for much of the past two years, we can be fully focused on meeting our customers' requirements in this fast changing environment.

We commenced our restructuring plan immediately the financial recapitalisation was agreed. Our first and significant step was a major staff restructure in August 2014 which has re-set the cost base of the business. This was not just removing staff costs; the restructure has enabled much improved decision making with the leaner organisational structure bringing us all much closer to our customers.

Leveraging the international experience and customer relationships of 1010 has already delivered results to our customers. So will joining with their substantial buying power and supplier opportunities.

As Richard has outlined, as a result, we are now a much more hands on business with a crystal clear focus to provide the best possible services to our customers and to provide an attractive return to our shareholders on their investment.

Our results are already improving and will continue to do so as we drive the business without distraction and with the very welcome support of 1010.

I will briefly update you on our two core divisions:

### **Publishing Services Division**

Pleasingly our three main production sites serving the publishing sector had a strong finish to the year. In the read for pleasure sector, it was encouraging to see industry growth in Australia for print, the first time since losing significant distribution outlets when the RED Group/Borders ceased operations.

Revenue for the six months ended 31 December 2014 was \$46.4m compared to \$51.2m in the same period for 2013. This shortfall can all be attributed to the loss of one large account in the period when the business was under financial strain.

Overall, the base business and revenue held up during the period which is testament to our business model, loyal customers, staff and suppliers.

Our strategy and investment in readying the business for local production has also paid dividends. The trend of shorter runs, printed more frequently and ordered later continues to develop rapidly. Described in various terms, we are very well placed for "Print on Demand" or "Just in Time" which is clearly the future for our industry.

With our combined network now including China, Singapore, New Zealand and three "at scale" sites in Australia, we have positioned our combined offer and won work that was previously produced by competitors' off-shore.

The recent devaluation of the \$AUD has also assisted our local time sensitive offering and will complement our offer.

### **Outdoor Media Division**

Both our Sydney based outdoor media business, Cactus Imaging and our Auckland company Omnigraphics, continue to grow. In the six months ended 31 December 2014, revenue was 5% ahead at \$11.6m compared to \$11m in the same period in 2013.

This is due to a combination of both market share gain and also being a leader in the growing out-of-home media sector. Our recent investment in the latest Fuji Uvi Star billboard printer has significantly increased our efficiency, capacity and range of products we can produce - from highest quality backlit displays through to point of sale advertising. We also invested in latex print technology which has expanded our capabilities especially in the fast growing transit signage sector.

We will also commission two major new state of the art digital printers next month in our New Zealand business. This will add further capacity and productivity to OmniGraphics that, similar to our Australian business, is well placed for further growth.

## **2015 Outlook**

Our plan to enhance the capabilities and effectiveness of our offering to customers is on track with the first two stages now complete. With our bundled offer, in conjunction with 1010, we are confident that the value we bring to our valued customers as a diversified and customer focused Group will be further enhanced in 2015. Our recent as well as our planned investment in the latest technology for short run printing will further enhance our ability to produce time sensitive work across our Network, especially in Australia and New Zealand, in a cost effective manner.

**-ENDS -**

## **CONTACTS**

For investors:

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