16 June 2018

Application for listing on the Stock Exchange of Hong Kong

Further to the announcement made by OPUS Group Limited (ASX: OPG) (**OPUS**) on 14 June 2018 in relation to its proposed redomiciliation through a proposed scheme of arrangement and the proposed listing of Left Field Printing Group Limited (**TopCo**) on the Main Board of the Stock Exchange of Hong Kong (**HKEx**), TopCo has lodged its listing application form (Form A1) with the HKEx.

Attached to this announcement are the relevant redacted extracts from the application proof (the **Application Proof**) lodged by TopCo with the HKEx, which are being disclosed to the market to the extent necessary to meet OPUS's continuous disclosure obligations, as the Application Proof contains information which may have a material impact on the price or value of OPUS's shares. The Application Proof is not a disclosure document under Chapter 6D of the Corporations Act.

The Application Proof is in draft form and the information contained therein is incomplete and is subject to changes, which could be material. OPUS will keep OPUS shareholders informed as to the status of the proposed scheme of arrangement and TopCo's listing application with the HKEx.

Contacts

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BUSINESS OVERVIEW

We are a one stop shop printing solutions and services provider based in Australia. Our printing process and services cover printing solution consultation, production planning and scheduling, pre-press, offset printing, digital printing, post-press, quality check, packaging and delivery. Our printed products include (i) read-for-pleasure books; (ii) Government Printed Matters; (iii) Quick Turnaround Time Education Books; and (iv) catalogues, operating manuals and promotional leaflets. According to the Frost & Sullivan Report, in terms of revenue generated in 2017, we are (i) the largest government segment printing services provider within the larger commercial printing industry in Australia (ranking fifth largest in the overall commercial printing industry in Australia); and (ii) the largest printing services provider in the book printing industry in Australia.

We also provide printing related services, such as warehousing and direct mailing, call centre services and ancillary services through our proprietary IPALM platform. In order to better serve our customers through the use of technology, our Company is focused on the continual development of our IPALM system so that we are able to offer customers a wide spectrum of electronic services to enhance their (or their end-user customers') experience, supply chain management and/or business. The IPALM system is our proprietary technology which was developed in-house to transform communication solutions between the supply chain and our customer relationship management systems. Due to its highly versatile nature, the IPALM platform can be customised to offer a wide range of solutions including, among other things, online supply chain services and order processing. Such services, which are built around the printed products which we produce for our customers, can remove multiple burdens for them, such as inventory monitoring and management, re-stock ordering, warehousing, end-user customer ordering, mailing and database management and communications. For further details of our IPALM platform, please refer to the paragraph headed "Application of technology in our printing solutions and services" in this section.

OPUS was founded in 1983. However, our history can be traced back to 1967 when Union Offset (which was acquired by OPUS in 2009) was established. Since that time, our Group has evolved through the acquisition (and disposal) of various print related businesses in Australia, New Zealand and Singapore. Following the listing of OPUS on the ASX in 2012, our Group has undergone a series of restructurings and is currently focused on the provision of one stop shop printing solutions and services at three production facilities namely, the CanPrint Facility, the Ligare Facility and the MPG Facility.

During the Track Record Period, our Group was also engaged in the provision of grand and large format printing outdoor media in Australia and New Zealand, but such business was ceased upon completion of the disposal of the outdoor media business of Cactus Imaging (NZ) in 2015 and the disposal of the Cactus Group in 2016. In addition, we were engaged in the provision of printing services in Singapore and in New Zealand during the Track Record Period but ceased such businesses following the disposals of C.O.S. Printers and Ligare (NZ) in 2016 and 2017, respectively.

For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our revenue from continuing operations was approximately AUD80.7 million, AUD87.0 million, AUD79.2 million and AUD19.3 million, respectively, while our profit from continuing operations was approximately AUD7.2 million, AUD5.5 million, AUD5.7 million and AUD0.9 million, respectively.

The following table sets out a breakdown of our Group's revenue from continuing operations during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000 (unaudited)*	*%*	*AUD'000*	*%*
Printing solutions and services										
Read-for-pleasure books	19,632	24.3	23,689	27.3	27,314	34.5	5,688	27.6	6,512	33.8
Government Printed Matters	15,589	19.3	19,046	21.9	15,396	19.4	3,249	15.8	3,325	17.2
Quick Turnaround Time Education Books	20,337	25.2	20,467	23.5	18,046	22.8	6,598	32.0	5,654	29.3
Catalogues, operating manuals and promotional leaflets	25,187	31.2	23,775	27.3	18,450	23.3	5,055	24.6	3,800	19.7
Total	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

Our customers are principally comprised of (i) Australia-based book publishers and media and information providers; (ii) international book publishers; and (iii) Australian government related entities. During the Track Record Period, we mainly sold our products in Australia, which, in aggregate, amounted to approximately 97.8%, 98.2%, 99.4% and 99.8% of our total revenue for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, respectively. The following table sets out the breakdown of our revenue from continuing operations based on the geographical location of delivered products during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000 (unaudited)*	*%*	*AUD'000*	*%*
Australia	78,976	97.8	85,379	98.2	78,722	99.4	20,463	99.4	19,247	99.8
New Zealand	1,334	1.7	1,482	1.7	230	0.3	78	0.4	8	0.0
Overseas *(Note)*	435	0.5	116	0.1	254	0.3	49	0.2	36	0.2
Total:	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

Note: Overseas mainly includes the United Kingdom, the United States of America and Papua New Guinea.

We conduct all our production at the CanPrint Facility, the Ligare Facility and the MPG Facility in Australia.

The CanPrint Facility has a total land area of approximately 8,676 sq.m. and comprises production facility and office in 16 Nyrang Street, Fyshwick, ACT, Australia. We also have a warehousing facility with a total land area of approximately 12,000 sq.m., which is located at 1 Tralee Street, Hume, ACT, Australia.

The Ligare Facility has a total land area of approximately 7,391 sq.m. and comprises production facility, office and warehouse at 138-152 Bonds Road and 23-25 Skinner Avenue, Riverwood, NSW, Australia and Unit 3, 13 Larkin Street, Riverwood, NSW, Australia.

The MPG Facility has a total land area of approximately 44,105 sq.m. and comprises production facility, office and warehouse at 13 and 76 Nelson Street and 20 Johnson Street, Maryborough, VIC, Australia and Lot 2, 5 Brick Kiln Road, Carisbrook, VIC, Australia.

The CanPrint Facility, the Ligare Facility and the MPG Facility were equipped with 17 major printing presses and binding machines as at 31 March 2018. As at the Latest Practicable Date, our major production machines were self-owned, which include printing presses and binding machines. Please refer to the paragraph headed "Our production facilities and machinery" in this section for further details.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we possess the following competitive strengths, which have contributed to our success and distinguished us from our competitors:

We are an established printing solutions and services provider with a long history in Australia

OPUS was founded in 1983. However, our history can be traced back to 1967 when Union Offset (which was acquired by OPUS in 2009) was established. As such, our Group, through our various subsidiaries, have been providing printing solutions and services in Australia for nearly 50 years. Our Group has gained extensive experience and developed a strong reputation in each of the printed products in which we specialise, namely, read-for-pleasure books, Government Printed Matters, Quick Turnaround Time Education Books and catalogues, operating manuals and promotional leaflets.

We believe that as a result of our legacy, history and experience in the Australian printing market, the companies within our Group have developed strong reputations and brand recognition within specific segments of the commercial and book printing industry. For example, we believe that MPG has developed a strong reputation as a book printing solutions and services provider to publishers of read-for-pleasure books, such as novels, fiction, non-fiction and other monotone book products, whereas Ligare has built a reputation among publishers of professionals and academic books, in particular loose leaf products. The CanPrint Business, which was formed from the Australian Government's own printing operation, has remained a core provider of printed products and services to Australian government related entities and is widely recognised for such products and services.

According to the Frost & Sullivan Report, our revenue represented approximately 8.7% of the revenue generated from the government segment within the overall commercial printing industry and 2.2% of the total revenue generated from the commercial printing industry in Australia in 2017. According to the Frost & Sullivan Report, our revenue also represented approximately 8.1% of the total revenue generated from the book printing industry in Australia in 2017. Our Directors consider us to be a leading one stop shop printing solutions and services provider in Australia.

We provide high quality, multi-scale and time sensitive printing services in Australia

As noted in the Frost & Sullivan Report, the commercial and book printing industry in Australia is characterised in recent years by shorter print runs and increasing time sensitivity. Such increasing demands by publishers has required printing services providers to respond by adopting new technology, in particular digital printing presses, which can be more efficient when producing lower print runs of books on tight timelines. As such, our Directors believe that responsiveness and operational efficiency have become the new norm within the commercial and book printing industry. The ability of printing services providers to consistently produce high quality products, on multiple short runs and quick production and delivery cycles has become the hallmark of the industry and is critical to their success. We believe that in order to respond to such demands we need to have strong customer relationships, good communication channels with our customers, a robust ERP system which can handle orders and support production schedules for multiple customers, the machinery, equipment and resources to produce books and products under such timelines as well as the expertise in managing our raw material and supplies.

Our Group is equipped with a range of offset and digital printing presses at each of our production facilities. During the Track Record Period, we produced single print runs as small as one book to single print runs as large as 400,000 books. During the Track Record Period, we invested in four new digital printing presses, which we believe provides our customers with the comfort and assurances that we are investing in machinery and equipment which addresses the needs of the market. Furthermore, we have a team of highly experienced production managers, each having not less than 10 years of experience in the printing industry, at all of our facilities which enables us to best manage our production schedules. On top of this, we also utilise our ERP system which facilitates our production scheduling and allows real-time tracking of all of our customers' orders, production and progress.

We provide unique supply chain and customer relationship management solutions for our customers through our proprietary IPALM system

The IPALM system is our proprietary technology which was developed in-house to transform communication solutions between the supply chain and our customer relationship management systems. Through the IPALM system, our customers can place orders, track the production process and schedule, manage stock and digital assets. Such system therefore provides our customers with unique and customisable solutions and services beyond our core print production services.

Our Directors believe that the IPALM system, when integrated with our ERP system and our customers' own online platforms, provides us with a distinct advantage as compared to our competitors, as it provides our customers with greater control over not only their production, inventory and warehousing needs but also their engagement with their end-user customers. We believe that the application of the IPALM system has not only enhanced our production efficiency and flexibility, but also allowed us to better plan and deploy our resources more efficiently.

We place a strong focus on security

Our Directors believe that one of the key features of our business is our focus on security. In order to ensure that the security of the content and intellectual property of our customers' products is protected at all times, we are committed to maintaining strong security systems and protocols to ensure that the content, data and/or finished products of our customers remain secure at all times. Whilst security remains important throughout our business, security is especially important at our CanPrint Facility, which carries out most of our printing for our Australian government related entities customers. Such customers may have a higher requirement for security, as their printed products may, from time to time, contain sensitive information or materials. Our Australian government related entities customers may require us to print materials ranging from documents used by Australian Government departments or Parliament, which may contain sensitive political content, to materials such as official forms, certificates, examination papers, etc. which are handled or typically distributed by official departments or bodies.

In order to retain such business from our Australian government related entities customers, it is critical that our Group retains a solid focus on and commitment to security as well as effective procedures to protect our customers' content and the integrity of our business. Our Directors believe that the success of our CanPrint Business is in part due to our ability to maintain high levels of security and that our Australian government related entities customers recognise our strength in and focus on security, which has led to continued business from such customers.

We have established relationships with our top five customers and top five suppliers

During the Track Record Period, our top five customers were comprised of (i) Australia-based book publishers and media and information providers; (ii) international book publishers; and (iii) Australian government related entities. As at the Latest Practicable Date, our top five customers had been working with us for periods ranging from approximately three to over 20 years. Certain of these relationships have been nurtured over long periods while others are relatively new and were developed through tendering processes. Our Directors believe that our top five customers have selected our Group as their printing partner of choice as we have a proven track record in providing our customers with high quality printing solutions and services in a cost-effective, flexible and timely manner. Moreover, our Directors consider the relationship with all of our customers to be one based on partnership and that the objectives of both printer and publisher are unified and shared.

During the Track Record Period, our top five suppliers were mainly comprised of, among others, domestic and international paper suppliers. As at the Latest Practicable Date, our top five suppliers had been working with us for periods ranging from approximately three to over 10 years. Our Directors believe that our established relationships with our top five suppliers have been and will continue to be our valuable assets enabling us to ensure stable supply and timely delivery of raw materials in compliance with our quality, customer and production requirements.

We have an experienced and dedicated management team

We have an experienced and dedicated management team with extensive knowledge of and experience in commercial and book printing. Our executive Director, Mr. Lau, has been engaging in the ownership, operation and management of printing companies in Asia since 1990. In addition, Mr. Celarc, our chairman and our executive Director, is a co-founder of Ligare and has around 40 years of experience in the printing industry in Australia. Moreover, Mr. Celarc has been a central figure in the development of Ligare's business and reputation and has assisted our Group with establishing deep relationships with our customers and suppliers.

Our management also strives to keep track with the latest developments in the printing industry. For example, in 2013, our management was key to introducing at MPG the HP T410 all-in-one colour inkjet web press printer, a versatile high speed digital printing press which is capable of printing nearly 7,000 mono pages per minute and was the first of its kind in Australia. The said printing press and its in-line binding solution can conduct multiple functions including printing, post-press and binding functions. For details of the profile of our management team, please refer to the section headed "Directors and Senior Management" in this document. Under the leadership of our management team, we have built up our capacity, expanded our scope of services and enhanced our market presence. The broad know-how and industry knowledge acquired and accumulated over the years by our management team have been and will continue to be beneficial to our business and prospects.

OUR BUSINESS STRATEGIES

Business objective and future plans

Our business objective is to retain our position as a leading one stop shop printing solutions and services provider in Australia. In order to maintain our position and reputation in the market, we intend to implement the following strategies to achieve sustainable growth in our business:

Continue to provide end-to-end printing solutions and services

Over many years of collaboration with both Australian and international publishers, our Directors believe that our Group has accumulated extensive understanding of the printing requirements of our customers, as well as market awareness, industry and technical know-how.

We offer a range of customisable services to enhance the value of our services to our customers. On top of our core printing production services, we also provide customer end-user relationship management and warehousing and logistics management services and platforms, which enable our customers to better manage their production, inventory and product orders from their end-user customers. In general, our read-for-pleasure book customers prefer for finished book products to be delivered to their own warehouses or directly to their retailers, so that their book products can enter into the market as soon as possible. As such, for publishers who tend to operate through traditional retail channels, speed to market is a factor in their warehousing and logistics requirements.

For all of our customers, our Group is able to provide a number of service offerings supplemental to our core printing production services, which are more supportive or representative of their own distribution channels. For example, we possess the technical platforms and know-how to provide online and offline product purchasing services. During the Track Record Period, we have incorporated our online purchasing platform into the websites of certain customers in order to enable their end-user customers to purchase their products online. Through such platform, we are capable of managing the entire purchasing process and experience on behalf of our customers from receipt of online orders to payment and delivery. In addition, we also provide call centre management and customer support services so that orders or enquiries can be made and received via our dedicated telephone call centres.

We also offer warehousing facilities which are aimed at reducing the warehousing and inventory burden and costs to our customers. Together with our direct-mailing capabilities which enable us to mail products directly to our customers' end users from our warehouses, we are able to offer our customers a unique and customised printing and distribution platform to better serve their end-user customers. By providing such services, we seek to provide additional value to our customers by fully managing their product supply chain and costs, and to ensure that we are able to achieve quick delivery of products, or updates, to our customers' end-users.

Our Directors believe that being a one stop shop printing solutions and services provider not only allows our Group to offer customers a full range of services, but also enables us to better manage our business. The ability to continue to provide end-to-end printing solutions and services enables us to retain a high level of control in ensuring the production and delivery of consistent and high quality printed products, and enables our customers to operate in a more cost-effective and efficient manner. In addition, our Directors believe that the ability to provide such printing related services enables our Group to develop deeper long-term relationships with our customers, to build customer loyalty and to entrench ourselves as partners by entrusting our Group with their complete printing needs.

Enhance our printing solutions and services through technology

Our Directors believe that it is essential for our Company to remain at the forefront of the printing industry, and when possible, to be able to apply technology to grow our business. On top of adopting digital printing presses to improve efficiencies in the actual print production process, we also seek to better serve our customers through the use of technology. In this respect, our Company is focused on the continual development of our IPALM system so that we are able to offer to our customers a wide spectrum of electronic services to enhance their (or their end-user customers') experience, supply chain management and/or business. The IPALM system is our proprietary technology which was developed in-house to transform communication solutions between the supply chain and our customer relationship management systems. For further details of our IPALM platform, please refer to the paragraph headed "Application of technology in our printing solutions and services" in this section.

Due to its highly versatile nature, the IPALM platform can be customised to offer a wide range of solutions including, among other things, online supply chain services and order processing. Such services, which are built around the printed products which we produce for our customers, can remove multiple burdens for them, such as inventory monitoring and management, re-stock ordering, warehousing, end-user customer ordering, mailing and database management and communications. By providing our customers such solutions through our platform, we are able to provide a complete and seamless end-to-end procurement and print product management system. As such, we plan to expand our marketing efforts of our IPALM products and services in order to provide our end-user customers with such supplemental services.

Moreover, we propose to continue to monitor trends in the market as well as feedback from our customers to further develop the modules within our IPALM platform to address their specific needs. Given that the IPALM system is highly customisable, we believe that each and every one of our customers can benefit from efficiencies in their management across the entire printing services and procurement supply chain. Our Directors believe that the ability to offer such unique and customised solutions would further foster long term relationships with our end-user customers and supports our overall philosophy of being the partner of choice to such content publishers.

Furthermore, our Directors believe that in order to remain competitive, it is critical to cultivate strong customer engagement. On a day-to-day basis, communications between the production floor and our customers are typically conducted through our sales and customer services team and much of this relates to the production and delivery of their orders. Given the large number of customers and the range of printed products produced, strong planning and scheduling of production is essential to ensure an orderly and timely production process. In addition, the ability to provide our sales and customer services team and our site operations team with visibility of our production pipeline as well as providing our customers with the trust and confidence that we have planned and organised our production schedules to ensure that we are able to deliver their products on time is critical.

We currently utilise our ERP system, which facilitates our production scheduling and allows real-time tracking of the production process. Possessing an effective ERP system which offers our site operations team maximum flexibility to adjust printing schedules according to, among other things, printing volumes, number of printing jobs and urgency enables us to address our customers' needs. However, as print production runs are becoming smaller, which leads to an increase in the frequency of re-prints, the production and delivery cycles have, in turn, become shorter, and the need for increased efficiency is critical. As such, our Directors believe that further investment is required to enhance or optimise our current ERP system to ensure that we possess the most up-to-date, effective and efficient systems in order to provide the best possible products to our customers in a timely manner.

We intend to make upgrades to our ERP system and IPALM platform in order to improve their general functionality with the aim of maximising the efficiency of our production and operations as well as enhancing product offerings to our customers. Such upgrades will involve the purchase and installation of equipment, such as servers, wifi networks and radio frequency identification (RFID) equipment at our warehouses, as well as the development and/or purchase of software and new applications, which can be integrated into our ERP system and IPALM platform.

Moreover, as part of our IPALM platform upgrades, we propose to focus on the development of new services and applications for our customers which will further enhance the supply chain management capability, particularly in our warehouse management solutions and services. For example, we propose to augment our physical warehouses with, among other things, RFID functionality in order to further streamline our back-end operations with our production, sales and customer facing teams, all of which requires enhancements to our ERP and IPALM systems and additional electronic data interchange (EDI) integration.

The total expenditure for such upgrades is estimated to be approximately **[REDACTED]** (equivalent to approximately **[REDACTED]** and we plan to make such expenditures in phases within two years of the **[REDACTED]**. We plan to finance such expenditure from the estimated **[REDACTED]** of the **[REDACTED]**. If there is any shortfall in funding, such shortfalls will be financed by our internal resources.

Expand and/or streamline our existing printing and warehousing facilities

To capture the opportunities in the market and improve our production efficiency, we plan to make various improvements to expand and/or streamline our existing printing and warehousing facilities. Such improvements may include enhancements to our existing facilities or potential relocations to larger premises. In particular, the current set up and arrangement of our machinery and equipment within our production facilities may not be organised in manner which allows us to operate at an optimum level of efficiency and effectiveness. In addition, we operate warehousing facilities in separate premises from our production floor due to the lack of available space on site. As such, management would consider a potential relocation or reorganisation of our CanPrint Facility under a single production and warehousing facility in order to accommodate the expected expansion of capacity and streamline our business. As at the Latest Practicable Date, we had yet to identify any premises for any relocation, nor have we determined any specific location for any potential relocation.

We believe that by further streamlining and modernising our production processes, not only at our CanPrint Facility but across all our production facilities, we will be able to increase production and warehousing capacity, thereby enjoying economies of scale and production efficiencies, which will enable us to compete more effectively and improve our financial performance. We believe that we can also achieve additional long term cost savings from the streamlined and modernised production process which will allow us to meet the additional demand for our products and further expand our production capacity.

The total expenditure for such expansion and/or streamlining of our existing printing and warehousing facilities is estimated to be approximately **[REDACTED]** (equivalent to approximately **[REDACTED]**). We plan to finance such expenditure from the estimated **[REDACTED]** of the **[REDACTED]**. If there is any shortfall in funding, such shortfalls will be financed by our internal resources.

Maintain investment in key machinery and equipment and enhance our production capabilities

Since we are (i) the largest government segment printing services provider within the larger commercial printing industry in Australia (ranking fifth largest in the overall commercial printing industry in Australia); and (ii) the largest printing services provider in the book printing industry in Australia in terms of revenue generated in 2017 according to the Frost & Sullivan Report, our Directors believe that we possess a strong understanding of the commercial and book printing market and in particular the behaviour and demands of our customers. Such understanding and awareness enables us to anticipate how the market is likely to evolve and the trends which will emerge. This in turn provides us with the insights required to planning our strategies, resources and investments. In particular, the ability to anticipate the needs and demands of our customers enables us to prepare capital investments and organise resources to ensure that we maintain a strong balance in machinery and equipment to match our customers' demands.

Moreover, our Directors believe that a strong understanding of our customers' needs can help determine how to allocate our investments and resources. Given the increasing trend of shorter print runs and more time sensitive printing, when upgrading, replacing or investing in new machinery, our Directors will ensure that we maintain a well balanced mix of printing presses and associated equipment and machinery. In general, offset printing presses are used for larger production runs but may require more time to produce due to the number of stages required to print and produce on traditional offset printing presses, whereas digital printing presses are more effective for short run products and typically require fewer processes. However, to ensure that our Group is able to address the demands of the market, it is critical that we manage our investments to ensure that when preparing our printing schedules, we are able to maximise our efficiencies and in particular manage our costs to ensure that prints are as profitable as possible. Moreover, our Directors also believe that it is important that we invest in the relevant non-printing machinery and equipment, such as cutters, sheet folders, lamination machines, etc., to ensure that we can provide the relevant post-press solutions to our customers in a cost effective and timely manner.

We schedule to purchase additional machinery in order to expand our production capacity. Such purchases will include one additional new digital printing press and three binding machines. We also propose to purchase replacement machinery in order to enhance our efficiency including three digital printing presses, two binding machines and one pre-press machine. The digital printing presses to be purchased can increase efficiency, the work flow of the printing process and the quality of the printed products. The made-ready time for the digital printing process, such as folding and trimming, can also be reduced. The binding machines to be purchased are expected to increase efficiency as well as to allow us to undertake more binding works in-house while reducing the volume of binding works outsourced to sub-contractors. Our Directors believe that undertaking more binding works in-house enables us to effectively monitor the quality of our binding works and hence the products delivered to our customers. The pre-press machine to be purchased is expected to optimise the process of transforming computer-generated files into print-ready files. We also propose to purchase additional warehousing equipment to cope with our expansion in production capacity and enable our warehousing staff to work in a more efficient manner and hence strengthen our overall production capabilities.

The total expenditure to purchase such machinery and equipment is estimated to be approximately **[REDACTED]** (equivalent to approximately **[REDACTED]**) and we plan to make such expenditure in phases within two years after the **[REDACTED]**. We plan to finance such expenditure from the estimated **[REDACTED]** of the **[REDACTED]**. If there is any shortfall in funding, such shortfalls will be financed by our internal resources.

Grow our business strategically through merger, acquisition and business collaboration

The history of our Group can be characterised by the identification and acquisition of independent printing businesses which have unique or specialised products or services which would benefit under a centralised management. As such, while our Group will continue to maintain our performance within the industry and enhance our competitiveness, our Directors believe that investing in new business opportunities will be critical in enabling our Group to achieve economies of scale, enlarging our customer base and broadening and diversifying our service offerings to the market.

We believe that this can be achieved by accretive acquisitions where we would look to maximise synergies or leverage off technologies to provide printed products or services which enhance the competitiveness of our Group as a whole. Upon identification of a potential target in the future, our Directors will take into account several major factors in determining whether to proceed with the proposed investment, including but not limited to: (i) whether the business of the target is profitable and sustainable; (ii) whether its business plans are in line with our Group's business strategies; and (iii) whether the target is in compliance with its own financial, legal and regulatory requirements.

As at the Latest Practicable Date, our Company had not identified any specific acquisition and merger targets.

SUSTAINABILITY OF OUR BUSINESS

Our Directors are of the view that our business is sustainable based on the following factors:

Sustained growth of market size and market opportunities

The size of the commercial printing industry for enterprises and government segments as well as the size of book printing market in Australia is expected to continue to grow, which will continue to benefit our Group's future prospects. According to the Frost & Sullivan Report, (i) revenue generated by the government segment of the commercial printing industry in Australia grew from AUD169.1 million in 2013 to AUD176.1 million in 2017 at a CAGR of approximately 1.0% while the rest of the market rose from AUD1,298.5 million in 2013 to AUD1,381.0 million in 2017 at a CAGR of approximately 1.6%; (ii) the overall commercial printing industry is projected to grow at a CAGR of 0.7% from 2017 to 2022 with the government segment, expanding at a CAGR of approximately 0.6% over the same period; and (iii) the book printing industry in Australia is expected to grow at a CAGR of approximately 0.6% from 2017 to 2022. It indicates the sustained growth in demand for commercial and book printing in these markets. Furthermore, according to the Frost & Sullivan Report, although e-books and digital reading are becoming increasingly popular among the public, a huge number of readers are still keen on printed books. They enjoy the unique reading experience such as going to a book store to select a good book, writing notes or reviews on the blanks of book pages and so forth, which they would not otherwise be able to do with e-books or other electronic devices. Additionally, reading printed books is considered to be more relaxing as compared to viewing text from a screen, which may lead to eyestrain due to screen glare. According to the Frost & Sullivan Report, printed books are still preferred by readers in Australia. In 2017, the proportion of e-books by sales value was 22.8%, while traditional printed books accounted for the remaining 77.2%.

We believe that the growing market size is beneficial to the development of printing solutions and services providers with good and consistent printing quality, advantages of competitive pricing and offering, relatively large scale of production, and capability to provide value-added printing related services like our Group, and provides us more potential business opportunities for future growth.

Our ability to grow

According to the Frost & Sullivan Report, in terms of revenue generated in 2017, we are (i) the largest government segment printing services provider within the larger commercial printing industry in Australia; and (ii) the largest printing services provider in the book printing industry in Australia. In respect of the overall commercial printing market in Australia, which includes printing for customers such as enterprises, government entities, institutions and other organisations, our Group ranked fifth largest in Australia by revenue in 2017. We believe that the size of the commercial and book printing market, which is estimated to reach approximately AUD1,616.3 million and AUD575.4 million in 2022, respectively, has sufficient growth for us to gain market share.

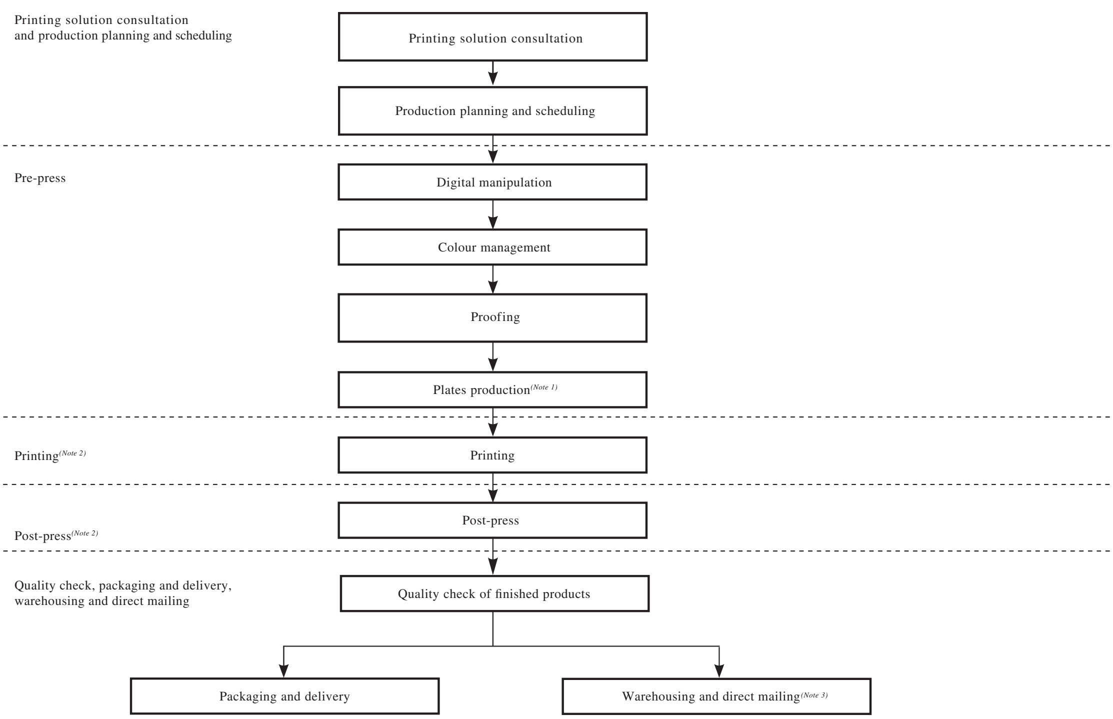
Apart from our long history in the market, we have fostered strong relationships with international book publishers, multinational media and information providers, Australian government related entities and Australia-based book publishers by offering our innovative one stop shop printing solutions and services. Our Directors believe that we differentiate ourselves from our competitors through our continual investment in technology and equipment to drive efficiency and quality. Moreover, our in-house developed proprietary IPALM system, an online supply chain service and order processing platform, creates value for our customers and has strengthened our position in the market among our peers by providing a platform to transform communication solutions between the supply chain and our customer relationship management systems. Our IPALM system is also gaining traction among some of our major customers including, but not limited to, Australian government related entities and international publishers. As information security is highly valued by Australian government related entities, due to the highly versatile nature of our IPALM system, we are entrusted by one of the Australian government related entities to develop a customised module in the IPALM system catered for their product control with enhanced security and interactive voice response features. For further details of our IPALM system, please refer to the paragraph headed "Application of technology in our printing solutions and services" in this section.

Furthermore, our senior management team, who possess in-depth industry knowledge and have developed long-term relationships with our major suppliers and customers, will be able to guide us towards sustainable business development. Our executive Director, Mr. Lau, has been engaging in the ownership, operation and management of printing companies in Asia since 1990. In addition, Mr. Celarc, our chairman and our executive Director, is a co-founder of Ligare and has around 40 years of experience in the printing industry in Australia. Moreover, Mr. Celarc has been a central figure in the development of Ligare's business and reputation and has assisted our Group with establishing deep relationships with our customers and suppliers. For further information of our executive Directors, please refer to the section headed "Directors and Senior Management" in this document. We believe that the industry knowledge and diversified experience of our executive Directors together with their knowledge of market trends and customers' needs constitute an essential element of our success and provide a solid foundation for our future development.

Considering the abovementioned and the potential positive impact, the Directors are confident and the Sole Sponsor concurs that our Group's operation and business development is sustainable.

OUR BUSINESS MODEL AND OUR OPERATION FLOW

The following flow chart is a general overview of the major steps involved in our printing production process:



Notes:

(1) Printing plates are not required in digital printing.

(2) Our quality control is performed throughout the whole production process. Please refer to the paragraph headed "Quality control – In-process quality control" in this section for details.

(3) Such services are optional but can be provided to our customers upon request.

(i) Printing solution consultation

Generally, when we receive requests to provide quotations on individual printing jobs, our sales and customer services team will seek to understand the job specification, including the type of product or products to be produced, product/paper size and quality, cover design, colour, post-press finishings or specifications, printing volume and delivery requirements.

In general, upon receiving such information or request and having analysed the specifications provided, our sales and customer services team will consult with our estimating and pricing team, who are responsible for providing the estimates on workflow and resources planning for quotation purposes, and our sales and customer services team will then prepare a quotation, which contains, among other things, unit price, quality and terms of delivery. Such quotations are based on several factors such as the estimated raw material and labour costs, ordering quantity, expected delivery schedule and our expected profit margin, as well as other special requirements from the customer. From time to time, we may also receive requests for tender on individual printing jobs from customers. We will prepare a tender proposal in accordance with the job specifications.

In the event that the customer rejects a quotation or proposal, if and where possible, our sales and customer services team will review the estimate to consider providing a more accommodating offer.

From time to time, we may be invited by a customer (which tends to be one of the larger international book publishers or media and information providers) to tender as their principal supplier for printing services. These customers may also request additional printing related services such as warehousing and direct mailing, call centre services, or other ancillary services through our IPALM platform. In such circumstances, we would provide a more extensive proposal which would likely involve our executive Directors and senior management. Given the greater anticipated revenue likely to be generated from such invitations to tender, we may spend a number of months preparing such quotations, meeting and negotiating with the customer (and potentially their procurement teams) to reach a proposal.

Once we have been awarded the tender, we would typically enter into a framework agreement with the customer which sets out the agreed terms between the parties including, among other things, product descriptions, unit price, quantity, terms of payment, terms of delivery, requirements on restricted or hazardous substances and product warranty. With certain customers and as part of the framework agreement, we may fix the price of our printing services so that there is no need for them to seek quotations from us each time they require our services. Such customers can submit purchase orders knowing that the price for such jobs is determined by a pre-agreed pricing grid or matrix with reference to various specifications such as book size and paper specification, page numbers, order volume and finishing. For further details please refer to the paragraph headed "Pricing Strategies – Pricing policy" in this section.

Regardless of whether there is a framework agreement or not, customers typically place purchase orders to us on a job-by-job basis. Whilst customers usually place orders with our sales and customer services team via email, customers can also input their purchase orders through our IPALM system. Once purchase orders have been received, they will be inputted into our ERP system. Our site operations team, which is responsible for setting production schedules, planning the utilisation of the production capacity in a cost-effective manner, will determine the production plan with the customer's detailed specifications, so that the planning and scheduling of the production process can be arranged.

(ii) Production planning and scheduling

After receipt of a purchase order, if necessary, we will devise a raw material procurement plan to procure raw materials from our suppliers. Alternatively, we would utilise raw materials, which is principally paper, from our existing inventory. We will also devise a production plan in accordance with our customers' requirements to facilitate us to eliminate unnecessary and avoidable issues and identify production obstacles at the outset.

If requested by our customer, we will make mockup samples (to demonstrate the size and shape of the final printed product) of the products for their approval. The mockup samples may also be used for testing of the raw materials proposed to be used, to ensure that they satisfy our customer's requirements. These mockup samples will act as a reference during the quality control process. For reprint purchase orders from existing customers, this process may be shortened or skipped, depending on our customer's request.

The main responsibility of our site operations team is to ensure that our production sites have the requisite resources, raw materials, personnel, technical support, capacity and quality control in order to meet the requirements of the job order. Where sub-contractors are required to perform specific printing procedures, including but not limited to, cast bind and embellishment, we will arrange for quotations and will take such sub-contractors into account in the planning of the overall production schedule. For further details, please refer to the paragraph headed "Suppliers and sub-contractors – Sub-contracting" in this section.

(iii) Pre-press

Pre-press activities generally involve a series of steps such as digital manipulation, colour management, proofing and, in respect of offset printing only, plate production.

In this stage, we receive the output file from our customers, typically in digital format, which will then be converted by or made compatible with our pre-press systems. To minimise the colour difference, our colour management system is implemented through the whole colour separation process, covering colour correction, imposition, digital proof, plate output and press machine. Once the output file is checked and imposed, our site operations team will prepare an inkjet ozalid or colour proof of the product for our quality control purposes.

For offset printing, our site operations team will transfer the images onto the printing plate for printing. The printing plates are then mounted onto a cylindrical blanket on the offset printing presses.

(iv) Printing

After the machines have been set up and adjusted, the printed sheets will be checked against the ozalids or colour proofs. Once this is approved, the bulk printing will commence. Our machine technicians will then monitor the output and check the printed sheets to ensure consistent print quality.

In the offset printing process, ink is applied on the plate and transferred to an intermediate blanket cylinder and then onto the paper that passes through the printing unit. Our auto-ink supply system and colour management system ensures the efficiency and quality of our printing process. When a sheet of paper passes through multiple printing units, different colours are printed on the paper. Offset printing process will be used when handling large amount of printing volume of the publication.

In the digital printing process, no plates are required as the digital image is sent directly from a file to the digital printing press and the ink or toner is sprayed directly onto the paper and bound with heat for permanence. As digital printing does not require the additional step of plate creation, it can be more time and cost effective, especially for short print run orders.

(v) Post-press

Once printing has been completed, the printed sheets must undergo post-press and finishing processes. Post-press operations typically involve cutting, folding, collating (not required in digital printing), sewing/binding and trimming of the individually printed sheets.

For the manufacture of a typical book, the printed sheets are machine-folded to form a set of pages or a "signature". These signatures are collated in numerical order to be machine-sewn to form a book block, which is then glued with the cover and machine-trimmed to a specified size.

For book covers, the post-press process typically requires a coating to be applied onto the printed surface to protect it from scratching and to brighten the colour fidelity. This is usually accomplished by a coating machine which applies film lamination onto the printed paper or cardboard. Further processing of the individually printed sheets may be required, which mainly includes foiling, embossing and spot coating.

(vi) Quality check

Quality check is performed to examine the quality of our work-in-progress and finished goods against the acceptance quality level standard at different stages of the production process. Colours are matched against the colour proof sheet. Finished goods undergo a number of tests and visual inspections, before packaging and delivery to ensure the exact specifications of the customers are met. Please refer to the paragraph headed "Quality control" in this section for details about our quality check measures. Our senior management closely monitors the operations at our production sites, so as to ensure that our Group's guidance and instructions are being strictly followed.

(vii) Packaging and delivery

Finished printed products are typically delivered to our customers by land. Our customers either request us to deliver our printed products to their designated addresses in Australia, such as their warehouse/office addresses or, from time to time, directly to their retailers or their customers. We have vehicles or we will engage third party logistic companies to handle delivery of our products.

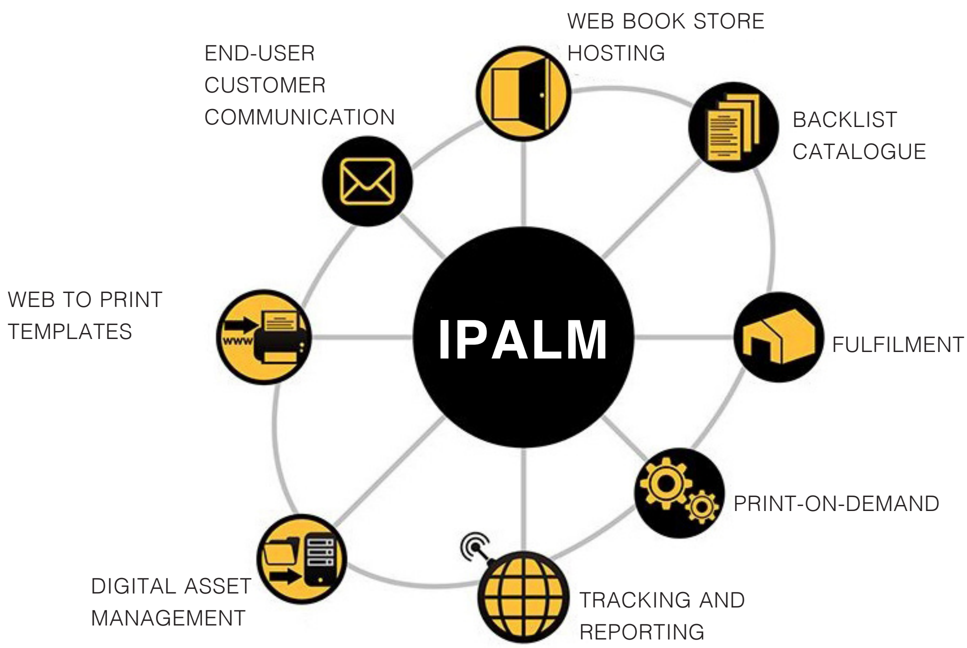
The time span from the placement of orders by customers to the completion of production (and issuing of invoice to the customer) may vary from case to case, which typically ranges from approximately one week to a few months. This is dependent upon customers' needs and specific requirements.

(viii) Warehousing and direct mailing

In addition to delivery of the finished printed products to our customers or directly to their retailers or their customers, we also provide warehousing and direct mailing services to our customers upon their request. For further details, please refer to the paragraph headed "Our products and services – Our printing related services – Warehousing and direct mailing" in this section.

APPLICATION OF TECHNOLOGY IN OUR PRINTING SOLUTIONS AND SERVICES

As part of our continuing effort to provide comprehensive and efficient printing solutions and services to our customers, we have developed the IPALM system, an online supply chain service and order processing platform. Upon our customers' request, we may design and modify our IPALM system, to provide our customers with a tailor-made supply chain solution based on our customers' request.



The Integrated Print and Logistics Management system – the IPALM system is our proprietary online supply chain service and order processing platform, which was developed as a strategic initiative focused on transforming communication solutions between the supply chain and customer relationship management system. The IPALM system is an enabling technology that provides a customised suite supply chain and print management tools from one integrated platform. The software is hosted by us but is designed to become an extension of the customer's supply chain.

Through the IPALM system, our customers can place orders, track the production process and schedule, manage stock and digital assets. Our Directors believe that the application of the IPALM system has not only enhanced our production efficiency and flexibility, but also allowed us to better plan and deploy our resources more efficiently.

The IPALM system is trademarked in Australia. Please refer to the paragraph headed "Statutory and General Information – B. Further Information about the Business – 2. Our intellectual property rights" in Appendix IV to this document for further details.

The IPALM system acts as a complete supply chain solution, which moves traditional print, warehousing and fulfilment capabilities online, providing our customers with access to the following IPALM modules processes:

Web book store hosting

Our customers' end-users can place orders through our customers' own websites on a web storefront designed and hosted by us. We incorporate our online purchasing platform into the websites of our customers, thereby allowing their end-user customers to place orders through our customers' websites. Orders received from their own storefront will then be passed to and processed by IPALM. Customers can also use the content management system (CMS) to manage what publications to make available for sale online. Incoming online orders link automatically to our warehouse system to check stock availability. If stock is available, it will be delivered to the end-user directly from our warehouse. If stock is not available, production will be automatically scheduled for such product. Through the IPALM system, orders can be handled automatically and by real-time credit card payment processed through the eWAY payment gateway. Through such platform, we are able to manage the entire purchasing process and end-user experience on behalf of our customers from receipt of online orders to payment, and ultimately, printing (if necessary) and delivery.

Print-on-demand

The IPALM system provides one stop shop short print run and quick turnaround time printing service for publishers of varying sizes, from large multinational publishers to self-publishing authors. Users can log on to their IPALM accounts and submit orders or digital files online, which are then sent to our print-on-demand system to print on digital printing presses. The IPALM system can process the digital files uploaded by our customers, which will then be converted into digital print-ready files. The IPALM system can also create customised cover artwork and schedule print jobs directly into our production systems. We can regroup order volumes and better utilise all digital printing presses between our facilities by redirecting print-on-demand jobs to different sites within our Group. Large publishers can also utilise our print-on-demand system for re-printing of small quantities of products which were previously printed by our offset printing presses.

Web to print templates

Once our customers submit their digital files via our IPALM system for printing, our IPALM system can convert the file into a ready-to-print document during the pre-press process. IPALM eliminates the proofing process and thereby reducing the turnaround times.

Fulfilment

Through the IPALM system, we can respond to customer orders by completing the process from point of sales inquiry to delivery of a product to the customer.

Tracking and reporting

Through the IPALM system, our customers can view the progress of their production orders, filter jobs by their production statuses, track orders and receive email notifications of delivery.

Backlist catalogue

Through the IPALM system, we can manage a customer's backlist catalogue, including forecasting and re-ordering of inventory. Customers can edit the backlist catalogue and search the backlist online to better manage inventory, which can in turn expedite the fulfilment process and provide real time stock and order information.

Digital asset management

Through the IPALM system, we can provide customers with secure digital asset management, a robust storage solution which ensures that their digital assets are secured, retained and retrievable for future re-printing. Customers can update their digital assets anytime through the IPALM CMS web portal.

End-user customer communication

From time to time, we provide mail and email communication distribution services. As we have the ability to provide web book store hosting services on behalf of our customers, we also possess the capability to maintain direct engagement and communications with their end-user customers. As such, we can provide support with the direct physical mailing and online distribution of newsletters, marketing campaigns and other relevant communications from our customers to their end-user base.

OUR PRODUCTS AND SERVICES

Our printed products

Our printed products can broadly be categorised into the following categories: (i) read-for-pleasure books; (ii) Government Printed Matters; (iii) Quick Turnaround Time Education Books; and (iv) catalogues, operating manuals and promotional leaflets. The following table sets out a breakdown of our Group's revenue from continuing operations during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* *(unaudited)*	*%*	*AUD'000*	*%*
Printing solutions and services										
Read-for-pleasure books	19,632	24.3	23,689	27.3	27,314	34.5	5,688	27.6	6,512	33.8
Government Printed Matters	15,589	19.3	19,046	21.9	15,396	19.4	3,249	15.8	3,325	17.2
Quick Turnaround Time Education Books	20,337	25.2	20,467	23.5	18,046	22.8	6,598	32.0	5,654	29.3
Catalogues, operating manuals and promotional leaflets	25,187	31.2	23,775	27.3	18,450	23.3	5,055	24.6	3,800	19.7
Total	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

Read-for-pleasure books

Examples of read-for-pleasure books include fiction and non-fiction book titles and books which are typically printed in monotone with little or no illustrations and sold in commercial bookstores and retailers in Australia. During the Track Record Period, MPG was mainly responsible for our Group's printing of read-for-pleasure books in Australia.

Government Printed Matters

Examples of Government Printed Matters include statutory documents, official reports, informational publications, official forms and certificates issued or used by Australian government related entities, public awareness campaign materials, point of sales items and highly confidential documents where security printing is required. During the Track Record Period, CanPrint Communications and Union Offset were mainly responsible for our Group's printing of Government Printed Matters. CanPrint Communications and Union Offset are accredited suppliers to the Australian Government.

Quick Turnaround Time Education Books

Examples of Quick Turnaround Time Education Books include professionals and academic books products, legal, statutory or regulatory reference materials, legal and accounting statutes and reference books/materials, in particular loose leaf ring-bound books, used by students, academics and professionals. During the Track Record Period, Ligare was mainly responsible for our Group's printing of Quick Turnaround Time Education Books.

Catalogues, operating manuals and promotional leaflets

Examples of catalogues, operating manuals and promotional leaflets include horse sales catalogues, horse racing guide, car manuals, stationery catalogues, operating manuals and retailer and other promotional leaflets. During the Track Record Period, CanPrint Communications, Ligare, MPG and Union Offset were responsible for printing of catalogues, operating manuals and promotional leaflets.

Ceased businesses

During the Track Record Period, we ceased to engage in our outdoor media business and our international printing businesses following the disposals of the business of Cactus Imaging (NZ) in 2015, the Cactus Group and C.O.S. Printers in 2016 and Ligare (NZ) in 2017.

Outdoor media

During the Track Record Period, the Cactus Group and Cactus Imaging (NZ) were responsible for the provision of grand and large format outdoor media in Australia and New Zealand, respectively, but such business was fully ceased upon completion of the disposal of the Cactus Group in 2016. For the reasons behind our disposal of the Cactus Group and the business of Cactus Imaging (NZ), please refer to the paragraph headed "History and Corporate Structure – Disposal of Subsidiaries".

Printing services in Singapore

During the Track Record Period, C.O.S. Printers was engaged in the printing of Coffee Table Books, Long Lead Time Education Books, Quick Turnaround Time Education Books and catalogues, operating manuals and promotional leaflets in Singapore. We disposed of C.O.S. Printers in 2016. For the reasons behind our disposal of C.O.S. Printers, please refer to the paragraph headed "History and Corporate Structure – Disposal of Subsidiaries – C.O.S. Printers" in this document.

Printing services in New Zealand

During the Track Record Period, Ligare (NZ) was principally engaged in the printing of Quick Turnaround Time Education Book and catalogues, operating manuals and promotional leaflets in New Zealand. We disposed of Ligare (NZ) in 2017. Prior to the date of completion of the disposal, the financial results of Ligare (NZ) were included in our financial results from continuing operations during the Track Record Period. For the reasons behind our disposal of Ligare (NZ), please refer to the paragraph headed "History and Corporate Structure – Disposal of Subsidiaries – Ligare (NZ)" in this document.

Our printing related services

As part of our core print production services, we provide the following related services to our customers:

Warehousing and direct mailing

We provide storage and distribution of physical and electronic contents services to our customers. Once we finish printing, we will store the printed products in our warehouse for delivery. However, from time to time, customers may seek to retain inventory at our warehouse. Once we receive orders from our customers or their end-user customers, we will arrange packing and delivery of the products directly to the end-user customers. As part of our warehousing services, we also perform regular stocktake, manage the stock-in and stock-out and arrange transfer of the printed products on behalf of our customers. Further, through the IPALM web portal, we provide inventory management and product and order management where reports will be generated regularly to our customers so that they can keep track of the stock level in our warehouse. When the stock level is low, production will be automatically scheduled.

We also provide a range of direct mailing services of printed products, from basic mailing of books or loose-leaf products directly to our customers' end-user customers upon instructions, or via our IPALM platform, to wider bulk/customised mailing on behalf of our Australian government related entities customers. We utilise specialised software for mail pre-sorting, barcode creation and DPID allocation, which is a delivery point identifier of Australia Post, to obtain the most cost effective mailing solution. We also provide member subscription management services to our customers in respect of products which are printed in our facilities and arrange for mailing and delivery of the printed products to the end-user customers in accordance with the subscription lists provided by our customers.

We are an accredited bulk mail partner with Australia Post and operate one of the largest mail houses in Canberra, Australia. We also maintain a 12,000 sq.m. warehousing facility at Hume, ACT near the CanPrint Facility which can handle our warehousing and direct mailing requirements.

Call centre services

We provide call centre services to our customers which enables their end-user customers to speak to an individual in order to make orders and/or enquires related to our customers' products via telephone.

IPALM related services

For our IPALM related services, please refer to the paragraph headed "Application of technology in our printing solutions and services" in this section.

Security printing

We actively take steps to maintain stringent security protocols and protect data and printed products against security threats, such as data leakage, theft or breach of confidentiality. A significant proportion of our CanPrint Business involves the printing of Government Printed Matters for Australian government related entities, certain of which may be sensitive in nature (i.e. Parliamentary documents) or require special security provisions (i.e. examination papers).

We have built a reputation as a secure supplier to Australian government related entities and consistently take all necessary precautions to protect customers' work in our CanPrint Facility. We work in collaboration with customers to meet any additional security requirements which may be needed for any particular project. CanPrint Communications and Union Offset are quality assured secure suppliers in accordance with ISO 9001:2008 with existing work instructions in place for the processing of work with a security classification.

Our CanPrint Facility is accustomed to managing and working within secure parameters to ensure our customers' work and information is protected at all times in accordance with the relevant security policies. We are required under agreements with Australian government related entities to comply with the relevant security policies imposed from time to time. Special security provisions may be imposed, such as security clearances of the staff at our CanPrint Facility, ring-fencing of specific materials for production and warehousing and in some cases, ring-fencing of certain staff from such productions.

As we undertake sensitive or confidential work for many customers in our CanPrint Facility, we maintain strict procedures in respect of on-site visitors. At reception, all visitors are required to sign in and hand in any mobile phones, cameras or other recording devices. Visitors are prevented from access to our premises past the reception area without any CanPrint employee accompanying them at all times. All visitors are issued with clearly identifiable passes which must be worn for the duration of their visit to the premises.

From time to time, projects which require high security clearance will require certain of our CanPrint production staff to receive police background checks and/or other security clearances required by our customers prior to their involvement. Our CanPrint employees are accustomed to having to complete statutory declarations or confidentiality agreements upon request for our customer's projects. Our employees in CanPrint are required to comply with security measures imposed by our Company.

We would also maintain security measures in our MPG Facility and Ligare Facility upon our customers' request. We would lock the doors of our MPG Facility and Ligare Facility and restrict visitor's access to our production facilities when necessary.

Protection of intellectual property rights of our printed products

We actively take steps to protect the intellectual property rights of our customers and prevent unauthorised reproduction or distribution of our customers' content/printed products by third parties and our employees. We employ the following security measures and procedures to manage our production process and our employees, so as to ensure that customers' files and property are securely monitored and maintained at our production facilities:

- all printing plates are discarded when the printing order is completed;
- all defective or redundant products are destroyed;
- all hard copies from customers are kept along with job bags in a secure room;
- all soft copies of our customers' master files are archived individually in a centralised storage array in our server rooms which are secure, air-conditioned rooms with restricted access to authorised persons only;
- our production facilities and warehouse are under 24-hour security guard to ensure that our properties, including our finished products and our customers' files, are not accessed and removed without authorisation; and
- training is provided to our staff to ensure they understand our security measures and the importance of protecting intellectual property rights.

In addition, we also have in place the following specific internal control measures to prevent employees from unauthorised reproduction or distribution of our customers' printed products:

- All production supervisors are responsible for monitoring any unauthorised production;
- All production must have a job entry registered in the system and operators are not allowed to produce any job without a registered job number; and
- We generally insert confidentiality clauses into the employment agreements with our employees, which prohibits the utilisation and divulgence of any secret or confidential document, knowledge and information.

In order to ensure that our customers' products and files are protected against infringement, illegal usage and/or leakage during the sub-contracting process, we also have in place the following measures in managing our sub-contractors:

- reviewing and assessing the sub-contractors' security procedures from time to time to ensure that they have adequate procedures in place before they are accepted by us as an approved sub-contractor;

- requiring that our sub-contractors must strictly follow our guidance and procedure in handling files and printed products, including the complete destruction of defective or discarded printed products; and

- to the extent possible, only outsourcing printing of portion of our customers' printing job to sub-contractors, so that they cannot reproduce the complete product at all.

As confirmed by our Directors, during the Track Record Period and as at the Latest Practicable Date, we did not experience any material infringement by our sub-contractors and employees of our customers' intellectual properties.

OUR PRODUCTION FACILITIES AND MACHINERY

Production sites

We conduct all our production operations in our production facilities in Sydney, Canberra and Victoria, Australia,

The CanPrint Facility has a total land area of approximately 8,676 sq.m. and comprises production facility and office at 16 Nyrang Street, Fyshwick, ACT, Australia. We leased the CanPrint Facility from Independent Third Parties with a term commencing from 20 March 2009 to 19 March 2019. We also have a warehousing facility with a total land area of approximately 12,000 sq.m., which is located at 1 Tralee Street, Hume, ACT, Australia. We leased the warehousing facility from an Independent Third Party with a term commencing from 1 April 2015 to 31 March 2020. For further details of the CanPrint Facility and the warehousing facility, please refer to the paragraph headed "Properties – Leased properties" in this section.

The Ligare Facility has a total land area of approximately 7,391 sq.m. and comprises production facility, office and warehouse at 138-152 Bonds Road and 23-25 Skinner Avenue, Riverwood, NSW, Australia and Unit 3, 13 Larkin Street, Riverwood, NSW, Australia. We leased 138-152 Bonds Road and 23-25 Skinner Avenue, Riverwood, NSW, Australia from D.M.R.A. Property, a wholly-owned company of Mr. Celarc, our chairman and our executive Director, with a term commencing from 1 January 2010 to 31 December 2021. We leased the warehousing facility at Unit 3, 13 Larkin Street, Riverwood, NSW, Australia from two Independent Third Parties with a term commencing from 5 June 2017 to 4 June 2018. For further details of the Ligare Facility, please refer to the paragraph headed "Properties – Leased properties" in this section and the section headed "Continuing Connected Transactions" in this document.

The MPG Facility has a total land area of approximately 44,105 sq.m. which comprises production facility, warehouse and office at 13 and 76 Nelson Street and 20 Johnson Street, Maryborough, VIC, Australia and Lot 2, 5 Brick Kiln Road, Carisbrook, VIC, Australia. MPG owned 13 and 76 Nelson Street and 20 Johnson Street, Maryborough, VIC, Australia. We leased Lot 2, 5 Brick Kiln Road, Carisbrook, VIC, Australia from two Independent Third Parties with a term commencing from 20 January 2018 to 19 January 2020. For further details of the MPG Facility, please refer to the paragraphs headed "Properties – Owned properties" and "Properties – Leased properties" in this section.

Major machineries and equipment

The CanPrint Facility, the Ligare Facility and the MPG Facility were equipped with 17 major printing presses and binding machines as at 31 March 2018. As at the Latest Practicable Date, our major production machines were self-owned, which include printing presses and binding machines, the particulars of which are set out below:

No.	Presses/machines	Date of acquisition	Purchase price (ex GST)	Estimated operational life	Estimated remaining operational life
			AUD approximately	*(Years)*	*(Years)*
1.	8 colour offset sheetfed press	1 June 2011	679,000	20	13
2.	5 colour offset sheetfed press	1 November 2004	1,621,000	20	6
3.	Mono offset web press	1 April 2006	4,827,000	30	18
4.	Mono offset web press	23 December 2003	629,000	30	15
5.	Mono offset web press	23 December 2003	598,000	30	15
6.	Mono offset web press	26 February 1993	2,271,000	30	5
7.	Mono digital high speed web press	1 April 2012	3,371,000	8	2
8.	21 stations sewing machine	1 November 2004	1,360,000	15	1
9.	18 stations 31 clamps perfect binding line with backlining	1 August 2005	2,430,000	20	7
10.	24 stations 27 clamps perfect binding line with backlining	1 June 2001	258,000	20	3
11.	10 colour offset sheetfed press	1 January 2013	3,160,000	20	15
12.	10 colour offset sheetfed press with perfecting & quest re-cooler	21 May 2007	4,330,000	20	9
13.	24 stations 20 clamps perfect binding line	21 September 2001	660,000	20	1

No.	Presses/machines	Date of acquisition	Purchase price (ex GST) *AUD approximately*	Estimated operational life *(Years)*	Estimated remaining operational life *(Years)*
14.	8 colour offset sheetfed press	11 June 2010	1,675,000	20	8
15.	Mono offset web press	26 June 2002	675,000	20	4
16.	Mono offset web press	29 August 2005	2,694,000	20	7
17.	Case binding line	15 November 2016	808,000	20	11

Most of the printing presses used in our production processes are owned by us, with only a few being held under finance leases. For further details, please refer to the paragraph headed "Financial Information – Analysis on major components of the combined statements of financial position – Finance lease liabilities" in this document.

As at the Latest Practicable Date, all our machineries and equipment were functioning properly. Please refer to note 5 "Summary of significant accounting policies" to the Accountants' Report set out in Appendix I to this document for details relating to the calculation of depreciation of our machineries and equipment.

We conduct basic repair and maintenance on our machinery and equipment on a regular basis. We have our own in-house engineering personnel to conduct basic repair and maintenance on our machinery and equipment as and when necessary. We also engage third party services providers to repair and maintain our machinery and equipment on a regular basis. In addition, in respect of certain key machines, we have entered into service contracts with the manufacturers of those machines who provide, among other things, certain levels of repair and maintenance as part of the service. For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our expenses related to repairing and maintaining our machinery and equipment, including the expenses of purchasing replaceable parts, accounted for approximately AUD1.8 million, AUD1.7 million, AUD1.6 million and AUD0.4 million, respectively. During the Track Record Period, we did not experience any material production interruption.

Production equipment and capacity

The table below sets out information about the estimated practicable maximum printing capacity and the estimated average utilisation rate of our production facilities during the Track Record Period:

	For the year ended 31 December			For the three months ended 31 March
(in million of sheets, except for percentage)	**2015**	**2016**	**2017**	**2018**
Estimated practicable maximum printing capacity *(Note 1)*	*(Note 4)* 151.79	212.30	212.30	52.86
Actual printing output *(Note 2)*	127.68	217.11	193.97	51.71
Estimated average utilisation rate *(Note 3)*	*(Note 4)* 84.12%	102.27%	91.37%	97.82%

Notes:

(1) Calculated based on (i) a practicable production capacity of 72,980 sheets per hour including the downtime required for the change of printing plates and for colour adjustment for offset and sheetfed printing presses and a production capacity of 23,300 sheets per hour including the downtime required for change of format, folder and trimmer adjustment for digital printing presses, nine production hours per day; (ii) 247 average production days for the years ended 31 December 2015 and 245 average production days for the year ended 31 December 2016 and 2017 and 61 average production days for the three months ended 31 March 2018. The average production day was the average of the production days of our three production facilities for each year; (iii) 261, 261, 260 and 65 working days for each of the three years ended 31 December 2017 and the three months ended 31 December 2018, taking out (a) 15, 16, 16 and five holidays for our CanPrint Facility; (b) 14, 16, 15 and four holidays for our MPG Facility; and (c) 13, 15, 14 and three holidays for our Ligare Facility, for each of the three years ended 31 December 2017 and the three months ended 31 March 2018; (iv) the respective number of printing presses operated by us; and (v) the conditions of the printing presses. Such estimated maximum printing capacity is only to provide an illustration of our Group's typical capacity.

(2) Calculated based on the actual sheets printed during the relevant period.

(3) Calculated based on the actual production volume of the relevant period divided by the estimated practicable maximum production capacity of the relevant period. In some situations, particularly during peak seasons, our machines operated at more than 18 hours per day or more than the respective assumed production days for the year. As the production capacity is calculated based on the assumptions as disclosed in note (1) above, the estimated average utilisation rates as set out in this table are for reference only and are subject to change if the underlying assumptions were different.

(4) For the year ended 31 December 2015, the estimated practicable maximum printing capacity for digital printing presses is calculated based on note 1 above with the exception that the production capacity of digital printing presses was adjusted to 18,500 sheets per hour as our major digital printing press HP T410 had not been fully installed. As a result, for the year ended 31 December 2015, the estimated average utilisation rate was low.

The estimated average utilisation rate of our production capacity exceeded 100% because our presses had been operating overtime at more than the assured production hours per day.

SALES AND MARKETING

Sales markets

Our total revenue amounted to approximately AUD80.7 million, AUD87.0 million, AUD79.2 million and AUD19.3 million, respectively, for each of the three years ended 31 December 2017 and the three months ended 31 March 2018.

During the Track Record Period, we mainly sold our products in Australia, which, in aggregate, amounted to approximately 97.8%, 98.2%, 99.4% and 99.8% of our total revenue for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, respectively. The following table sets out the breakdown of our revenue from continuing operations based on the geographical location of delivered products during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* (*unaudited*)	*%*	*AUD'000*	*%*
Australia	78,976	97.8	85,379	98.2	78,722	99.4	20,463	99.4	19,247	99.8
New Zealand	1,334	1.7	1,482	1.7	230	0.3	78	0.4	8	0.0
Overseas *(Note)*	435	0.5	116	0.1	254	0.3	49	0.2	36	0.2
Total:	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

Note: Overseas includes the United Kingdom, the United States of America and Papua New Guinea.

Sales and marketing strategies

Mr. Celarc, our chairman and our executive Director, who has around 40 years of experience in the printing industry, is primarily responsible for supervising our overall sales and marketing. Our sales and customer services team, which was comprised of 22 staff as at the Latest Practicable Date, and is responsible for processing and managing customer orders and existing client portfolios against business objectives with a view to growing these accounts where possible.

Our Directors consider that our relationship with our customers, experience and technical expertise, reputation in the industry and previous product references are our valuable assets to securing future sales. We have a long history in the printing industry and are highly experienced in serving customers in Australia. In addition, we work closely with our customers on a regular basis through emails, phone calls and personal visits to promote our printing services, foster customer relationships, understand our customers' requirements, follow up with projected sales schedules and provide relevant industry information to our customers. Our sales and customer services team provides feedback from our customers to our site operations team. Through this continual relationship development, we aim to attract further business from our existing and new customers.

Mr. Celarc and our sales personnel conduct regular meetings to discuss sales performance, sales targets and marketing strategies. Our sales and marketing efforts are customer-driven because we believe that our knowledge of customers' requirements and specifications is essential to our ability to offer products which satisfy their changing needs. In addition to maintaining internal records of our existing customers' previous orders and credit history, we strive to increase or at least maintain both the range of our product offering and the ordering volume from them. For development of new customers, we may make calls or receive referrals and we send emails to our targeted potential customers to promote our business. We meet with our existing and potential customers periodically to understand their needs and discuss how our products and capabilities can be effectively utilised to fulfil their business needs.

As part of our marketing and promotional activities, we place advertisements in or sponsor events held by other institutions related to our industry and markets to promote our business. Aside from advertisements and sponsorships, we also promote our business via our website. Our website contains information on, including but not limited to, the types of products and services we can provide to customers as well as general corporate information about our Group.

PRICING STRATEGIES

Pricing policy

In general, we determine the price of our printing solutions and services on an order-by-order basis and adopt a cost-plus approach to determine our fee quotes. We estimate the costs of an order by considering the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery in respect of an order, and determine the mark-up margin by considering our production schedule, seasonality factor, complexity and relationships with the customer. From time to time we may enter into longer-term contracts with certain customers and such contracts may often include pre-agreed pricing. Such customers can determine the price of a print job with reference to a pre-agreed pricing grid or matrix, which allows them to calculate the exact price of a job once they have input a series of specifications including, paper size and quality, number of pages per unit, printing volumes, cover design, colour and finishing details. In general, such prices remain fixed for certain agreed periods (typically one to five years), at which point, the prices may then be renegotiated. For contracts with our customers, there may be a price adjustment mechanism to adjust the price when a certain situation arise such as an increase in raw materials. Such pricing arrangements are typically made following requests for tenders by certain customers. We also offer rebates to certain customers with high transaction amounts once their purchases exceed a predetermined benchmark amount.

Since it is ancillary to our printed products offered to our customers, we determine our prices of print related services (such as warehousing and directing mailing services) on a case-by-case basis taking into account of various factors including the complexity of the work involved, the scale and duration of the service to be provided, our Group's capacity, our relationship with customers and current fee level and our competitiveness in the market.

Seasonality

Demand for our products is subject to seasonal fluctuation. The overall peak month for our Group is typically October. The peak seasons for our CanPrint Business are typically from May to June and in October, which coincide with the sitting of Parliament in Australia, the budget session and annual reports season. The peak season for our Ligare Business is typically from January to February as education books or professionals and academic books are generally produced in advance of the start of the new academic year. The peak season for our MPG Business is typically from mid-August to end of October as books are produced in advance of the Christmas shopping season which typically commences in November. For each of the three years ended 31 December 2017, our Group's revenue in October was approximately AUD7.7 million, AUD9.1 million and AUD8.2 million, which accounted for approximately 9.6%, 10.4% and 10.4% of our annual revenue of the corresponding year respectively. Please also refer to the paragraph headed "Risk Factors – Risks relating to our business – We are subject to seasonal fluctuation in revenue" in this document.

CUSTOMERS

Our customers are principally comprised of (i) Australia-based book publishers and media and information providers; (ii) international book publishers; and (iii) Australian government related entities.

In respect of Australia-based book publishers (which may be the Australian business of an international book publisher), we are typically engaged to provide printing solutions and services for books written by authors who have publishing deals with those publishers in Australia, for distribution within Australia. We may also print books written by authors outside of Australia and represented by these publishers, for distribution within Australia. In respect of our Quick Turnaround Time Education Books, the publishers (which are usually the Australian arm of an international publishing group or media and information providers) may have content which relates specifically to the market in Australia, i.e. reference books which are specific to laws and regulations of Australia or Australian schools or university curriculum, which require printing for sale in Australia.

In respect of international book publishers, we are typically engaged to print books or materials written by authors outside of Australia for distribution within Australia. Rather than having such books printed in Europe or the United States and shipped to Australia for sale, these international book publishers and brokers on behalf of international book publishers may arrange for printing to be conducted locally for distribution within Australia.

In respect of Government Printed Matters, we are typically engaged by various Australian government related entities to print a wide range of materials including for example, statutory documents, official reports, informational publications, official forms and certificates issued or used by Australian government related entities, public awareness campaign materials, point of sales items and highly confidential documents.

In respect of catalogues, operating manuals and promotional leaflets, we are typically engaged by business owners in Australia.

For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our top five customers accounted for approximately 28.2%, 28.1%, 36.3% and 40.3% of our revenue from continuing operations, respectively, and our largest customer accounted for approximately 8.8%, 7.1%, 9.9% and 11.3% of our revenue from continuing operations, respectively. All of our top five customers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholder (which to the knowledge of our Directors owned more than 5% of the issued share capital of the Company) had any interest in any of our top five customers during the Track Record Period. None of our top five customers was our supplier during the Track Record Period. The following tables set out the details of our top five customers during the Track Record Period:

For the year ended 31 December 2015

Rank	Customer	Types of product/ service provided	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate revenue contribution to the Group	Approximate percentage to the total revenue of our Group
					AUD'000	*(%)*
1	Customer A	Read-for-pleasure books	Publishing	Over 10 years	7,118	8.8
2	Customer B	Quick Turnaround Time Education Books	Multinational mass media and information provider	Over 7 years	5,443	6.7
3	Customer C	Quick Turnaround Time Education Books	Software and publishing	Over 10 years	3,909	4.8
4	Customer D	Read-for-pleasure books	Publishing	Over 10 years	3,183	4.0
5	Customer E	Government Printed Matters	Australian government related entity	Over 20 years	3,146	3.9
				Total:	**22,799**	**28.2**

For the year ended 31 December 2016

Rank	Customer	Types of product/ service provided	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate revenue contribution to the Group	Approximate percentage to the total revenue of our Group
					AUD'000	*(%)*
1	Customer A	Read-for-pleasure books	Publishing	Over 10 years	6,183	7.1
2	Customer B	Quick Turnaround Time Education Books	Multinational mass media and information provider	Over 7 years	5,813	6.7
3	Customer D	Read-for-pleasure books	Publishing	Over 10 years	5,615	6.4
4	Customer F	Read-for-pleasure books	Publishing	Over 3 years	3,829	4.4
5	Customer C	Quick Turnaround Time Education Books	Software and publishing	Over 10 years	3,010	3.5
				Total:	**24,450**	**28.1**

For the year ended 31 December 2017

Rank	Customer	Types of product/ service provided	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate revenue contribution to the Group	Approximate percentage to the total revenue of our Group
					AUD'000	*(%)*
1	Customer G	Read-for-pleasure books	Publishing	Over 10 years	7,861	9.9
2	Customer F	Read-for-pleasure books	Publishing	Over 3 years	7,024	8.9
3	Customer A	Read-for-pleasure books	Publishing	Over 10 years	6,621	8.4
4	Customer B	Quick Turnaround Time Education Books	Multinational mass media and information provider	Over 7 years	5,000	6.3
5	Customer C	Quick Turnaround Time Education Books	Software and publishing	Over 10 years	2,228	2.8
				Total:	**28,734**	**36.3**

For the three months ended 31 March 2018

Rank	Customer	Types of product/ service provided	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate revenue contribution to the Group	Approximate percentage to the total revenue of our Group
					AUD million	*(%)*
1	Customer G	Read-for-pleasure books	Publishing	Over 10 years	2,182	11.3
2	Customer B	Quick Turnaround Time Education Books	Multinational mass media and information provider	Over 7 years	1,592	8.3
3	Customer A	Read-for-pleasure books	Publishing	Over 10 years	1,514	7.8
4	Customer F	Read-for-pleasure books	Publishing	Over 3 years	1,466	7.6
5	Customer C	Quick Turnaround Time Education Books	Software and publishing	Over 10 years	1,013	5.3
				Total:	**7,767**	**40.3**

Note: For the purpose of compiling the list of top five customers, we have consolidated revenue from our customers which are commonly held under the same group. In some instances, book publishers may have international and Australian entities and/or separate indents under the common publishing house which may engage us to carry out printing services individually. They may also make purchase orders separately. Moreover, as they are commonly held and may have coordinated procurement policies, we consider such transactions to fall under the same customer.

Framework sale and purchase agreements with our customers

From time to time, we may enter into framework sale and purchase agreements with some of our customers. Such framework sale and purchase agreements are legally binding and normally include terms and conditions covering the following aspects:

- duration (generally from one year to five years);
- price and payment terms;
- price adjustment provisions on the price of raw material;
- delivery terms and/or the time at which title and risk of our products shall pass to our customers;
- provision of indicative or rolling forecast of the quantities of products expected to be purchased by our customers;
- insurance coverage;
- confidentiality undertakings in relation to proprietary information;
- our obligations and/or liability in the event of late delivery; and
- termination of the framework sale and purchase agreement.

Payment terms and credit policy

We use our best endeavours to exercise tight credit control. In assessing the creditworthiness of new customers, we mainly determine the payment method and credit terms granted to such customers by, among other things, obtaining reference from referees on its products or services provided with its payment history and conducting searches to ascertain the financial strength and historical credibility of such customer. We generally offer credit terms to customers ranging from 30 to 90 days. For new customers, we sometimes require payment before delivery. For our existing customers, periodical review of credit terms and previous payment records may be carried out by our financial team, and if necessary, we will amend the credit terms and credit limits, subject to the approval by our management. We also closely monitor any outstanding overdue debts and take measures to collect outstanding debts due to us.

We conduct monthly review of our trade receivables, reporting any overdue trade receivables or other red flags to our management. In case of outstanding trade receivables, email reminders will be sent and telephone calls will be made to the respective customers. We may also stop processing orders for our customers who still fail to settle overdue trade receivables after our email reminders. If, after our efforts and repeated reminders, we still cannot recover the outstanding trade receivables, we may also consider taking legal actions and/or ceasing transaction with the defaulting customers in specific cases. During the Track Record Period, we did not encounter any material payment dispute.

PROCUREMENT OF RAW MATERIALS

For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, the purchase of raw materials for production of our printed products constituted our largest direct operating costs, which amounted to approximately AUD23.8 million, AUD27.5 million, AUD24.5 million and AUD5.8 million, representing approximately 39.3%, 41.9%, 40.1% and 40.0% of our total direct operating costs respectively. Our principal raw material is paper. Among the purchase costs of raw materials, approximately 78.8%, 79.3%, 77.0% and 76.6% were the cost of paper, while the remaining costs related to the purchase of other raw materials such as ink, plates and other printing consumables for each of the three years ended 31 December 2017 and the three months ended 31 March 2018.

According to the Frost & Sullivan Report, the price index of paper in Australia decreased slightly from 96.9 in 2015 to 95.0 in 2016 and then increased slightly to 96.1 in 2017, while the price index of ink decreased slightly from 110.9 in 2015 to 110.6 in 2016 and then increased slightly to 111.6 in 2017. As such, our Directors consider that since our fluctuations on the purchase of raw materials for production of our printed products during the Track Record Period were not attributable to the price fluctuations of paper and ink during the same period, our Group's risk exposure to price fluctuations of paper and ink is relatively low.

We endeavour to work with FSC/COC certified paper suppliers to ensure that the paper purchased and used in the production of our printed products are in compliance with all applicable standards of environmental care and social responsibility. We purchase paper mainly from domestic paper trading companies as well as international paper manufacturers, which is then delivered to our production facilities and warehouses in Australia. During the Track Record Period, most of our paper was sourced from domestic paper trading companies.

Our paper purchases tend to be a mixture of spot purchases and indent purchases. Spot purchases are typically made when we are low in stock of certain types of paper, or when there is a specific and urgent need by our customers for a certain type of paper. Spot purchases tend to be procured from local paper traders, who either have such paper in stock, or are able to source from local paper mills and deliver to our facilities in a matter of days. On the other hand, indent purchases tend to be made several months in advance of when that paper stock may be required or replenished. Indent purchases are usually larger orders which take a number of months to deliver and as such, we usually make indent purchases from international paper manufacturers who will ship such stock when available. We typically purchase paper and other raw materials according to market prices, our internal forecasts of raw material prices and the pipeline of printing jobs. We closely monitor the market prices of paper and negotiate for favourable pricing terms by comparing quotations from different suppliers available in the market.

SUPPLIERS AND SUB-CONTRACTORS

Our suppliers mainly include suppliers of paper, postal services and other printing consumables. As at the Latest Practicable Date, we established long-term and stable relationships with our five largest suppliers for a range of approximately three to over 10 years. For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, purchases from our top five suppliers accounted for approximately 48.7%, 51.1%, 49.0% and 48.4% of our total purchases, respectively, and purchases from our largest supplier accounted for approximately 15.2%, 12.3%, 18.8% and 17.5% of our total purchases during the same periods, respectively. All of our top five suppliers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholder (which to the knowledge of our Directors owned more than 5% of the issued share capital of the Company) had any interest in any of our top five suppliers during the Track Record Period. The following tables set out the details of our top five suppliers during the Track Record Period:

For the year ended 31 December 2015

Rank	Supplier	Types of raw materials/ services supplied to our Group	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate amount of purchases	Approximate percentage to the total purchases of our Group
					AUD'000	*(%)*
1	Supplier A	Paper	Paper trader	Over 10 years	5,874	15.2
2	Supplier B	Paper	Paper producer	Over 10 years	3,960	10.2
3	Supplier C	Paper, ink, labels and envelopes	Paper trader	Over 10 years	3,617	9.3
4	Supplier D	Mailing services	Postal services provider	Over 10 years	3,369	8.7
5	Supplier E	Paper	Paper producer	Over 10 years	2,074	5.3
				Total:	**18,894**	**48.7**

For the year ended 31 December 2016

Rank	Supplier	Types of raw materials/ services supplied to our Group	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate amount of purchases	Approximate percentage to the total purchases of our Group
					AUD'000	*(%)*
1	Supplier C	Paper, ink, labels and envelopes	Paper trader	Over 10 years	5,265	12.3
2	Supplier A	Paper	Paper trader	Over 10 years	4,732	11.0
3	Supplier D	Mailing services	Postal services provider	Over 10 years	4,727	11.0
4	Supplier F	Paper	Paper producer	Over 10 years	3,676	8.6
5	Supplier B	Paper	Paper producer	Over 10 years	3,531	8.2
				Total:	**21,931**	**51.1**

For the year ended 31 December 2017

Rank	Supplier	Types of raw materials/ services supplied to our Group	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate amount of purchases	Approximate percentage to the total purchases of our Group
					AUD'000	*(%)*
1	Supplier B	Paper	Paper producer	Over 10 years	7,750	18.8
2	Supplier D	Mailing services	Postal services provider	Over 10 years	3,978	9.6
3	Supplier C	Paper, ink, labels and envelopes	Paper trader	Over 10 years	3,928	9.5
4	Supplier A	Paper	Paper trader	Over 10 years	2,978	7.2
5	Supplier G	Paper	Paper trader	3 years	1,589	3.9
				Total:	**20,223**	**49.0**

For the three months ended 31 March 2018

Rank	Supplier	Types of raw materials/ services supplied to our Group	Principal business nature	Approximate years of relationship with our Group as at the Latest Practicable Date	Approximate amount of purchases	Approximate percentage to the total purchases of our Group
					AUD million	*(%)*
1	Supplier B	Paper	Paper producer	Over 10 years	1,698	17.5
2	Supplier A	Paper	Paper trader	Over 10 years	933	9.6
3	Supplier C	Paper, ink, labels and envelopes	Paper trader	Over 10 years	845	8.7
4	Supplier D	Mailing services	Postal services provider	Over 10 years	789	8.1
5	Supplier G	Paper	Paper trader	3 years	431	4.5
				Total:	**4,696**	**48.4**

Note: For the purpose of compiling the top five suppliers, we have consolidated the total purchases from our suppliers which are commonly held under the same group. In some instances, orders may be placed with Australian entities and/or their affiliates individually. For entities that are commonly held under the same group, we consider such transactions to fall under the same supplier.

We select our suppliers based on their product quality, reliability, prices, delivery schedule and service level. Our raw materials procurement policy is to select only suppliers on our approved list who have passed our quality control tests and who have a satisfactory record of quality and on-time delivery. Prior to admitting new suppliers to our approved list, we conduct review and testing of the supplier's product. We also evaluate the quality and delivery performance of each supplier from time to time, and the allocation of our ordering quantity may be adjusted for subsequent periods based on results of the evaluation.

We believe that we have established stable cooperation relationships with our key suppliers, which enables us to obtain a reliable supply of most of the raw materials essential to our business operations. We do not rely on any single supplier for each type of principal raw material. We did not encounter any material disruption to our business as a result of a shortage of raw materials during the Track Record Period, and we do not expect any material disruptions to our business in procuring raw materials for our requirements.

Our suppliers generally grant us an average credit payment of 0 to 90 days. In most scenarios, we settle our suppliers' invoices by bank transfer in AUD.

We typically purchase raw materials for our production through purchase orders to suppliers. Our purchase orders generally set out the key terms and conditions of each transaction, including the pricing terms, specification of the raw materials, quantity and delivery schedule. Such purchase orders are usually placed by email, and are legally binding once accepted by the suppliers. Once the purchase order is placed and accepted, the terms of purchase order will not be amended or supplemented without mutual consent.

We did not enter into any long term contracts with most of our suppliers. We are not under any obligation to purchase raw materials from our suppliers until we actually place a purchase order. The actual purchase price is in most cases determined on the basis of prevailing market conditions, historical prices and credit terms. During the Track Record Period, prices of our principal raw materials and the credit terms remained relatively stable and we did not have any material disagreement or dispute with any of our suppliers.

Sub-contracting

From time to time, we outsource certain production procedures to sub-contractors. During the Track Record Period, the fees paid to sub-contractors amounted to approximately AUD4.0 million, AUD4.2 million, AUD4.0 million and AUD0.6 million, respectively, for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, which represented approximately 6.6%, 6.4%, 6.5% and 4.1% of our direct operating costs for the corresponding year/period, respectively.

Our largest sub-contractor accounted for approximately 18.3%, 25.4%, 25.9% and 16.5% of our total fees paid to sub-contractors for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, respectively.

Our sub-contractors are typically engaged to (i) carry out certain post-press processes for certain types of books, which may fall outside of our core competency or where we lack the requisite or sufficient equipment to provide such service, or where we possess the requisite or sufficient equipment but lack the capacity to do so at that time; (ii) perform certain labour-intensive production procedures, such as handcrafting processes for the production of pop-up books, which we consider to be more economical to outsource than to retain a large number of staff to process in-house; and (iii) accommodate large volume of orders during peak seasons where we may engage sub-contractors to carry out to complete or finish a portion, of a customer's printing job.

We select our sub-contractors based on several key factors such as the service provided, their location, reliability, production capacity, product quality and price. We negotiate the terms and conditions of each sub-contracting order with sub-contractors on a job-by-job basis with reference to the prevailing market terms and conditions. We did not enter into any long-term sub-contracting agreement during the Track Record Period, and we engaged sub-contractors based on our needs. We may supply the work-in-progress to sub-contractors for our assignments on a case-by-case basis, and they are generally responsible for procuring other requisite ancillary materials such as glue and binding accessories. From time to time, we may send our staff to these sub-contractors to monitor the production and obtain samples of work-in-progress and finished goods, when necessary. We will from time to time review and update our internal approved list of sub-contractors according to their performance assessment. We will conduct site visit and inspection of the production facilities of our sub-contractors. We will also conduct meetings with our sub-contractors to discuss any quality issues raised.

During the Track Record Period, we engaged 1010 Printing and C.O.S. Printers as our sub-contractors for certain large volume of orders. Such orders were for long lead time printing which allowed printing in Asia with a more competitive price. We engaged C.O.S. Printers as sub-contractor after the disposal of C.O.S. Printers by us in May 2016. For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, the fees paid to 1010 Printing and C.O.S. Printers by our Group amounted to approximately AUD605,000, AUD675,000, AUD1,161,000 and AUD135,000, respectively. The fees paid to sub-contractors were determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, and determine the mark-up margin by considering our production schedule, seasonality factor and complexity. Our Directors confirmed that upon **[REDACTED]**, our Group will not engage Lion Rock and/or its subsidiaries for any sub-contracting works.

During the Track Record Period, we did not have any material disagreement or dispute with any of our suppliers, including sub-contractors. During the Track Record Period, save and except for 1010 Printing and C.O.S. Printers, both being subsidiaries of Lion Rock, all of our sub-contractors were Independent Third Parties. Save and except for 1010 Printing and C.O.S. Printers, none of our Directors, their close associates or any Shareholder (which to the knowledge of our Directors owned more than 5% of the issued share capital of the Company) had any interest in any of our top five sub-contractors during the Track Record Period.

INVENTORY MANAGEMENT

Our inventory is mainly comprised of raw materials, work-in-progress and finished goods. We have warehousing facilities in Sydney, Canberra and Victoria, Australia and we adopt a stringent inventory control policy. Records on inventory movements are required to be updated on time and we review the inventory level on a daily basis to ensure such records are up-to-date. We closely monitor and control our inventory levels of raw materials to ensure smooth supply for production.

In particular, given that paper is the principal raw material used in our production, we manage our inventory of paper in accordance with market prices, our internal forecasts of paper price and the pipeline of printing jobs. In order to maintain our inventory of paper at an adequate level and in view of cost efficiency, we generally maintain our inventory of paper at a level that is sufficient for four to six months of operation. Generally, our management assesses inventory provision by taking into account any deterioration in the condition of inventories, utilisation of inventories within a reasonable period of time, such as six months for paper and other factors that affect inventory obsolescence. From time to time we may purchase special types of paper on a back-to-back basis upon receipt of orders from our customers based on the customers' request. We may purchase additional paper stock to fulfil extraordinary orders or in anticipation of any significant increase in paper price, or procure specific types of paper to satisfy customers' particular needs.

We have taken measures at our warehouses, including pest control and fire safety, to ensure the quality and safety of our stocks of paper and other raw materials. Purchases of raw materials must be authorised by and approved by our management depending on the volume and recorded in our inventory management system. Generally, our finished goods are acknowledged by our customers upon delivery. We carry out physical inventory counts periodically for better control and management of inventories to ensure the accuracy and completeness of stock-in and stock-out information on record. During the Track Record Period, we did not encounter any material issue with obsolete inventories. Our inventory turnover days for each of the three years ended 31 December 2017 and the three months ended 31 March 2018 were approximately 65.8 days, 55.6 days, 67.7 days and 85.7 days, respectively.

QUALITY CONTROL

We are focused on the quality and reliability of our products. We have established our internal quality assurance standards to meet our customers' requirements. Our quality control procedures are implemented throughout our production process. As at the Latest Practicable Date, we had a quality control supervisor who has approximately 20 years of experience in the printing industry, and four quality control personnel. Our quality control team is responsible for ensuring that our raw materials used or semi-finished and finished printed products produced by us pass through our quality control process and meet our customers' standards. We monitor our production process, and conduct performance and reliability testing on our machines in an attempt to ensure that our machines have a low defect rate and that our products meet our customers' expectations.

We have implemented quality control procedures covering raw materials to finished products, so as to ensure compliance with applicable standards and to satisfy our customers' requirements. We also communicate regularly with our customers to obtain feedback on the quality of our products. We did not experience any material failure to satisfy quality and safety standards during the Track Record Period.

Incoming quality control

To ensure our product quality, our raw materials procurement policy is to select only suppliers on our approved list who have passed our quality control tests and who have a satisfactory record of quality and on-time delivery. During the Track Record Period, we did not have any material claims against our suppliers due to defective quality of raw materials. All semi-finished products which are processed by our sub-contractors are also inspected before being further utilised in our production process.

In the event that a complaint, return or claim for defective raw materials comes to light after we have used certain raw materials to manufacture our products, we may initiate negotiations to claim compensation against the suppliers.

In-process quality control

In-process quality control is conducted throughout our production process. Our site operations team will prepare an inkjet ozalid or colour proof of the product for our quality control purpose whilst our production personnel and/or machine operators will conduct visual inspection on products throughout the process.

During the printing process, we will regularly extract samples of printed sheets to match against the proof. If any defects are identified, we will try to identify the root cause for such defects. In situations where the finished product does not conform to our quality control, we either re-process them or dispose of the entire batch of unsatisfactory products and re-print the entire order.

Out-going quality control

Out-going quality control is conducted when our products are ready for delivery, where our production personnel conduct a final visual inspection according to our examination standards. Sample checks on each batch of finished products will be conducted before packaging and delivery. Products which do not conform to our final proofs may be re-processed or discarded.

Product return and warranty

Our Group has no product return policy and does not offer any product returns. In the event that we are aware of any potential problems or defects with any of our products, our quality control team will first determine the issues and then negotiate with the customer to resolve the issues. During the Track Record Period, we did not experience any material product return, material quality complaints or product liability claims. Our Directors have confirmed that our Group has not provided any warranties for our products or have any agreement with our customers on product liability under our current business arrangements.

MAJOR QUALIFICATIONS AND CERTIFICATIONS

The following table sets out our qualifications which demonstrate the recognised quality standards and safety of our products, and our ability to operate our business in an environmentally and socially responsible manner, thereby considered by our Directors as material qualifications:

No.	Certification	Scope	Issuing organisation	Recipient	Year of initial grant	Validity period
1.	ISO 9001:2008	Quality management system – the sales, printing, storage and distribution services, in a secure environment, to government and commercial customers	SAI Global	CanPrint Communications and Union Offset	1995	16 July 2015 – 7 October 2018
2.	ISO 14001:2004	Environmental management system – the sales, printing, storage and distribution services, in a secure environment, to government and commercial customers	SAI Global	CanPrint Communications and Union Offset	2009	16 July 2015 – 7 October 2018
3.	COC	The purchase of FSC 100%, FSC Mix, FSC Recycled paper products and the provision of printing, finishing and sales of printed products using the transfer system	SGS South Africa (Pty) Ltd	CanPrint Communications	2009	6 January 2014 – 5 January 2019

No.	Certification	Scope	Issuing organisation	Recipient	Year of initial grant	Validity period
4.	PEFC/COC	The purchase of PEFC certified paper products, provision of printing, binding and sale of printed products, Physical Separation Method and implemented based on Appendix 1 of the chain of custody standard	SGS South Africa (Pty) Ltd	CanPrint Communications	2009	6 January 2014 – 5 January 2019
5.	FSC COC.	The purchase of FSC 100%, FSC Mix, FSC Recycled paper products and the provision of printing, finishing and sales of printed products using the transfer system	SGS South Africa (Pty) Ltd	Ligare	2008	23 April 2018 – 22 April 2023
6.	PEFC/COC	The purchase of paper products, provision of printing, binding and sale under Physical Separation Method and implemented based on Appendix 1 of the chain of custody standard	SGS South Africa (Pty) Ltd	Ligare	2018	23 April 2018 – 22 April 2023
7	ISO 9001:2015	The printing, binding and embellishment of books, loose leaf publications, on-demand digital, warehousing, distribution and mail services	Telarc SAI Limited	MPG	2015	15 November 2016 – 24 December 2019
8.	FSC	The requirements of Forest Stewardship Council A.C. using the FSC COC Standard	Soil Association Certification Limited	MPG	2018	14 January 2018 – 13 January 2023

No.	Certification	Scope	Issuing organisation	Recipient	Year of initial grant	Validity period
9.	PEFC	PEFC ST2002:2013 chain of custody of forest based product/ PEFC ST 2001:2008 PEFC Logo Usage Rules	Soil Association Certification Limited	MPG	2018	14 January 2018 – 13 January 2023

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group has obtained all material licences, permits and approvals required for carrying on our business activities.

AWARDS AND ACCREDITATIONS

In recognition of our quality printing services and products, we have received a number of major awards and accreditations during our operating history, a summary of which is set out in the table below:

Awards and accreditations	Year of grant	Issuing institution/ authority	Recipient	Description
PICA Award	2011	Printing Industries Craftsmanship Awards by Printing Industries Association of Australia	Ligare	In print excellence in digital printing, non inkjet
Sustainable Business Awards – Special Commendation for Resource Efficiency	2011	SmartBiz, an initiative of Canterbury City Council	Ligare	In recognition of Ligare's outstanding management of water and energy
Certificate of Recognition	2011	SAI Global	CanPrint Communications	Systems Excellence Awards
The Power of Print Gold Award	2012	Printing Industries Craftsmanship Award NSW by the Printing Industries Association of Australia	Ligare	In recognition of printing excellence
Target Ethical Sourcing Code	2013-2015	Target Australia Pty Ltd	Ligare	Recognition for compliance with the Target Ethical Sourcing Code

Awards and accreditations	Year of grant	Issuing institution/ authority	Recipient	Description
Certificate of Appreciation	2016	Australian Publisher's Association	OPUS	Recognition for Sponsorship of the 2016 Educational Publishing Awards Australia

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the commercial printing industry in Australia was fragmented and competitive with thousands of players sharing the market in 2017, including a large number of small-to-medium sized companies and several large companies. According to the Frost & Sullivan Report, the overall book printing industry in Australia was also considered relatively fragmented with hundreds of market players in 2017. Further, the key entry barriers to the commercial printing industry in Australia include the requirement of a skilled workforce and huge initial capital investment. Whereas, the key entry barriers to the book printing industry in Australia include industry experience and relationship with customers and suppliers. In view of the aforesaid, our Directors consider that competition is intense in the industry in which we operate and that our main competitors in the Australian commercial and book printing industry are those printing companies with established histories and large production capacity and who strive for high quality printing services.

RESEARCH AND DEVELOPMENT

During the Track Record Period, the Company did not engage in any research and development.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group owned one registered trademark and 17 domain names in Australia which were material to our business. We have submitted applications for the registration of two trademarks in Hong Kong. Please refer to the paragraph headed "Statutory and General Information – B. Further information about the Business – 2. Our intellectual property rights" in Appendix IV to this document for details.

As at the Latest Practicable Date, we were not aware of any infringement (i) by our Group of any intellectual property rights owned by any third parties; or (ii) by any third party of any intellectual property rights owned by us. As at the Latest Practicable Date, we were not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the infringement of any intellectual property rights of third parties.

EMPLOYEES

As at the Latest Practicable Date, we had 298 full-time employees who were directly employed by our Group and principally based in Australia. The table below sets out a breakdown of our employees by functions as at the Latest Practicable Date.

	Number of employees
Executive Directors	3
ICT	7
Site operations	239
Sales and customer services	23
Business development	1
Estimating and pricing	6
Finance	8
Procurement	4
Human resources and compliance	3
Quality control	4
Total:	**298**

Our headcount is typically determined by analysis conducted by our team heads, who will prepare annual team headcount budgets for their respective team which may be determined by factors such as current staffing levels, sales budget/forecasts and projected manpower requirements. If any of our teams require additional headcount, a requisition form will be prepared stating the reasons for requisition, key areas of responsibilities, job specifications and any extra requirements. Our executive Directors will approve such requisition form and then recruitment advertisements will be issued.

We recruit our employees based on a number of factors, such as their work experience, educational background, qualifications or certifications obtained and vacancies. We may recruit our employees by advertising on websites and newspapers. During the Track Record Period, we engaged human resources agencies for recruitment purposes and the supply of casual labour, the cost of which amounted to approximately AUD55,000, AUD87,000, AUD124,000 and AUD78,000, respectively for each of the three years ended 31 December 2017 and the three months ended 31 March 2018.

Our new employees are generally subject to one to three months' probation periods. On-the-job training will be provided to our new employees during the probation period by their respective supervisors. At the end of the probation period, we will conduct performance evaluations which must be approved by our management before any employees are appointed to permanent positions.

Education and training will also be provided to our existing employees on various aspects including advanced knowledge and skills on machines operation, work safety, fire safety, security and quality control on a continuing basis. Our Directors consider that our training programmes can help to increase our overall efficiency and facilitate us to retain quality employees.

The remuneration package for our employees may include salaries, discretionary bonuses and/or over-time payments. Our employees also receive fringe and welfare benefits, including retirement benefits, occupational injury insurance and other miscellaneous items. We conduct periodic review of the performance of our employees for determining, where appropriate, the level of discretionary bonus, salary adjustment and promotion of our employees. From time to time, our executive Directors will also conduct research on the remuneration packages offered for similar positions in the printing industry in Australia in order to maintain our remuneration packages at a competitive level. We have also adopted the Share Option Scheme which will become effective upon the **[REDACTED]**. The Share Option Scheme is designed to provide incentives and rewards to our employees.

Worker level employees of MPG have joined a nation-wide workers' union. Save for such workers' union at MPG, we have not established any other labour unions for our employees. We did not experience any material shortage of labour, industrial actions, strikes, material increase in labour costs or other material labour disputes that have materially disrupted our operations during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that we have maintained a good working relationship with our employees.

Our employees benefits expenses, including salaries, discretionary bonuses and other employee's benefits, amounted to approximately AUD27.4 million, AUD26.5 million, AUD25.1 million and AUD5.9 million for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, respectively.

PROPERTIES

Owned properties

As at the Latest Practicable Date, our Group owned 13 and 76 Nelson Street and 20 Johnson Street, Maryborough, VIC, Australia, with a total land area of approximately 36,052 sq.m., and comprised production facility, warehouse and office.

As at the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets. Accordingly, our Directors are of the view that this document is exempt from compliance of Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased properties

As at the Latest Practicable Date, our Group leased and occupied properties, such as office, factory and warehousing facilities located in Australia. Our Directors confirm that we are using these leased properties in accordance with the permitted usages under the relevant lease agreements. Set out below is a summary of our leased properties:

Tenant	Address	Use of property	Approximate land area *(sq.m.)*	Monthly rent	Expiration of lease
CanPrint Communications	1 Tralee Street, Hume, ACT, Australia	Warehouse	12,000	AUD28,000 plus GST	31 March 2020
Ligare	138-152 Bonds Road Riverwood, NSW, Australia	Factory and office	6,342	AUD46,908.08 plus GST	31 December 2021
Ligare	23-25 Skinner Avenue, Riverwood, NSW, Australia	Warehouse	711	AUD13,709.33 plus GST	31 December 2021
Ligare	Unit 3, 13 Larkin St Riverwood, NSW, Australia	Warehouse	338	AUD4,166.67 plus GST	*(Note)* 4 June 2018
MPG	Lot 2, 5 Brick Kiln Road, Carisbrook, VIC, Australia	Warehouse	8,053	AUD6,000 plus GST	19 January 2020
Union Offset	16 Nyrang Street, Fyshwick, ACT, Australia	Factory and office	8,676	AUD65,658.42 plus GST	19 March 2019

Note: As at the Latest Practicable Date, our Group was in negotiation with the landlord for renewal of the lease agreement upon its expiry on 4 June 2018. Our Group expects the lease will be renewed for another one year, subject to negotiation with the landlord.

For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our rental expenses were approximately AUD1.8 million, AUD1.8 million, AUD1.9 million and AUD0.5 million, respectively.

LITIGATION

Our Company and its subsidiaries were not engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date.

LEGAL COMPLIANCE

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident which is of material impact non-compliance or systemic non-compliance. Our Directors also confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had obtained all the approvals, permits, consents, licences and registrations required for our business and operations in Australia and all of them are in force.

OCCUPATIONAL HEALTH, WORK SAFETY AND ENVIRONMENTAL PROTECTION

Our business is subject to relevant Australian national and local occupational health, work safety and environmental laws and regulations. For details, please refer to the section headed "Regulatory Overview" in this document.

Occupational health and work safety

We are committed to providing a safe and healthy working environment. We have implemented safety measures at all of our production facilities and established guidelines for work safety and occupational health safety, which may cover areas including fire safety, warehouse safety, electricity safety, work-related injuries and emergency and evacuation procedures to minimise the risk of injury of employees. We maintain a general register with the records of accidents and dangerous occurrences. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material claim or incident in relation to work safety or been involved in any accident causing death or serious injury in the course of our business operations.

We have installed appropriate fire safety equipment. We also organise fire drills and provide fire prevention training to our staff. We also conduct regular training sessions for production staff on accident prevention and management.

Environmental protection

We are committed to minimising any adverse impact on the environment resulting from our business activities. We have implemented various environmental policies and have been awarded quality standard certification of ISO 14001 in respect of our environmental management system in our CanPrint Facility. We have contracts with waste collection companies to handle our dangerous and toxic wastes, being ink and thinner discharged during the production process. We also have contracts with security waste collection companies to handle the collection and destruction of documents which are sensitive in nature and may require secured disposal. As we tend to sell scrap paper and plates as recyclable materials, we believe that our production processes do not have a significant adverse effect on the environment and that our environmental protection measures are adequate to ensure compliance with all applicable current local and national Australian laws and regulations.

For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, the cost of compliance with applicable environmental laws and regulations in Australia were approximately AUD163,000, AUD194,000, AUD281,000 and AUD76,000, respectively, which primarily consisted of waste disposal charges, security waste disposal charges and environmental-related ISO certification expenses. The estimated cost of compliance with applicable environmental laws and regulations in Australia for the year ending 31 December 2018 is approximately AUD350,000.

INSURANCE

Our Group maintained insurance policies primarily covering, among other things, liabilities under employees' compensation, personal injury, product liability and industrial special risks. Our Directors consider such insurance cover to be adequate and consistent with industry norm having considered our Group's current operations and the prevailing industry practice. For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our insurance expenses were approximately AUD696,000, AUD796,000, AUD865,000 and AUD58,000, respectively.

We review our insurance coverage annually, and we will continue to assess our risk portfolio and make necessary and appropriate adjustments to our insurance coverage, so as to align with our needs and with industry practices in Australia. During the Track Record Period and up to the Latest Practicable Date, we did not make and were not subject to any material insurances claims and/or product liability claims.

INTERNAL CONTROL AND CORPORATE GOVERNANCE MEASURES

We endeavour to uphold the integrity of our business by maintaining an internal control system and corporate governance measures. Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. In preparation of **[REDACTED]**, we engaged an independent external consulting firm as our internal control consultant in March 2018 to perform a detailed assessment of our Group's internal control system which covered:

- Entity level review including control environment; risk assessment; control activities; information and communications; and monitoring activities;

- Operating cycles review, including among other things, financial reporting process; revenue and accounts receivable management; inventory management and logistics; production and costing; bank and cash management; fixed assets management, human resources and payroll process; and information technology general control; and

- Review on compliance procedures of certain Listing Rules and SFO requirement, including among other things, Chapters 13, 14, 14A and Appendix 16 of the Listing Rules and Part XIVA of the SFO.

Our internal control consultant is engaged in providing a broad range of corporate governance and risk advisory, internal audit and internal controls regulatory compliance services to its clients including **[REDACTED]** companies and companies preparing for **[REDACTED]** in Hong Kong.

Our internal control consultant carried out the internal control review in April 2018 and provided our Group with its internal control report with a number of recommendations for our management's consideration to enhance our internal control system. Our internal control consultant completed a follow-up review on our internal control measures in May 2018 and confirmed that all the remedial and improvement measures pursuant to such recommendations have been implemented. After considering our remedial actions and results of the reviews by our internal control consultant, our Directors are of the view that our internal control system and corporate governance measures are adequate and effective for our Group's operations.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information and notes thereto as of and for each of the three years ended 31 December 2017 and the three months ended 31 March 2018 included in the Accountants' Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this document. Our combined financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk Factors" and "Forward-looking Statements" for discussions of those risks and uncertainties.

OVERVIEW

We are a one stop shop printing solutions and services provider in Australia. Our printed products include (i) read-for-pleasure books; (ii) Government Printed Matters; (iii) Quick Turnaround Time Education Books; and (iv) catalogues, operating manuals and promotional leaflets. We also provide printing related services, such as warehousing and direct mailing, call centre services and ancillary services through our proprietary IPALM platform. During the Track Record Period, our Group had disposed of our entire equity interests in former wholly-owned subsidiaries, being (i) the Cactus Group on 1 August 2016, which was principally engaged in the provision of grand and large format printing outdoor media in Australia; (ii) C.O.S. Printers on 10 May 2016, which was principally engaged in printing services in Singapore; and (iii) Ligare (NZ) on 1 January 2017, which was principally engaged in printing services in New Zealand. We also disposed of our outdoor media business in New Zealand under Cactus Imaging (NZ) on 30 October 2015. For details of the aforesaid disposals, please refer to the section headed "History and Corporate Structure" in this document.

For each of the three years ended 31 December 2017, our revenue from continuing operations was approximately AUD80.7 million, AUD87.0 million and AUD79.2 million, respectively, and our profit after income tax from continuing operations was approximately AUD7.2 million, AUD5.5 million and AUD5.7 million, respectively. Our profit after income tax from discontinued operations amounted to AUD4.9 million, AUD9.4 million and nil for each of the three years ended 31 December 2017, respectively.

For the three months ended 31 March 2017 and 2018, our revenue from continuing operations was approximately AUD20.6 million and AUD19.3 million, respectively, and our profit after income tax from continuing operations was approximately AUD1.7 million and AUD0.9 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in Bermuda on 18 April 2018 as a limited liability company. In preparation for the **[REDACTED]**, our Group will undergo the Reorganisation. For further details of the Reorganisation, please refer to the paragraph headed "History and Corporate Structure – Reorganisation" in this document. Upon completion of the Reorganisation, our Company will become the holding company of our Group.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of our Group for the Track Record Period include the financial performance and cash flows of all companies now comprising our Group, as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where this is a shorter period. The combined statements of financial position of our Group as at 31 December 2015, 2016 and 2017 and 31 March 2018 have been prepared to present the assets and liabilities of the entities now comprising our Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising our Group are combined using the existing book values. Intra-group transactions, balances and unrealised gains on transactions between our Group companies have been eliminated on combination.

For further information on the basis of presentation of our financial statements, please refer to note 2 "Basis of Presentation" to the Accountants' Report set out in Appendix I to this document.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and will continue to be affected by a number of factors, including those set out below:

Demand from our customers

Although we may, from time to time, enter into framework sale and purchase agreements with some of our customers, we normally generate sales on an order-by-order basis. In respect of our MPG Business and Ligare Business, our customers are principally commercial and professionals and academic book publishers. As such, demand for our printing solutions and services is dependent upon factors such as the release of new book titles into the market in Australia, the popularity of certain read-for-pleasure books which may lead to subsequent re-prints and/or the demand from academics or professionals for certain reference books or materials. In respect of our CanPrint Business, as our customers are principally Australian government related entities, demand for our printing solutions and services may be dependent upon factors such as when the Parliament of Australia is sitting, introduction of new legislation, amendments to existing legislation and/or electoral events or policy matters which require documents, reports and materials to be printed or updated. As such, our sales are highly dependent on and may fluctuate subject to customers' demand for our printing solutions and services. If there is any adverse change to market conditions such as an economic slowdown or an increase in competition, our business, financial condition and results of operations may be materially and adversely affected.

Cost of raw materials prices

Paper is the principal raw material used in our business which we purchase mainly from domestic paper trading companies as well as international paper manufacturers. For each of the three years ended 31 December 2017 and the three months ended 31 March 2018, our paper costs amounted to approximately AUD18.7 million, AUD21.8 million, AUD18.9 million and AUD4.5 million, respectively, representing approximately 30.9%, 33.3%, 30.9% and 30.7%, respectively, of our Group's direct operating costs. Our other raw materials include plates, ink and other printing consumables. The price of paper as well as other raw materials may be subject to price volatility and periodic shortages caused by various factors beyond our control, which include, among other things, weather conditions, tree harvest conditions, policies of the respective local governments of the territories in which the forestries or paper mills operate, as well as market competition. We are vulnerable to the fluctuations in prices of raw materials. Should there be any significant increases in the raw materials prices, and our Group is unable to pass on such increased costs to our customers, our business and profitability may be materially and adversely affected. If we pass on the increased costs to our customers, our pricing may become less competitive and may lead to a loss of orders/customers.

Supply of direct labour and labour cost

During the Track Record Period, our direct labour cost, including salaries, discretionary bonuses, over-time payments, superannuation and other fringe and welfare benefits, amounted to approximately AUD20.3 million, AUD20.4 million, AUD20.2 million and AUD4.9 million, respectively, representing approximately 33.7%, 31.1%, 33.0% and 33.6% of our direct operating costs, for each of the three years ended 31 December 2017 and the three months ended 31 March 2018, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of labour, industrial actions, strikes, material increase in labour costs or other material labour disputes that have materially disrupted our operations. Any shortage in labour or material increase in labour costs may results in our failure to manufacture products on schedule and our operation and profitability may be adversely affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group contained in the Accountants' Report as set out in Appendix I to this document has been prepared in accordance with accounting policies which comply with IFRSs. It also includes the disclosure requirements of the Companies Ordinance and applicable disclosure provisions of the Listing Rules. All IFRSs effective for the accounting periods commencing from 1 January 2018 and relevant to our Group, together with the relevant transitional provisions, have been adopted by our Group in the preparation of our financial statements consistently throughout the Track Record Period. The significant accounting policies adopted by our Group and critical accounting judgements are set out in detail in note 5 "Summary of significant accounting policies" and note 6 "Critical accounting judgments and key sources of estimation uncertainty" to the Accountants' Report set out in Appendix I to this document, respectively. It should be noted that accounting estimates and assumptions are used in the preparation of our financial statements. Although the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. Our Directors believe that accounting policies in relation to employee benefits provision, estimation of useful lives of assets, impairment of receivables, impairment of inventories, recognition of deferred tax assets, share-based payment transactions and provision for leasehold dilapidations involved the most significant estimates and judgments used in the preparation of our financial statements.

RESULTS OF OPERATIONS

The table below presents the combined statements of profit or loss and other comprehensive income of our Group for each of the three years ended 31 December 2017 and the three months ended 31 March 2017 and 2018, as extracted from the Accountants' Report set out in Appendix I to this document.

	For the year ended 31 December			For the three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* *(unaudited)*	*AUD'000*
Continuing Operations					
Revenue	80,745	86,977	79,206	20,590	19,291
Direct operating costs	(60,369)	(65,569)	(61,213)	(15,355)	(14,531)
Gross profit	20,376	21,408	17,993	5,235	4,760
Other income	1,600	1,172	1,954	320	452
Selling and distribution costs	(5,960)	(6,499)	(5,410)	(1,374)	(1,303)
Administrative expenses	(11,134)	(7,718)	(6,591)	(1,761)	(1,412)
Other expenses	–	–	–	–	(1,155)
Finance costs	(181)	(1)	(34)	(1)	(14)
Profit before income tax from continuing operations	4,701	8,362	7,912	2,419	1,328
Income tax (expense)/benefit	2,453	(2,854)	(2,222)	(737)	(401)
Profit after income tax from continuing operations	7,154	5,508	5,690	1,682	927
Discontinued Operations					
Profit after income tax from discontinued operations	4,893	9,386	–	–	–
Profit for the year/period	12,047	14,894	5,690	1,682	927
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Derecognition to profit or loss on disposal of subsidiaries	–	816	(101)	–	–
Exchange differences on translation of foreign operations	299	(33)	160	107	–
Other comprehensive income for the year/period	299	783	59	107	–
Total comprehensive income for the year/period	12,346	15,677	5,749	1,789	927

ANALYSIS OF MAJOR COMPONENTS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Continuing operations

Revenue

For each of the three years ended 31 December 2017, our revenue was approximately AUD80.7 million, AUD87.0 million and AUD79.2 million, respectively. For the three months ended 31 March 2017 and 2018, our revenue was approximately AUD20.6 million and AUD19.3 million, respectively. During the Track Record Period, our revenue was generated from the provision of printing solutions and services, which could be further categorised by product types into (i) read-for-pleasure books; (ii) Government Printed Matters; (iii) Quick Turnaround Time Education Books; and (iv) catalogues, operating manuals and promotional leaflets. During the Track Record Period, we generated more revenue for the year ended 31 December 2016, as compared to the years ended 31 December 2015 and 2017, which was mainly attributable to (i) a new contract entered into with a customer for read-for-pleasure books; and (ii) the higher demand from Australian government related entities in 2016 as a result of the 2016 Australian federal election and the launch of a new student loan programme, both orders of which were not recurring. Meanwhile, our growth in revenue from read-for-pleasure books during the Track Record Period was offset by the decrease in revenue from Quick Turnaround Time Education Books and catalogues, operating manuals and promotional leaflets, resulting in a similar level of revenue for the years ended 31 December 2015 and 2017 and the three months ended 31 March 2017 and 2018, respectively.

The following table sets out a breakdown of our Group's revenue from continuing operations during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* *(unaudited)*	*%*	*AUD'000*	*%*
Printing solutions and services										
Read-for-pleasure books	19,632	24.3	23,689	27.3	27,314	34.5	5,688	27.6	6,512	33.8
Government Printed Matters	15,589	19.3	19,046	21.9	15,396	19.4	3,249	15.8	3,325	17.2
Quick Turnaround Time Education Books	20,337	25.2	20,467	23.5	18,046	22.8	6,598	32.0	5,654	29.3
Catalogues, operating manuals and promotional leaflets	25,187	31.2	23,775	27.3	18,450	23.3	5,055	24.6	3,800	19.7
Total	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

(i) Read-for-pleasure books

Our revenue from read-for-pleasure books amounted to approximately AUD19.6 million, AUD23.7 million, AUD27.3 million, AUD5.7 million and AUD6.5 million for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, respectively, representing approximately 24.3%, 27.3%, 34.5%, 27.6% and 33.8% of our total revenue.

Our revenue from read-for-pleasure books increased by AUD4.1 million or 20.7% from AUD19.6 million for the year ended 31 December 2015 to AUD23.7 million for the year ended 31 December 2016. The increase was mainly attributable to the increase in revenue generated from Customer F due to a new long-term contract entered into in mid-2016.

Our revenue from read-for-pleasure books increased by approximately AUD3.6 million or 15.3% from approximately AUD23.7 million for the year ended 31 December 2016 to approximately AUD27.3 million for the year ended 31 December 2017. The increase was mainly attributable to the increase in revenue from Customer F and Customer G due to the new long-term contracts entered into between our Group and them in mid-2016 and early 2017, respectively. Such growth, however, was partly offset by the decrease in revenue from Customer D after its long-term contract with us ended in 2016.

Our revenue from read-for-pleasure books increased by approximately AUD0.8 million or 14.5% from approximately AUD5.7 million for the three months ended 31 March 2017 to approximately AUD6.5 million for the three months ended 31 March 2018. The increase was mainly attributable to the growth in sales to Customer G as it increased its order volume gradually in the second half of 2017 and the first quarter of 2018 after the commencement of a new long-term contract signed with Customer G in early 2017.

(ii) Government Printed Matters

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, our revenue from Government Printed Matters amounted to approximately AUD15.6 million, AUD19.0 million, AUD15.4 million, AUD3.2 million and AUD3.3 million, respectively, representing approximately 19.3%, 21.9%, 19.4%, 15.8% and 17.2% of our total revenue.

Our revenue from Government Printed Matters increased by approximately AUD3.5 million or 22.2% from approximately AUD15.6 million for the year ended 31 December 2015 to approximately AUD19.0 million for the year ended 31 December 2016. The increase was mainly attributable to the higher demand from Australian government related entities as a result of the 2016 Australian federal election and a one-off project related to the launch of a new student loan programme and an increase in printing demand for another project related to the launch of a cancer screening programme.

Our revenue from Government Printed Matters decreased by approximately AUD3.7 million or 19.2% from approximately AUD19.0 million for the year ended 31 December 2016 to approximately AUD15.4 million for the year ended 31 December 2017. The decrease was mainly attributable to completion of the projects in 2016 as mentioned above.

Our revenue from Government Printed Matters amounted to approximately AUD3.3 million for the three months ended 31 March 2018, which remained relatively stable as compared to revenue of approximately AUD3.2 million for the three months ended 31 March 2017.

(iii) Quick Turnaround Time Education Books

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, our revenue from Quick Turnaround Time Education Books amounted to approximately AUD20.3 million, AUD20.5 million, AUD18.0 million, AUD6.6 million and AUD5.7 million, respectively, representing approximately 25.2%, 23.5%, 22.8%, 32.0% and 29.3% of our total revenue.

Our revenue from Quick Turnaround Time Education Books amounted to approximately AUD20.3 million for the year ended 31 December 2015, which remained relatively stable as compared to revenue of approximately AUD20.5 million for the year ended 31 December 2016.

Our revenue from Quick Turnaround Time Education Books decreased by approximately AUD2.4 million or 11.8% from approximately AUD20.5 million for the year ended 31 December 2016 to approximately AUD18.0 million for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in revenue from (a) Customer B, who shifted some of their publications online; and (b) Customer C, which was mainly due to the reduction in the receipt of their production orders for distribution in New Zealand as a result of our disposal of Ligare (NZ) in January 2017.

Our revenue from Quick Turnaround Time Education Books decreased by approximately AUD0.9 million or 14.3% from approximately AUD6.6 million for the three months ended 31 March 2017 to approximately AUD5.7 million for the three months ended 31 March 2018. The decrease was mainly attributable to (a) the completion of certain one-off projects in prior periods not having recurred for the three months ended 31 March 2018; and (b) management's decision to decline certain printing orders for the Quick Turnaround Time Education Books segment due to their estimated low profit margins in order to free up capacity for more profitable jobs in other product segments.

(iv) Catalogues, operating manuals and promotional leaflets

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, our revenue from catalogues, operating manuals and promotional leaflets amounted to approximately AUD25.2 million, AUD23.8 million, AUD18.5 million, AUD5.1 million and AUD3.8 million, respectively, representing approximately 31.2%, 27.3%, 23.3%, 24.6% and 19.7% of our total revenue.

Our revenue from catalogues, operating manuals and promotional leaflets decreased by approximately AUD1.4 million or 5.6% from approximately AUD25.2 million for the year ended 31 December 2015 to approximately AUD23.8 million for the year ended 31 December 2016. The decrease was mainly attributable to (a) the completion of a printing project for one customer that published adult colouring books in 2015, which was popular in 2015 but the trend had faded by 2016; and (b) management's decision to decline certain printing orders for the catalogues, operating manuals and promotional leaflets segment due to their estimated low profit margins in order to free up capacity for more profitable jobs in other product segments.

Our revenue from catalogues, operating manuals and promotional leaflets decreased by approximately AUD5.3 million or 22.4% from approximately AUD23.8 million for the year ended 31 December 2016 to approximately AUD18.5 million for the year ended 31 December 2017. The decrease was mainly attributable to (a) the decrease in the number of customers for printing catalogues, operating manuals and promotional leaflets; and (b) management's decision to decline certain printing orders for the catalogues, operating manuals and promotional leaflets segment due to their estimated low profit margins in order to free up capacity for more profitable jobs in other product segments.

Our revenue from catalogues, operating manuals and promotional leaflets decreased by approximately AUD1.3 million or 24.8% from approximately AUD5.1 million for the three months ended 31 March 2017 to approximately AUD3.8 million for the three months ended 31 March 2018. The decrease was mainly attributable to (a) the decrease in the number of customers for printing catalogues, operating manuals and promotional leaflets; (b) the completion of certain one-off projects in prior periods not having recurred for the three months ended 31 March 2018; and (c) management's decision to early terminate a printing contract with a customer in February 2017 which had a lower profit margin.

The following table sets out a breakdown of our Group's revenue from continuing operations based on geographical location of delivered products during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000 (unaudited)*	*%*	*AUD'000*	*%*
Australia	78,976	97.8	85,379	98.2	78,722	99.4	20,463	99.4	19,247	99.8
New Zealand	1,334	1.7	1,482	1.7	230	0.3	78	0.4	8	0.0
Overseas *(Note)*	435	0.5	116	0.1	254	0.3	49	0.2	36	0.2
Total:	**80,745**	**100.0**	**86,977**	**100.0**	**79,206**	**100.0**	**20,590**	**100.0**	**19,291**	**100.0**

Note: Overseas includes the United Kingdom, the United States of America and Papua New Guinea.

Our Group derived its revenue principally from sales of product delivered within Australia, representing approximately 97.8%, 98.2%, 99.4%, 99.4% and 99.8% of our Group's total revenue for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, respectively. During the Track Record Period, our revenue generated from sales of products delivered to New Zealand represented approximately 1.7%, 1.7%, 0.3%, 0.4% and 0.0% of our Group's total revenue. Such decrease was mainly due to the disposal of Ligare (NZ), which was engaged in the provision of printing services in New Zealand, in January 2017. The remaining 0.5%, 0.1%, 0.3%, 0.2% and 0.2% of our Group's total revenue for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, respectively, was derived from sales of products delivered to our customers overseas, including the United Kingdom, the United States of America and Papua New Guinea.

Direct operating costs

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, our direct operating costs were approximately AUD60.4 million, AUD65.6 million, AUD61.2 million, AUD15.4 million and AUD14.5 million, respectively, which consisted primarily of raw materials, direct labour costs, production overheads, sub-contracting costs and mailing costs.

The following table sets out a breakdown of our direct operating costs by nature during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* (*unaudited*)	*%*	*AUD'000*	*%*
Raw materials	23,709	39.3	27,493	41.9	24,536	40.1	6,097	39.7	5,813	40.0
Direct labour costs	20,320	33.7	20,377	31.1	20,190	33.0	5,261	34.3	4,882	33.6
Production overheads	4,965	8.2	5,339	8.1	5,539	9.0	1,354	8.8	1,487	10.2
Sub-contracting costs	3,983	6.6	4,205	6.4	3,962	6.5	897	5.8	598	4.1
Mailing costs	3,369	5.6	4,777	7.3	3,960	6.5	886	5.8	805	5.5
Others	4,023	6.6	3,378	5.2	3,026	4.9	860	5.6	946	6.6
Total	**60,369**	**100.0**	**65,569**	**100.0**	**61,213**	**100.0**	**15,355**	**100.0**	**14,531**	**100.0**

Raw materials

Raw materials mainly represented paper, plates, ink and other printing consumables. Raw materials represented the largest component of our direct operating costs and amounted to approximately AUD23.7 million, AUD27.5 million, AUD24.5 million, AUD6.1 million and AUD5.8 million for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, respectively, representing approximately 39.3%, 41.9%, 40.1%, 39.7% and 40.0% of our total direct operating costs, among which, paper costs amounted to approximately AUD18.7 million, AUD21.8 million, AUD18.9 million, AUD4.7 million and AUD4.5 million, respectively, representing 78.8%, 79.3%, 77.0%, 77.5% and 76.6% for our raw materials costs, respectively.

Raw materials costs increased by approximately AUD3.8 million or 16.0% from approximately AUD23.7 million for the year ended 31 December 2015 to AUD27.5 million for the year ended 31 December 2016. The increase in raw materials costs was mainly attributable to the increase in revenue generated from read-for-pleasure books for the year 31 December 2016 which consumed a higher percentage of our raw materials. The costs of raw materials decreased by approximately AUD3.0 million or 10.8% from approximately AUD27.5 million for the year ended 31 December 2016 to AUD24.5 million for the year ended 31 December 2017. The decrease in raw materials costs was mainly attributable to the decrease in revenue arising from (i) the management's decision to decline certain printing orders for the catalogues, operating manuals and promotional leaflets segment due to their estimated low profit margins in order to free up capacity for more profitable jobs in other product segments; and (ii) the disposal of Ligare (NZ) in January 2017, which was partially offset by the increase in revenue from read-for-pleasure books which consumed a higher percentage of our raw materials.

Raw materials costs decreased by approximately AUD0.3 million or 4.7% from approximately AUD6.1 million for the three months ended 31 March 2017 to AUD5.8 million for the three months ended 31 March 2018. The decrease in raw materials costs was in line with the decrease in revenue.

Direct labour costs

Direct labour costs represented salaries, wages and other staff costs and superannuation paid to our site operation employees. For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, our direct labour costs amounted to approximately AUD20.3 million, AUD20.4 million, AUD20.2 million, AUD5.3 million and AUD4.9 million, respectively, representing approximately 33.7%, 31.1%, 33.0%, 34.3% and 33.6% of our total direct operating costs.

Direct labour costs for the three years ended 31 December 2017 remained relatively stable. Direct labour costs decreased by approximately AUD0.4 million or 7.2% from approximately AUD5.3 million for the three months ended 31 March 2017 to approximately AUD4.9 million for the three months ended 31 March 2018. The decrease in direct labour costs was mainly attributable to (i) the reduction in headcount of site operation employees; and (ii) the reduction of casual labour and overtime work due to the implementation of cost control measures.

Production overheads

Production overheads mainly represented click charges for digital printing presses, i.e. the printing cost per sheet printed or click charged by the manufacturer of the printing press, consumables, repair and maintenance and electricity charges. For each of the three years ended 31 December 2017 and the three months ended 31 March 2017 and 2018, production overheads amounted to approximately AUD5.0 million, AUD5.3 million, AUD5.5 million, AUD1.4 million and AUD1.5 million, respectively, representing approximately 8.2%, 8.1%, 9.0%, 8.8% and 10.2% of our total direct operating costs. Our production overheads increased slightly by approximately AUD0.4 million or 7.5% from approximately AUD5.0 million for the year ended 31 December 2015 to approximately AUD5.3 million for the year ended 31 December 2016. The increase was mainly attributable to the full activation of certain digital presses in 2016 which increased click charges.

The production overheads for the year ended 31 December 2017 and for the three months ended 31 March 2018, as compared to that for the year ended 31 December 2016 and for the three months ended 31 March 2017, respectively, remained relatively stable.

Sub-contracting costs

Sub-contracting costs represented fees charged by our sub-contractors mainly for (i) carrying out certain post-press processes; (ii) performing certain labour-intensive production procedures; and (iii) accommodating the large volume of orders during peak seasons. For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, sub-contracting costs amounted to approximately AUD4.0 million, AUD4.2 million, AUD4.0 million, AUD0.9 million and AUD0.6 million, respectively, representing approximately 6.6%, 6.4%, 6.5%, 5.8% and 4.1% of our total direct operating costs.

The sub-contracting costs for the three years ended 31 December 2017 remained relatively stable. The decrease in sub-contracting costs by approximately AUD0.3 million to approximately AUD0.6 million for the three months ended 31 March 2018, as compared to that of AUD0.9 million for the three months ended 31 March 2017, was mainly attributable to the increase in in-house production for post-press work after the purchase of a post-press machine for our MPG Facility in 2017.

Mailing costs

Mailing costs represented postage and courier charges in respect of orders involving the direct mailing of printed products from our production or warehousing facilities to our customers or their end-user customers which are directly attributable to the job. For each of the three years ended 31 December 2017, our mailing costs were approximately AUD3.4 million, AUD4.8 million and AUD4.0 million, respectively, representing approximately 5.6%, 7.3% and 6.5% of our total direct operating costs. For the three months ended 31 March 2017 and 2018, our mailing costs were approximately AUD0.9 million and AUD0.8 million, respectively, representing 5.8% and 5.5% of our total direct operating costs.

Mailing costs increased by approximately AUD1.4 million or 41.8% from approximately AUD3.4 million for the year ended 31 December 2015 to approximately AUD4.8 million for the year ended 31 December 2016. The increase in mailing costs was mainly attributable to the increase in revenue from Government Printed Matters in 2016 as a result of the 2016 Australian federal election and the launch of a new student loan programme, which included direct mailing to end-user customers. The mailing costs for the year ended 31 December 2017 of approximately AUD4.0 million decreased by approximately AUD0.8 million or 17.1%, as compared to that of AUD4.8 million for the year ended 31 December 2016, which was mainly attributable to the completion of the abovementioned projects from Australian government related entities in 2016. The mailing costs for the three months ended 31 March 2018 remained relatively stable, as compared to the three months ended 31 March 2017.

Other direct operating costs

Other direct operating costs mainly represented (i) rent and outgoings (including rates and water charges); (ii) depreciation of property, plant and equipment; and (iii) provision for/reversal of obsolete stock. For each of the three years ended 31 December 2017, other direct operating costs amounted to approximately AUD4.0 million, AUD3.4 million and AUD3.0 million, respectively, representing approximately 6.6%, 5.2% and 4.9% of our total direct operating costs. The decrease in other direct operating costs by approximately AUD0.6 million from AUD4.0 million for the year ended 31 December 2015 to approximately AUD3.4 million for the year ended 31 December 2016 was mainly attributable to the decrease in depreciation of property, plant and equipment due to some printing machines having been fully depreciated in 2015 or early 2016. Other direct operating costs for the year ended 31 December 2017, as compared to that for the year ended 31 December 2016, remained relatively stable.

For the three months ended 31 March 2017 and 2018, other direct operating costs were relatively stable at approximately AUD0.9 million and AUD0.9 million, respectively, representing approximately 5.6% and 6.6% of our total direct operating costs.

Gross profit and gross profit margin

For each of the three years ended 31 December 2017, we generated gross profit of approximately AUD20.4 million, AUD21.4 million and AUD18.0 million, respectively, representing a gross profit margin of approximately 25.2%, 24.6% and 22.7%, respectively. For the three months ended 31 March 2017 and 2018, we generated gross profit of approximately AUD5.2 million and AUD4.8 million, respectively, representing a gross profit margin of approximately 25.4% and 24.7%, respectively.

The overall decrease in our gross profit margin for each of the three years ended 31 December 2017 was mainly attributable to (i) the occurrence of some direct operating costs, such as rent, repair and maintenance and depreciation charges, which were fixed and did not decrease along with the change in revenue; and (ii) the increase in raw materials consumption relative to our revenue was driven by the growth in revenue from read-for-pleasure books which consumed a higher percentage of our raw materials. Our gross profit margin for the three months ended 31 March 2018, as compared to the three months ended 31 March 2017, remained relatively stable.

Other income

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, we generated other income of approximately AUD1.6 million, AUD1.2 million, AUD2.0 million, AUD0.3 million and AUD0.5 million, respectively.

The following table sets out a breakdown of our other income during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* *(unaudited)*	*%*	*AUD'000*	*%*
Scrap recoveries	351	21.9	504	43.0	650	33.3	172	53.8	141	31.2
Reversal of impairment of trade receivables	–	–	57	4.9	463	23.7	–	–	–	–
Bad debts recovery	–	–	6	0.5	–	–	–	–	–	–
Exchange gain, net	74	4.6	–	–	–	–	–	–	–	–
Reversal of make good provision	–	–	–	–	239	12.2	–	–	–	–
Gain on disposal of property, plant and equipment	638	39.9	–	–	–	–	–	–	9	2.0
Interest income	74	4.6	200	17.1	326	16.7	54	16.9	106	23.5
Insurance refund	146	9.1	157	13.4	31	1.6	5	1.6	71	15.7
Reversal of impairment of investment in associate	42	2.6	–	–	–	–	–	–	–	–
Other	275	17.3	248	21.1	245	12.5	89	27.7	125	27.6
Total:	**1,600**	**100.0**	**1,172**	**100.0**	**1,954**	**100.0**	**320**	**100.0**	**452**	**100.0**

Our other income during the Track Record Period generally consisted of (i) the sales of scrap materials arising from the production process such as scrap paper and obsolete plates; (ii) interest income; and (iii) insurance refund as a result of low claim ratio.

For the year ended 31 December 2015, other income also included, among other things, a gain of approximately AUD0.6 million arising from the disposal of certain post-presses and printing machines. A reversal of impairment of investment in an associate, namely Denward Court Pty Ltd., of approximately AUD42,000 was recorded, representing the excess of dividend received over the carrying amount of our Group's investment of 33.3% equity interest in Denward Court Pty Ltd. upon its deregistration in November 2015. As a result of the absence of such items in 2016, our other income has decreased by approximately AUD0.4 million or 26.8% from approximately AUD1.6 million for the year ended 31 December 2015 to approximately AUD1.2 million for the year ended 31 December 2016.

The increase in other income by approximately AUD0.8 million or 66.7% from approximately AUD1.2 million for the year ended 31 December 2016 to approximately AUD2.0 million for the year ended 31 December 2017 was mainly attributable to (i) the reversal in the make good provision of approximately AUD0.2 million as a result of the disposal of Ligare (NZ) in 2017; and (ii) the reversal of impairment of trade receivables during 2017 due to the improvement in debt collection.

The increase in other income of our Group by approximately AUD0.2 million or 41.3% from approximately AUD0.3 million for the three months ended 31 March 2017 to approximately AUD0.5 million for the three months ended 31 March 2018 was mainly attributable to (i) the increase in interest income due to an increase in cash balance as a result of net proceeds received from the exercise of share options by Bookbuilders BVI in May 2017; and (ii) a refund from the insurance company as a result of our Group's low claim ratio.

Selling and distribution costs

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, we recorded selling and distribution costs of approximately AUD6.0 million, AUD6.5 million, AUD5.4 million, AUD1.4 million and AUD1.3 million, respectively.

The following table sets out a breakdown of our selling and distribution costs during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* (*unaudited*)	*%*	*AUD'000*	*%*
Freight charges	3,310	55.5	3,476	53.5	3,482	64.4	908	66.1	909	69.8
Employee benefits expense	2,529	42.4	2,557	39.3	1,814	33.5	426	31.0	312	23.9
Others (*Note*)	121	2.1	466	7.2	114	2.1	40	2.9	82	6.3
Total:	**5,960**	**100.0**	**6,499**	**100.0**	**5,410**	**100.0**	**1,374**	**100.0**	**1,303**	**100.0**

Note: Others includes advertising, marketing and entertainment expenses.

Our selling and distribution costs primarily consisted of (i) freight charges for delivery of printed products to our customers; and (ii) staff salaries (including performance commission) and superannuation to our sales and customer services teams, which, in aggregate, represented approximately 97.9%, 92.8%, 97.9%, 97.1% and 93.7% of our total selling and distribution costs for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, respectively. Our selling and distribution expenses increased by approximately AUD0.5 million or 9.0% from approximately AUD6.0 million for the year ended 31 December 2015 to approximately AUD6.5 million, which was mainly attributable to the increase in commission paid for sales referrals in respect of catalogues, operating manuals and promotional leaflets in 2016, but such arrangements ceased in 2017.

The decrease in our selling and distribution expenses for the year ended 31 December 2017 and for the three months ended 31 March 2018, as compared to the year ended 31 December 2016 and for the three months ended 31 March 2017, respectively, was mainly due to the reduction in sales staff headcount as a result of the implementation of cost control measures.

Administrative expenses

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, we recorded administrative expenses of approximately AUD11.1 million, AUD7.7 million, AUD6.6 million, AUD1.8 million and AUD1.4 million, respectively.

The following table sets out a breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* (unaudited)	*%*	*AUD'000*	*%*
Employee benefits expense	4,585	41.2	3,541	45.9	3,097	47.0	725	41.2	678	48.0
Rent and outgoings	696	6.3	690	8.9	756	11.5	188	10.7	215	15.2
Depreciation of property, plant and equipment	686	6.2	402	5.2	320	4.9	52	3.0	102	7.2
Accounting and tax fee	319	2.9	232	3.0	251	3.8	47	2.7	39	2.8
Computer costs	857	7.7	306	4.0	275	4.2	70	4.0	18	1.3
Consultancy fee	530	4.8	406	5.3	239	3.6	106	6.0	50	3.5
Insurance	213	1.9	277	3.5	275	4.2	67	3.8	66	4.7
Repairs and maintenance	1,206	10.8	337	4.4	196	3.0	59	3.4	33	2.3
Travel expenses	455	4.1	573	7.4	284	4.3	94	5.3	44	3.1
Loss on disposal of a subsidiary	–	–	–	–	133	2.0	133	7.6	–	–
Telephone	194	1.7	112	1.5	106	1.6	29	1.6	26	1.8
Management fees	500	4.5	–	–	–	–	–	–	–	–
Bad debts written off	–	–	65	0.8	93	1.4	–	–	–	–
Provision of doubtful debts	423	3.8	–	–	–	–	43	2.4	6	0.4
Loss on disposal of property, plant and equipment	–	–	60	0.8	40	0.6	–	–	–	–
Exchange losses, net	–	–	21	0.3	165	2.5	48	2.7	4	0.3
Others	470	4.1	695	9.0	361	5.4	100	5.6	131	9.4
Total:	**11,134**	**100.0**	**7,717**	**100.0**	**6,591**	**100.0**	**1,761**	**100.0**	**1,412**	**100.0**

During the Track Record Period, our administrative expenses mainly consisted of (i) salaries, other staff costs and superannuation for our senior management and administrative staff; (ii) rent and outgoings; and (iii) depreciation of property, plant and equipment. Employee benefits expense was the largest component of our administrative expenses, representing approximately 41.2%, 45.9%, 47.0%, 41.2% and 48.0%, respectively, of our total administrative expenses for each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018.

Our administrative expenses decreased by AUD3.4 million or 30.7% from approximately AUD11.1 million for the year ended 31 December 2015 to approximately AUD7.7 million for the year ended 31 December 2016. The decrease was mainly attributable to the decrease in (i) employee benefits expense as a result of the reduction in headcount of senior management and administrative staff due to the implementation of cost control measures; (ii) computer costs, where the licence fees for idle or excessive software were written off during the year ended 31 December 2015; (iii) repair and maintenance costs, where the make good provision in respect of five operating lease agreements for the year ended 31

December 2015 included the underprovision for prior years; and (iv) one-off management fees paid to the Lion Rock Group for conducting a strategic review of our Group's business and operations in 2015, after it became the controlling shareholder of OPUS in November 2014, leading to cost control and rationalisation initiatives which in turn resulted in reductions in administrative expenses.

The decrease in our administrative expenses by AUD1.1 million or 14.6% from approximately AUD7.7 million for the year ended 31 December 2016 to approximately AUD6.6 million for the year ended 31 December 2017 was mainly attributable to (i) the reduction in headcount of senior management and administrative staff due to the implementation of cost control measures; and (ii) the reduction in corporate travelling expenses as a result of both the reduction in the number of senior management and the number of trips made between different sites.

Loss on disposal of a subsidiary of AUD0.1 million was included in administrative expenses in both the three months ended 31 March 2017 and for the year ended 31 December 2017 which represented the loss arising from the disposal of Ligare (NZ) in January 2017. As a result of (i) the absence of the aforesaid loss; (ii) the reduction in headcount of senior management and administrative staff due to the implementation of cost control measures; and (iii) the decrease in consultancy fees due to the change in Mr. Celarc's role within our Group since May 2017 and the subsequent reduction in his responsibilities, the administrative expenses for the three months ended 31 March 2018 decreased by approximately AUD0.4 million or 19.8%, as compared to that for the three months ended 31 March 2017.

Other expenses

For the three months ended 31 March 2018, other expenses represented the proportion of **[REDACTED]** expenses recognised in profit or loss.

Finance costs

For each of the three years ended 31 December 2017 and for the three months ended 31 March 2017 and 2018, we recorded finance costs of approximately AUD0.2 million, AUD1,000, AUD34,000, AUD1,000 and AUD14,000, respectively.

The table below sets out a breakdown of our finance costs during the Track Record Period:

	For the year ended 31 December						For the three months ended 31 March			
	2015		**2016**		**2017**		**2017**		**2018**	
	AUD'000	*%*	*AUD'000*	*%*	*AUD'000*	*%*	*AUD'000* *(unaudited)*	*%*	*AUD'000*	*%*
Finance lease charges	125	69.1	1	100.0	14	41.2	1	100.0	4	28.6
Other interest expenses	56	30.9	–	–	20	58.8	–	–	10	71.4
Total:	**181**	**100.0**	**1**	**100.0**	**34**	**100.0**	**1**	**100.0**	**14**	**100.0**

During the Track Record Period, our finance costs mainly comprised finance lease charges in respect of printing presses held under finance leases. Other interest expenses charged for the year ended 31 December 2015 represented interest expenses in respect of the promissory notes due and settled in 2015, while other interest expenses charged for the year ended 31 December 2017 and for the three months ended 31 March 2018 represented interest expenses on discounting the make good provision in respect of the operating leases.

Profit before income tax from continuing operations

Our profit before income tax from continuing operations was approximately AUD4.7 million, AUD8.4 million and AUD7.9 million for each of the three years ended 31 December 2017, respectively. The improvement in profitability for the year ended 31 December 2016 by approximately 77.9% was mainly attributable to the increase in revenue as described in the paragraph headed "Comparison of Results of Operations – Year ended 31 December 2016 compared to year ended 31 December 2015 – Profit before income tax from continuing operations" in this section as well as the results of the cost control and rationalisation initiatives undertaken by us after Lion Rock became the controlling shareholder of OPUS in November 2014, which resulted in reductions in administrative expenses in the same year. Despite a drop in our profit before income tax from continuing operations for the year ended 31 December 2017 as compared to that for the year ended 31 December 2016 due to the decrease in revenue, our net profit margin before income tax from continuing operations for the year ended 31 December 2017 improved by approximately 0.4% from the year ended 31 December 2016 as a result of the reduction in direct operating costs, selling and distribution costs, and administrative expenses due to the rationalisation initiatives aforementioned. Such rationalisation initiatives were substantially completed during the year ended 31 December 2017 and our cost structure and net profit margin have stabilised.

Our profit before income tax from continuing operations was approximately AUD1.3 million for the three months ended 31 March 2018 after deducting **[REDACTED]** expenses of approximately AUD1.2 million. In the absence of the **[REDACTED]** expenses, the profit from income tax from continuing operations would have been approximately AUD2.5 million, representing an increase of approximately 2.6% as compared to the corresponding period in 2017.

Income tax (expense)/benefit

Our subsidiaries in Australia are subject to the domestic tax rate of 30% on the estimated assessable profits. Our New Zealand subsidiaries are subject to New Zealand jurisdiction tax rate of 28% on estimated assessable profits. OPUS and its wholly-owned Australian subsidiaries entered into a tax sharing agreement in respect of income tax and indirect tax sharing and funding agreement in respect of the goods and services tax imposed pursuant to the A New Tax System (Goods and Services Tax) Act 1999, as a result, these entities are taxed as a single entity for income tax and goods and services tax. The tax sharing agreement will terminate if all parties to the agreement agree to do so or upon disposal of all subsidiaries. Our income tax benefit for the year ended 31 December 2015 amounted to approximately AUD2.5 million and our income tax expenses for the years ended 31 December 2016 and 2017 and for the three months ended 31 March 2017 and 2018 were approximately AUD2.9 million, AUD2.2 million, AUD0.7 million and AUD0.4 million, respectively.

Our Group's effective tax rate, calculated by dividing our income tax expense for the year/period by our profit before income tax from continuing operations for the corresponding year/period, was approximately 34.1%, 28.1%, 30.5% and 30.2% for the years ended 31 December 2016 and 2017 and for the three months ended 31 March 2017 and 2018, respectively. Our effective tax rate for the year ended 31 December 2015 is not applicable as our Group recorded an income tax benefit for that year.

In spite of a profit before income tax from continuing operations of approximately AUD4.7 million being generated for the year ended 31 December 2015, we recorded an income tax benefit of approximately AUD2.5 million for the same year. The aforesaid income tax benefit included an income tax credit of approximately AUD3.6 million mainly arising from the utilisation of previously unrecognised (i) tax losses carried forward from previous years; and (ii) deferred tax assets from temporary differences.

In the absence of the components similar to those mentioned above in relation to our Group's income tax benefit for the year ended 31 December 2015, our Group incurred income tax expenses of approximately AUD2.9 million for the year ended 31 December 2016. Our effective tax rate of approximately 34.1% for the year ended 31 December 2016 was higher than our domestic tax rate of 30% in Australia based on estimated assessable profits, which was mainly attributable to the underprovision of income tax in prior year.

Our income tax expense and effective tax rate decreased to approximately AUD2.2 million and 28.1% respectively, for the year ended 31 December 2017, as compared to the year ended 31 December 2016. The decrease was mainly attributable to (i) the decrease in profit before income tax from continuing operations; and (ii) the overprovision of income tax charged in prior years.

Our income tax expenses decreased to approximately AUD0.4 million for the three months ended 31 March 2018, as compared to that for the three months ended 31 March 2017, while our effective tax rate remained relatively stable. The decrease was mainly due to the decrease in profit before income tax from continuing operations.

Profit after income tax from continuing operations

Our profit after income tax from continuing operations was approximately AUD7.2 million for the year ended 31 December 2015 after taking into account an income tax benefit of approximately AUD2.5 million recognised in profit and loss in the same year as explained above. Profit after income tax from continuing operations for the year ended 31 December 2017 was approximately AUD5.7 million, representing an improvement of approximately 3.3% from the year ended 31 December 2016 of approximately AUD5.5 million despite a drop in revenue.

Our profit after income tax from continuing operations for the three months ended 31 March 2018 was approximately AUD0.9 million after deducting **[REDACTED]** expenses of approximately AUD1.2 million. In the absence of the **[REDACTED]** expenses, the net profit would have been approximately AUD1.7 million, representing an increase of approximately 3.2% as compared to the corresponding period in 2017.

Discontinued operations

Our Group completed (i) the disposal of our outdoor media business in New Zealand under Cactus Imaging (NZ) to an Independent Third Party on 30 October 2015; (ii) the disposal of C.O.S. Printers to the Lion Rock Group on 10 May 2016; and (iii) the disposal of the Cactus Group to an Independent Third Party on 1 August 2016 in order to focus on our printing solutions and services business in Australia. During the Track Record Period and prior to their respective disposals, C.O.S. Printers was principally engaged in the publication services in Singapore; and Cactus Imaging (NZ) and the Cactus Group were principally engaged in the provision of grand and large format printing for outdoor media in New Zealand and Australia, respectively. Results of these discontinued operations were presented as a separate line item as "profit after income tax from discontinued operations" in the combined statements of profit or loss and other comprehensive income. For each of the two years ended 31 December 2015 and 2016, we recorded a profit after income tax from discontinued operations of approximately AUD4.9 million and AUD9.4 million, respectively, which included (i) the financial results of Cactus Imaging (NZ), the Cactus Group and C.O.S. Printers during the Track Record Period and up to the respective date of completion of their disposals; and (ii) gains on their respective disposals. For further information on the disposals and discontinued operations, please refer to the section headed "History and Corporate Structure" and note 14 "Discontinued Operations" to the Accountants' Report as set out in Appendix I to this document, respectively.

COMPARISON OF RESULTS OF OPERATIONS

Three months ended 31 March 2018 compared to three months ended 31 March 2017

Revenue

Our revenue decreased by approximately AUD1.3 million or 6.3% from approximately AUD20.6 million for the three months ended 31 March 2017 to approximately AUD19.3 million for the three months ended 31 March 2018. The decrease was mainly attributable to the reduction in printing expenditure by certain existing customers which affected our Quick Turnaround Time Education Books and catalogues, operating manuals and promotional leaflets segments, which was mainly due to (i) the completion of some one-off projects in prior periods not having recurred for the three months ended 31 March 2018; (ii) management's decision to decline certain printing orders for Quick Turnaround Time Education Books and catalogues, operating manuals and promotional leaflets segment due to their estimated low profit margins in order to free up capacity for more profitable jobs in other product segment; and (iii) the decrease in the number of customers for printing catalogues, operating manuals and promotional leaflets.

Direct operating costs

Our direct operating costs decreased by approximately AUD0.8 million or 5.4% from approximately AUD15.4 million for the three months ended 31 March 2017 to approximately AUD14.5 million for the three months ended 31 March 2018. The decrease was generally in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately AUD0.5 million or 9.1% from approximately AUD5.2 million for the three months ended 31 March 2017 to approximately AUD4.8 million for the three months ended 31 March 2018. Our gross profit margin decreased slightly from approximately 25.4% for the three months ended 31 March 2017 to approximately 24.7% for the three months ended 31 March 2018. Our gross profit and gross profit margin remained relatively stable.

Other income

Our other income increased by approximately AUD0.2 million or 41.3% from approximately AUD0.3 million for the three months ended 31 March 2017 to approximately AUD0.5 million for the three months ended 31 March 2018. The increase was mainly attributable to the increase in interest income as a result of our stronger cash position.

Selling and distribution costs

Our selling and distribution costs decreased slightly by approximately AUD0.1 million or 5.2% from approximately AUD1.4 million for the three months ended 31 March 2017 to approximately AUD1.3 million for the three months ended 31 March 2018. The decrease was mainly attributable to the reduction in sales staff headcount as a result of the implementation of cost control measures.

Administrative expenses

Our administrative expenses decreased by approximately AUD0.4 million or 19.8% from approximately AUD1.8 million for the three months ended 31 March 2017 to approximately AUD1.4 million for the three months ended 31 March 2018. The decrease was mainly attributable to (i) the loss on disposal of Ligare (NZ) of approximately AUD0.1 million recorded for the three months ended 31 March 2017, which was not recurring for the three months ended 31 March 2018; (ii) the reduction in headcount for senior management and administrative staff due to the implementation of cost control measures; and (iii) the reduction in consultancy fees as a result of the role change of Mr. Celarc since May 2017.

Finance costs

Our finance costs increased by approximately AUD13,000 from approximately AUD1,000 for the three months ended 31 March 2017 to approximately AUD14,000 for the three months ended 31 March 2018. The increase was mainly attributable to (i) the inception of new finance lease agreements for digital printing presses in April 2017; and (ii) the increase in interest expenses on discounting the make good provision**.**

Profit before income tax from continuing operations

As a result of the foregoing and the recognition of the **[REDACTED]** expenses of approximately AUD1.2 million for the three months ended 31 March 2018, our profit before income tax from continuing operations decreased by approximately AUD1.1 million or 45.1% from approximately AUD2.4 million for the three months ended 31 March 2017 to approximately AUD1.3 million for the three months ended 31 March 2018.

Income tax expense

Our income tax expense decreased by approximately AUD0.3 million or 45.6% from approximately AUD0.7 million for the three months ended 31 March 2017 to approximately AUD0.4 million for the three months ended 31 March 2018. The decrease was primarily attributable to the reduction in profit before income tax from continuing operations.

Profit after income tax from continuing operations

As a result of the foregoing reasons and the recognition of **[REDACTED]** expenses of approximately AUD1.2 million under other expenses, our profit after income tax from continuing operations decreased by approximately AUD0.8 million or 44.9% from approximately AUD1.7 million for the three months ended 31 March 2017 to approximately AUD0.9 million for the three months ended 31 March 2018. Our net profit margin from continuing operations also decreased from approximately 8.2% for the three months ended 31 March 2017 to approximately 4.8% for the three months ended 31 March 2018, which was mainly due to the recognition of **[REDACTED]** expenses for the three months ended 31 March 2018. In the absence of such **[REDACTED]** expenses, our profit after income tax from continuing operation would have been approximately AUD1.7 million, representing an increase of approximately 3.2% as compared to that for the corresponding period in 2017.

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Our revenue decreased by approximately AUD7.8 million or 8.9% from approximately AUD87.0 million for the year ended 31 December 2016 to approximately AUD79.2 million for the year ended 31 December 2017. The decrease was mainly attributable to (i) the reduction in printing expenditure by certain existing customers in favour of online publications, which affected our Quick Turnaround Time Education Books segment; and (ii) the reduction in demand for Government Printed Matters from Australian government related entities in 2017 as compared to the higher demand in 2016 which mainly related to the 2016 Australian federal elections and a one-off project related to the launch of a new student loan programme.

Direct operating costs

Our direct operating costs decreased by approximately AUD4.4 million or 6.6% from approximately AUD65.6 million for the year ended 31 December 2016 to approximately AUD61.2 million for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in raw materials costs and mailing expenses which corresponded to the overall decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately AUD3.4 million or 16.0% from approximately AUD21.4 million for the year ended 31 December 2016 to approximately AUD18.0 million for the year ended 31 December 2017. The decrease was mainly attributable to the overall decrease in revenue as detailed above.

Our gross profit margin decreased from approximately 24.6% for the year ended 31 December 2016 to approximately 22.7% for the year ended 31 December 2017. Such decrease was mainly attributable to (i) the change in revenue mix with a higher portion of revenue generated from read-for-pleasure books which has a lower profit margin as compared to other product segments; and (ii) some fixed direct operating costs which did not decrease along with the decrease in revenue.

Other income

Our other income increased by approximately AUD0.8 million or 66.7% from approximately AUD1.2 million for the year ended 31 December 2016 to approximately AUD2.0 million for the year ended 31 December 2017. The increase was mainly attributable to (i) the reversal of impairment of trade receivables due to the improvement in debt collection; and (ii) the reversal of make good provision after the disposal of Ligare (NZ).

Selling and distribution costs

Our selling and distribution costs decreased by approximately AUD1.1 million or 16.8% from approximately AUD6.5 million for the year ended 31 December 2016 to approximately AUD5.4 million for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in staff salaries following the reduction in sales staff headcount as a result of the implementation of cost control measures.

Administrative expenses

Our administrative expenses decreased by approximately AUD1.1 million or 14.6% from approximately AUD7.7 million for the year ended 31 December 2016 to approximately AUD6.6 million for the year ended 31 December 2017. The decrease was mainly attributable to (i) the decrease in employee benefits expenses following the reduction in headcount for senior management and administrative staff; and (ii) the reduction in travelling expenses and consultancy fees as a result of the implementation of cost control measures.

Finance costs

Our finance costs increased by approximately AUD33,000 from approximately AUD1,000 for the year ended 31 December 2016 to approximately AUD34,000 for the year ended 31 December 2017. The increase was mainly attributable to (i) the entering into of new finance lease agreements for digital printing presses; and (ii) the interest expenses on discounting the make good provision in relation to the operating leases in 2017.

Profit before income tax from continuing operations

As a result of the foregoing, our profit before income tax from continuing operations decreased by approximately AUD0.5 million or 5.4% from approximately AUD8.4 million for the year ended 31 December 2016 to approximately AUD7.9 million for the year ended 31 December 2017.

Income tax expense

Our income tax expense decreased by approximately AUD0.7 million or 22.1% from approximately AUD2.9 million for the year ended 31 December 2016 to approximately AUD2.2 million for the year ended 31 December 2017. The decrease was mainly attributable to (i) the decrease in profit before income tax from continuing operations; and (ii) an adjustment for the overprovision of income tax in the prior year.

Profit after income tax from continuing operations

As a result of the foregoing reasons, our profit after income tax from continuing operations increased by approximately AUD0.2 million or 3.3% from approximately AUD5.5 million for the year ended 31 December 2016 to approximately AUD5.7 million for the year ended 31 December 2017.

Our net profit margin from continuing operations increased from approximately 6.3% for the year ended 31 December 2016 to approximately 7.2% for the year ended 31 December 2017. The increase was mainly attributable to the improvement in cost control.

Profit after income tax from discontinued operations

Our profit after income tax from discontinued operations decreased from approximately AUD9.4 million for the year ended 31 December 2016 to nil for the year ended 31 December 2017 as the disposal of the Cactus Group and C.O.S. Printers were completed during the year ended 31 December 2016.

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased by approximately AUD6.2 million or 7.7% from approximately AUD80.7 million for the year ended 31 December 2015 to approximately AUD87.0 million for the year ended 31 December 2016. The increase was mainly attributable to the revenue growth in printing solutions and services for (i) read-for-pleasure books due to the entering into of a new long-term contract with Customer F in 2016; and (ii) Government Printed Matters due to the 2016 Australia federal elections, the launch of a new student loan programme and an increase in printing demand on another project related to a cancer screening programme.

Direct operating costs

Our direct operating costs increased by approximately AUD5.2 million or 8.6% from approximately AUD60.4 million for the year ended 31 December 2015 to approximately AUD65.6 million for the year ended 31 December 2016. Such increase was mainly attributable to (i) the increase in raw materials costs due to the change in revenue mix with a higher portion of revenue generated from read-for-pleasure books, which consumed a higher percentage of raw materials; and (ii) an increase in mailing costs due to the increase in revenue in respect of Government Printed Matters.

Gross profit and gross profit margin

Our gross profit increased by approximately AUD1.0 million or 5.1% from approximately AUD20.4 million for the year ended 31 December 2015 to approximately AUD21.4 million for the year ended 31 December 2016. The increase in gross profit was mainly attributable to the greater increase in revenue than direct operating costs in terms of absolute amount, as detailed in the immediate paragraphs above.

Our gross profit margin decreased from approximately 25.2% for the year ended 31 December 2015 to approximately 24.6% for the year ended 31 December 2016, which was mainly attributable to the change in revenue mix with a higher portion of revenue generated from read-for-pleasure books in 2016, which tends to consume more raw materials and therefore has a lower profit margin.

Other income

Our other income decreased by approximately AUD0.4 million or 26.8% from approximately AUD1.6 million for the year ended 31 December 2015 to approximately AUD1.2 million for the year ended 31 December 2016. The decrease was mainly attributable to the gain on disposal of printing presses and post-press machines recorded in 2015, which had not recurred in 2016.

Selling and distribution costs

Our selling and distribution costs increased by approximately AUD0.5 million or 9.0% from approximately AUD6.0 million for the year ended 31 December 2015 to approximately AUD6.5 million for the year ended 31 December 2016. The increase was mainly attributable to the increase in commission paid for sales referrals in respect of catalogues, operating manuals and promotional leaflets in 2016, but such arrangements ceased in 2017.

Administrative expenses

Our administrative expenses decreased by approximately AUD3.4 million or 30.7% from approximately AUD11.1 million for the year ended 31 December 2015 to approximately AUD7.7 million for the year ended 31 December 2016. The decrease was mainly attributable to the decrease in (i) employee benefits expense following the reduction in headcount for senior management and administrative staff due to the implementation of cost control measures; (ii) computer costs, where the licence fees for idle or excessive software were written off during the year ended 31 December 2015; (iii) make good provision in respect of five operating lease agreements, the expense of which for the year ended 2015 included underprovisions for prior years; and (iv) one-off management fee charged by the Lion Rock Group for conducting a strategic review of the Group's business and operations in 2015 after it became the controlling shareholder of OPUS in November 2014 not having recurred in 2016. The aforesaid led to our cost control and rationalisation initiatives which in turn resulted in reductions in administrative expenses thereafter during the Track Record Period.

Finance costs

Our finance costs decreased by approximately AUD0.2 million or 99.4% from approximately AUD0.2 million for the year ended 31 December 2015 to approximately AUD1,000 for the year ended 31 December 2016. The decrease was mainly attributable to (i) the settlement of finance lease liabilities in respect of printing presses held under finance leases; and (ii) the settlement in 2015 of the promissory note issued in 2014 for a principal amount of AUD1.9 million.

Profit before income tax from continuing operations

As a result of the foregoing, our profit before income tax from continuing operations increased by approximately AUD3.7 million or 77.9% from approximately AUD4.7 million for the year ended 31 December 2015 to approximately AUD8.4 million for the year ended 31 December 2016.

Income tax expense

We recorded an income tax benefit of approximately AUD2.5 million for the year ended 31 December 2015 while we incurred an income tax expense of approximately AUD2.9 million for the year ended 31 December 2016. The increase in income tax expense was mainly attributable to the utilisation of an income tax credit of approximately AUD3.6 million in 2015 which included (i) previously unrecognised tax losses brought forward from prior years; and (ii) previously unrecognised deferred tax assets, all of which were not available for reducing income tax expense in 2016.

Profit after income tax from continuing operations

As a result of the foregoing reasons, our profit after income tax from continuing operations decreased by approximately AUD1.6 million or 23.0% from approximately AUD7.2 million for the year ended 31 December 2015 to approximately AUD5.5 million for the year ended 31 December 2016.

Our net profit margin from continuing operations decreased from approximately 8.9% for the year ended 31 December 2015 to approximately 6.3% for the year ended 31 December 2016. The decrease was mainly due to the increase in income tax expense.

Profit after income tax from discontinued operations

Our profit after income tax from discontinued operations increased by approximately AUD4.5 million or 91.8% from approximately AUD4.9 million for the year ended 31 December 2015 to approximately AUD9.4 million for the year ended 31 December 2016. The increase in profit after income tax from discontinued operations was mainly attributable to (i) a gain on disposal of the Cactus Group in the amount of approximately AUD4.8 million; and (ii) a gain on disposal of the C.O.S. Printers in the amount of approximately AUD3.6 million recorded for the year ended 31 December 2016; partially offset by the fact that (a) our Group only consolidated the financial results of Cactus Imaging (NZ), the Cactus Group and C.O.S. Printers in 2016 up to the respective date of completion of disposal in October 2015, May 2016 and August 2016, respectively, while the full year results thereof in 2015 were consolidated into our combined profit and loss accounts in 2015; and (b) the profit after tax from our outdoor media business in New Zealand under Cactus Imaging (NZ), together with our gain on disposal of such business in October 2015, were not recurring in 2016.

ANALYSIS ON MAJOR COMPONENTS OF THE COMBINED STATEMENTS OF FINANCIAL POSITION

The table below presents the combined statements of financial position of our Group as at 31 December 2015, 2016 and 2017 and 31 March 2018 as extracted from the Accountants' Report in Appendix I to this document.

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	8,183	7,063	7,003	6,635
Deferred tax assets	3,065	2,632	2,460	2,886
Other non-current assets	1,469	262	–	–
	12,717	9,957	9,463	9,521
Current assets				
Inventories	6,430	3,765	5,331	5,745
Trade receivables	16,825	14,352	10,870	11,099
Other receivables, deposits and prepayment	2,720	1,261	1,262	1,574
Current tax receivables	–	–	226	10
Cash and cash equivalents	11,459	17,519	25,673	24,850
	37,434	36,897	43,362	43,278
Current liabilities				
Trade and other payables	13,888	12,320	10,607	10,642
Finance lease liabilities	151	17	56	57
Provisions	5,076	3,945	3,611	3,680
Amount due to fellow subsidiary	700	–	–	–
Provision for income tax	1,171	108	–	–
	20,986	16,390	14,274	14,379
Net current assets	16,448	20,507	29,088	28,899
Total assets less current liabilities	29,165	30,464	38,551	38,420
Non-current liabilities				
Finance lease liabilities	–	73	199	185
Provisions	1,363	1,360	1,940	1,973
Deferred tax liabilities	153	301	422	399
	1,516	1,734	2,561	2,557
Net assets	27,649	28,730	35,990	35,863
EQUITY				
Share capital	–	–	–	–
Reserves	27,649	28,730	35,990	35,863
Total equity	27,649	28,730	35,990	35,863

Property, plant and equipment

Our Group's property, plant and equipment comprised (i) land and buildings; (ii) plant and equipment; (iii) office furniture and equipment; (iv) motor vehicles; (v) leasehold improvements; and (vi) computer equipment. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's property, plant and equipment were approximately AUD8.2 million, AUD7.1 million, AUD7.0 million and AUD6.6 million, respectively, representing approximately 16.3%, 15.1%, 13.3% and 12.6% of our Group's total assets. A substantial portion of our property, plant and equipment was plant and equipment, representing 70.2%, 75.8%, 72.7% and 72.7% of the total property, plant and equipment as at 31 December 2015, 2016 and 2017 and 31 March 2018, respectively. Our land and buildings represented the land and buildings erected thereon in respect of the MPG Facility, which is located at Maryborough, VIC, Australia and Carisbrook, VIC, Australia with a total land area of approximately 44,105 sq.m., and represented approximately 20.5%, 21.2%, 18.9% and 19.3% of the total property, plant and equipment as at 31 December 2015, 2016, 2017 and 31 March 2018, respectively.

Our Group's property, plant and equipment decreased by approximately AUD1.1 million or 13.7% from approximately AUD8.2 million as at 31 December 2015 to AUD7.1 million as at 31 December 2016, which was mainly attributable to (i) the disposal of the Cactus Group and C.O.S. Printers; and (ii) the depreciation charged during 2016 which was partially offset by the additions of equipment which mainly included post-press machines and digital printing presses.

Our Group's property, plant and equipment decreased slightly by approximately AUD0.1 million or 0.9% from approximately AUD7.1 million as at 31 December 2016 to AUD7.0 million as at 31 December 2017. Such decrease was mainly attributable to the depreciation charged during 2017 which was partially offset by (i) the additions of equipment which mainly included post-press machines and digital printing presses; and (ii) the make good provision in respect of leasehold improvements.

Our Group's property, plant and equipment decreased by approximately AUD0.4 million or 5.3% from approximately AUD7.0 million as at 31 December 2017 to AUD6.6 million as at 31 March 2018, which was mainly attributable to the depreciation charged for the three months ended 31 March 2018.

Inventories

Our Group's inventories comprised raw materials, work-in-progress and finished goods. We have warehousing capacity at all of our three production facilities and a warehousing facility with a total land area of 12,000 sq.m. located at Hume, ACT, Australia near the CanPrint Facility. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's inventories were approximately AUD6.4 million, AUD3.8 million, AUD5.3 million and AUD5.7 million, respectively, representing approximately 12.8%, 8.0%, 10.1% and 10.9% of our Group's total assets.

The table below sets out a breakdown of the major components of our inventories as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Raw materials	5,156	3,974	5,478	6,167
Work in progress	1,369	352	303	291
Finished goods	633	369	442	317
Less: Provision for inventories	(728)	(930)	(892)	(1,030)
Total	**6,430**	**3,765**	**5,331**	**5,745**

Our inventories decreased by approximately AUD2.7 million or 41.4% from approximately AUD6.4 million as at 31 December 2015 to approximately AUD3.8 million as at 31 December 2016. The decrease was mainly attributable to (i) the disposal of the Cactus Group and C.O.S. Printers; and (ii) the increase in sales activities in the fourth quarter of 2016 as compared to the corresponding period of the prior year, leading to a higher consumption of inventories.

Our inventories increased by approximately AUD1.6 million or 41.6% from approximately AUD3.8 million as at 31 December 2016 to approximately AUD5.3 million as at 31 December 2017, which was mainly attributable to the increase in the purchase of paper as inventory as part of our Group's cost savings strategy and our management's expectation of an increase in paper prices.

Our inventories increased by approximately AUD0.4 million or 7.8% from approximately AUD5.3 million as at 31 December 2017 to approximately AUD5.7 million as at 31 March 2018, which was mainly attributable to our Group continuous implementation of cost savings measures as mentioned above.

The following table sets out a summary of our Group's average inventory turnover days for the years/period indicated:

	For the year ended 31 December			For the three months ended 31 March
	2015	**2016**	**2017**	**2018**
Average inventory turnover days *(Note)*	65.8	55.6	67.7	85.7

Note: Inventory turnover days equals average balance of inventory (excluding inventory relating to the discontinued operations) as of the beginning and end of the year/period divided by costs of raw materials under direct operating costs for continuing operations for the relevant year/period and multiplied by the number of days in the relevant year/period.

Our inventory turnover days were approximately 65.8 days, 55.6 days, 67.7 days and 85.7 days for the years ended 31 December 2015, 2016 and 2017 and for the three months ended 31 March 2018, respectively. The decrease in inventory turnover days for the year ended 31 December 2016, as compared to that for the year ended 31 December 2015, was mainly attributable to the increase in sales activities in the fourth quarter of 2016, leading to a higher consumption and lower year-end balance of inventory. For the year ended 31 December 2017 and for the three months ended 31 March 2018, there was a gradual increase in inventory turnover days as compared to the previous corresponding year/period which was mainly attributable to the increase in the purchase of paper due to our management's expectation of an increase in paper prices.

For the inventory balance as at 31 March 2018, amounts of approximately AUD3.0 million (or 48.4%), AUD0.3 million (or 100%) and AUD35,000 (or 11%) were utilised for raw materials, work-in-progress and finished goods respectively as at the Latest Practicable Date.

Trade receivables

As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's trade receivables were approximately AUD16.8 million, AUD14.4 million, AUD10.9 million and AUD11.1 million, respectively, representing approximately 33.5%, 30.6%, 20.6% and 21.0% of our Group's total assets as at the respective dates.

The following table sets out the details of our Group's trade receivables as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade and other receivables	17,673	14,952	10,984	11,219
Less: Provision for impairment	(848)	(600)	(114)	(120)
Total	**16,825**	**14,352**	**10,870**	**11,099**

Our trade receivables represent the amount of receivables from customers for the products and services we sold and delivered. The decrease in trade and other receivables by approximately AUD2.5 million or 14.7% from approximately AUD16.8 million as at 31 December 2015 to approximately AUD14.4 million as at 31 December 2016 was mainly attributable to the decrease in receivables from customers of the outdoor media business in Australia and the printing business in Singapore following the disposal of the Cactus Group and C.O.S. Printers, respectively, in 2016. The decrease in trade receivables by approximately AUD3.5 million or 24.3% from AUD14.4 million as at 31 December 2016 to AUD10.9 million as at 31 December 2017 was mainly attributable to (i) the improvement in debt collection as we have conducted better monitoring and follow-up procedures on overdue balances; and (ii) the decrease in sales in the fourth quarter of 2017 as compared to the corresponding period in 2016. The increase in trade receivables by approximately AUD0.2 million or 2.1% from approximately AUD10.9 million as at 31 December 2017 to approximately AUD11.1 million as at 31 March 2018 was mainly attributable to lower sales in November and December 2017 as compared to February and March 2018.

The following table sets out the aging analysis of our trade receivables based on the invoice date as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
0 – 30 days	7,525	7,215	5,144	6,288
31 – 60 days	5,397	4,388	2,936	4,044
61 – 90 days	2,957	1,854	2,092	586
91 – 120 days	901	526	402	72
121 – 150 days	312	311	285	69
Over 150 days	581	658	125	160
Total	**17,673**	**14,952**	**10,984**	**11,219**

We generally offer credit terms to customers ranging from 30 to 90 days. We manage credit granted to each customer by setting up a credit limit. We conduct monthly review of our trade receivables and performed follow-up calls or emails to customers for overdue trade receivables. As at 31 December 2015, 2016 and 2017 and 31 March 2018, we made provision for impairment of trade receivables of approximately AUD0.8 million, AUD0.6 million, AUD0.1 million and AUD0.1 million, respectively.

As at the Latest Practicable Date, approximately AUD9.7 million, representing 86.6% of our trade receivables as at 31 March 2018, has been subsequently settled.

The following table sets out a summary of the turnover of our Group's trade receivables for the years/period indicated:

	For the year ended 31 December			For the three months ended 31 March
	2015	**2016**	**2017**	**2018**
Trade receivables turnover days *(Note)*	48.0	55.3	58.1	51.2

Note: Trade receivables turnover days equals average balance of trade receivables (excluding trade receivables from discontinued operations) as of the beginning and end of the year/period divided by revenue from continuing operations for the relevant year/period and multiplied by the number of days in the relevant year/period.

For each of the three years ended 31 December 2017, our trade receivables turnover days were approximately 48.0 days, 55.3 days and 58.1 days, respectively. The overall increase in the trade receivables turnover days for each of the three years ended 31 December 2017 was mainly attributable to the increase in sales with major customers which generally have longer credit periods.

The trade receivables turnover days for the three months ended 31 March 2018 was approximately 51.2 days, which represented an improvement from the year ended 31 December 2017 of approximately 58.1 days. The decrease was mainly attributable to an improvement in debt collection.

Trade and other payables

As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's trade and other payables were approximately AUD13.9 million, AUD12.3 million, AUD10.6 million and AUD10.6 million, respectively, representing approximately 61.7%, 68.0%, 63.9% and 62.9% of our Group's total liabilities.

Our trade and other payables primarily comprised (i) trade payables; (ii) other payables and accruals due to other creditors; (iii) sundry provisions and accruals; (iv) receipt in advance; (v) amortisation of rent free period; (vi) provision for PAYE/PAYG; and (vii) GST payables.

The following table sets out the details of our Group's trade and other payables as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade payables	7,867	6,432	5,487	4,238
Other payables and accruals:				
Other payables	1,124	1,053	616	1,630
Sundry provisions and accruals	4,217	4,449	3,943	4,383
Receipt in advance	249	–	240	90
Amortisation of rent free period	231	–	–	–
Provision for PAYE/PAYG	56	57	38	105
GST payables	144	329	283	196
	6,021	5,888	5,120	6,404
Total	**13,888**	**12,320**	**10,607**	**10,642**

Trade payables

Our Group's trade payables mainly represent amounts payable to our suppliers for purchases of raw materials and sub-contracting services. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our trade payables amounted to approximately AUD7.9 million, AUD6.4 million, AUD5.5 million and AUD4.2 million, respectively. The decrease in trade payables by approximately AUD1.4 million or 18.2% from approximately AUD7.9 million as at 31 December 2015 to approximately AUD6.4 million as at 31 December 2016 was mainly attributable to the disposal of the Cactus Group and C.O.S. Printers in 2016. The decrease in trade payables by approximately AUD0.9 million or 14.7% from approximately AUD6.4 million as at 31 December 2016 to approximately AUD5.5 million as at 31 December 2017 was mainly attributable to the reduction in direct operating costs associated with the decrease in sales in the fourth quarter of 2017, as compared to the corresponding period in 2016. The decrease in trade payables by approximately AUD1.2 million or 22.8% from approximately AUD5.5 million as at 31 December 2017 to approximately AUD4.2 million as at 31 March 2018 was mainly attributable to the reduction of the credit period provided by Supplier B from 30 and 60 days in 2017 to 7 days in 2018 for better pricing from Supplier B.

The following table sets out the aging analysis of our trade payables based on the invoice date as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
0 – 30 days	4,216	3,569	2,196	2,665
31 – 60 days	2,523	2,434	2,394	1,060
61 – 90 days	756	224	669	381
91 – 120 days	165	59	86	47
Over 120 days	207	146	142	85
Total	**7,867**	**6,432**	**5,487**	**4,238**

Our suppliers grant us credit periods ranging from 0 to 90 days. As at the Latest Practicable Date, approximately AUD4.1 million, representing 97.6% of the outstanding balance of our trade payables as at 31 March 2018, has been subsequently settled.

The following table sets out a summary of the turnover of our Group's trade payables for the years/period indicated:

	For the year ended 31 December			For the three months ended 31 March
	2015	2016	2017	2018
Trade payables turnover days *(Note)*	58.4	50.8	54.9	47.1

Note: Trade payables turnover days equals average balance of trade payables (excluding trade payables for discontinued operations) as of the beginning and end of the year/period divided by direct operating costs (exclusive of direct labour costs and depreciation of property, plant and equipment) from continuing operations for the relevant year/period and multiplied by the number of days in the relevant year/period.

For the three years ended 31 December 2017, the trade payables turnover days were approximately 58.4 days, 50.8 days and 54.9 days, respectively. The higher trade payables turnover days for 2015 was due to the higher trade payable balance as at beginning of the year as we did not, for the purpose of enjoying discount from suppliers in the preceding year, early settle our trade payables. The increase in the trade payables turnover days for the year ended 31 December 2017 as compared to 2016 was mainly attributable to the shift of purchases to Supplier B which allowed us a longer credit period.

The trade payables turnover days for the three months ended 31 March 2018 was approximately 47.1 days, which represented a decrease from the year ended 31 December 2017 of approximately 54.9 days and was mainly attributable to the reduction of the credit period provided by Supplier B from 30 and 60 days in 2017 to 7 days in 2018 for better pricing from Supplier B.

Other payables

Our other payables represented mainly (i) revenue collected on behalf of our customers from their end-user customers; (ii) overpayment from our customers to be refunded; and (iii) dividend payable. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's other payables were approximately AUD1.1 million, AUD1.1 million, AUD0.6 million and AUD1.6 million, respectively.

Our other payables were relatively stable as at 31 December 2015 and 2016. The decrease in other payables by approximately AUD0.4 million or 41.5% from approximately AUD1.1 million as at 31 December 2016 to approximately AUD0.6 million as at 31 December 2017 was mainly attributable to settlement with our customers in respect of amounts received on their behalf in 2017 for purchases of their products by their end-user customers from websites which we managed through our IPALM platform.

The increase in other payables by approximately AUD1.0 million or 164.6% from approximately AUD0.6 million as at 31 December 2017 to approximately AUD1.6 million as at 31 March 2018 was mainly attributable to the declaration of dividend in the amount of approximately AUD1.1 million payable by OPUS to OPUS Shareholders on 23 February 2018, which was not yet settled as at 31 March 2018.

Sundry provisions and accruals

Our sundry provisions and accruals represented the provisions and accruals in respect of operating expenses, such as staff salaries, sub-contracting fees and volume rebates to customers. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's sundry provisions and accruals were approximately AUD4.2 million, AUD4.4 million, AUD3.9 million and AUD4.4 million, respectively.

The increase in sundry provisions and accruals by approximately AUD0.2 million or 5.5% from approximately AUD4.2 million as at 31 December 2015 to approximately AUD4.4 million as at 31 December 2016 was mainly attributable to the increase in volume rebates payable to customers and partially offset by the disposal of the Cactus Group and C.O.S. Printers in 2016.

The decrease in sundry provisions and accruals by approximately AUD0.5 million or 11.4% from approximately AUD4.4 million as at 31 December 2016 to approximately AUD3.9 million as at 31 December 2017 was mainly attributable to the decrease in accruals for direct operating costs, which was in line with the decrease in revenue in the forth quarter of 2017.

The sundry provisions and accruals as at 31 March 2018 increased by approximately AUD0.4 million or 11.2% from approximately AUD3.9 million as at 31 December 2017 to approximately AUD4.4 million as at 31 March 2018 which was mainly attributable to the accruals made for certain **[REDACTED]** expenses which were pending the receipt of invoice from professional parties.

Receipt in advance

Receipt in advance represented deposits received from certain new customers who have yet to establish relationships with us and hence were not granted credit terms, as such, we require payment in advance for printing solutions and services to be rendered. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's receipt in advance were approximately AUD0.2 million, nil, AUD0.2 million and AUD90,000, respectively.

Amortisation of rent free period

We had an amortisation of rent free period of approximately AUD0.2 million as at 31 December 2015 in relation to the properties leased by C.O.S. Printers and the Cactus Group, which were disposed of in 2016. As a results of such disposal, no such balance was recorded as at 31 December 2016 and 2017 and 31 March 2018, respectively.

Provision for PAYE/PAYG

We had provision for PAYE/PAYG balances which represents "pay-as-you-earn" and "pay-as-you-go" withholding payable on behalf of our employees in respect of their salaries received. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's provision for PAYE/PAYG was AUD56,000, AUD57,000, AUD38,000 and AUD0.1 million, respectively.

Our provision for PAYE/PAYG was stable as at 31 December 2016, as compared to 31 December 2015. The decrease in our provision for PAYE/PAYG by AUD19,000 from AUD57,000 as at 31 December 2016 to AUD38,000 as at 31 December 2017 was mainly attributable to the decrease in salaries expenses after the overall reduction of headcount. Our provision for PAYE/PAYG of AUD38,000 as at 31 December 2017 was lower than that of AUD0.1 million as at 31 March 2018, which was due to early payment of salaries prior to the Christmas break in December which in turn reduced the balance of provision for PAYE/PAYG.

GST payables

As GST registered business entities in Australia and New Zealand, we incurred GST on our sales and purchases in Australia and New Zealand with the current applicable rate of 10% and 15% charged on the selling price of goods and services provided and received in Australia and New Zealand, respectively. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's GST payables were approximately AUD0.1 million, AUD0.3 million, AUD0.3 million and AUD0.2 million, respectively. The GST payables were relatively stable as at 31 December 2015, 2016 and 2017 and 31 March 2018.

Provisions

As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's provisions were as follows:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Employee benefit liabilities for annual leave and time in lieu – current	2,571	1,855	1,569	1,571
Employee benefit liabilities for long service leave – current	2,505	2,090	2,042	2,109
Total current liabilities	5,076	3,945	3,611	3,680
Employee benefit liabilities for long service leave – non-current	448	243	245	268
Provision for leasehold dilapidations	915	1,117	1,695	1,705
Total non-current liabilities	1,363	1,360	1,940	1,973
	6,439	5,305	5,551	5,653

Employee benefit liabilities for annual leave and time in lieu represented employees' annual leave and compensation leave for overtime work which was untaken. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's employee benefit liabilities for annual leave and time in lieu were approximately AUD2.6 million, AUD1.9 million, AUD1.6 million and AUD1.6 million, respectively. The decrease in employee benefit liabilities for annual leave and time in lieu by approximately AUD0.7 million or 27.8% from approximately AUD2.6 million as at 31 December 2015 to approximately AUD1.9 million as at 31 December 2016 was mainly attributable to the disposal of the Cactus Group and C.O.S. Printers in 2016. The decrease in employee benefit liabilities for annual leave and time in lieu by approximately AUD0.3 million or 15.4% from approximately AUD1.9 million as at 31 December 2016 to approximately AUD1.6 million as at 31 December 2017 was mainly attributable to the overall reduction in headcount. The employee benefit liabilities for annual leave and time in lieu remained stable at approximately AUD1.6 million as at 31 March 2018, as compared to the balance as at 31 December 2017.

The employee benefit liabilities for long service leave represented employees' leave entitlement upon reaching the requisite years of service. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our Group's employee benefit liabilities for long service leave was approximately AUD3.0 million, AUD2.3 million, AUD2.3 million and AUD2.4 million, respectively. The decrease in employee benefit liabilities for long service leave by approximately AUD0.6 million or 21.0% from approximately AUD3.0 million as at 31 December 2015 to approximately AUD2.3 million as at 31 December 2016 was mainly attributable to the disposal of the Cactus Group in 2016. The employee benefit liabilities for long service leave was maintained at a relatively stable level as at 31 December 2016 and 2017 and as at 31 March 2018.

Provisions for leasehold dilapidations represented the estimated cost of returning leasehold properties to its original status at the end of the lease in accordance with the terms of the lease agreement relating to the properties leased by the Group under operating lease. As at 31 December 2015, 2016 and 2017 and 31 March 2018, provisions for leasehold dilapidations amounted to approximately AUD0.9 million, AUD1.1 million, AUD1.7 million and AUD1.7 million, respectively. The overall increase in provisions for leasehold dilapidations during the Track Record Period was mainly attributable to (i) the recognition of interests on discounting; and (ii) the change in estimation based on the latest conditions of leasehold properties.

Finance lease liabilities

Certain printing presses of our Group were held under finance leases. The leases are for an initial period of five years and do not have options to renew or any contingent rental provisions. As at 31 December 2015, 2016 and 2017 and 31 March 2018, our finance lease liabilities were as follows:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Total minimum lease payments:				
Due within one year	157	23	71	70
Due in second to fifth years	–	84	220	203
	157	107	291	273
Future finance charges on finance leases	(6)	(17)	(36)	(31)
Present value of finance lease liabilities	151	90	255	242
Present value of minimum lease payments:				
Due within one year	151	17	56	57
Due in the second to fifth years	–	73	199	185
	151	90	255	242

The finance lease liabilities as at 31 December 2016 of approximately AUD90,000, representing a decrease by approximately AUD61,000 or 40.4% from approximately AUD0.2 million as at 31 December 2015 and was mainly due to the combined effect of the disposal of the Cactus Group, which their finance lease liabilities were deconsolidated from our Group upon such disposal, and the finance lease arranged for new digital printing presses during 2016. The increase in finance lease liabilities to AUD0.3 million and AUD0.2 million as at 31 December 2017 and 31 March 2018 respectively, as compared to the balance as at 31 December 2016, was mainly attributable to the entering into of new finance lease agreements for digital printing presses in 2017.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations and capital expenditure needs primarily through cash generated from our operating activities during the Track Record Period. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash flows generated from our operating activities and **[REDACTED]** from the **[REDACTED]**. For further information on our future plans regarding our use of **[REDACTED]** from the **[REDACTED]**, please refer to the section headed "Future Plans and Proposed Use of **[REDACTED]**" in this document.

Cash Flow Analysis

The following table summarises the combined statements of cash flows during the Track Record Period, details of which are set out in the Accountants' Report contained in Appendix I to this document:

	For the year ended 31 December			**For the three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(unaudited)	
Net cash generated from (used in) operating activities	7,729	9,426	7,965	2,680	(711)
Net cash inflows/(outflows) from investing activities	1,684	11,504	(1,056)	(42)	(91)
Net cash (outflows)/inflows from financing activities	(5,030)	(14,719)	1,449	(2,681)	(17)
Net increase in cash and cash equivalents	4,383	6,211	8,358	(43)	(819)
Cash and cash equivalents at the beginning of the year/period	7,119	11,459	17,519	17,519	25,673
Net effect of exchange rate changes	(43)	(151)	(204)	32	(4)
Cash and cash equivalents at the end of the year/period	11,459	17,519	25,673	17,508	24,850

Net cash generated from operating activities

During the Track Record Period, we generated cash from operating activities primarily from the provision of our printing solutions and services. Our cash used in operating activities were primarily for (i) the payment of our trade payables, including payments to suppliers of raw materials and sub-contractors; and (ii) the payment of operating expenses, such as salaries, rent and outgoings, etc. Our net cash generated from operating activities during the Track Record Period reflected our profit before income tax (both continuing and discontinued operations), as adjusted for non-cash items, such as depreciation of property, plant and equipment, movement in provision for impairment of trade receivables and inventories, the effects of changes in working capital items and the net income tax paid.

For the three months ended 31 March 2018, net cash used in operating activities amounted to approximately AUD0.7 million, which was mainly attributable to (i) the decrease in trade and other payables by approximately AUD1.0 million; (ii) the increase in trade and other receivables by approximately AUD0.5 million; (iii) the increase in inventories by approximately AUD0.6 million; and (iv) net income tax paid of approximately AUD0.6 million during the period despite a net cash inflow from operating activities during the period of approximately AUD1.9 million.

For the year ended 31 December 2017, net cash generated from operating activities amounted to approximately AUD8.0 million, which was mainly attributable to (i) approximately AUD9.5 million operating cash inflows from operating activities before working capital change; and (ii) a decrease in trade and other receivables of approximately AUD4.1 million; partially offset by (a) an increase in inventories of approximately AUD1.6 million; (b) a decrease in trade and other payables of approximately AUD1.7 million; and (c) net income tax paid of approximately AUD2.3 million during the year.

For the year ended 31 December 2016, net cash generated from operating activities amounted to approximately AUD9.4 million, which was mainly attributable to (i) approximately AUD12.3 million operating cash inflows from operating activities before working capital change; and (ii) a decrease in trade and other receivables of approximately AUD2.0 million; partially offset by (a) a decrease in amount due to fellow subsidiary by approximately AUD1.1 million; and (b) net income tax paid of approximately AUD3.5 million during the year.

For the year ended 31 December 2015, net cash generated from operating activities amounted to approximately AUD7.7 million, which was mainly attributable to (i) approximately AUD12.2 million operating cash inflows from operating activities before working capital change; and (ii) an increase in provisions of approximately AUD1.5 million; partially offset by (a) an increase in trade and other receivables of approximately AUD3.0 million; (b) an increase in inventories of approximately AUD1.6 million; and (c) net income tax paid of approximately AUD1.3 million during the year.

Net cash generated from/used in investing activities

Our cash generated from investing activities during the Track Record Period primarily comprised proceeds on disposal of property, plant and equipment and net cash inflows from disposal of business/ subsidiaries. Cash used in investing activities primarily comprised payments for purchases of property, plant and equipment.

For the three months ended 31 March 2018, net cash used in investing activities amounted to AUD91,000, which primarily represented payments for purchases of property, plant and equipment of approximately AUD0.1 million.

For the year ended 31 December 2017, net cash used in investing activities amounted to approximately AUD1.1 million, which was mainly attributable to (i) payments for purchases of property, plant and equipment of approximately AUD1.1 million; and (ii) the net cash outflows on disposal of Ligare (NZ) of approximately AUD25,000.

For the year ended 31 December 2016, net cash generated from investing activities amounted to approximately AUD11.5 million, which was mainly attributable to net cash inflows from the disposal of the Cactus Group and C.O.S. Printers of approximately AUD14.6 million and partially offset by payments for purchasing property, plant and equipment of approximately AUD3.2 million.

For the year ended 31 December 2015, net cash generated from investing activities amounted to approximately AUD1.7 million, which was mainly attributable to (i) net cash inflows from the disposal of our outdoor media business in New Zealand under Cactus Imaging (NZ) of approximately AUD2.0 million; (ii) the proceeds received from the disposal of property, plant and equipment of approximately AUD0.8 million mainly as a result of the disposal of some offset printing presses; and (iii) dividends received from Denward Court Pty Limited, a former 33.3% holding associate of our Group which was deregistered in Australia in November 2015; partially offset by (a) payments for purchasing property, plant and equipment of approximately AUD0.9 million; and (b) payments for deferred consideration of approximately AUD0.5 million for the acquisition of a business (including its printing machineries, inventory and customer contracts) which was completed prior to the Track Record Period on 5 April 2013 in Canberra.

Net cash generated from/used in financing activities

Our cash generated from financing activities during the Track Record Period represented the net proceeds from the exercise of share options by Bookbuilders BVI. Cash used in financing activities during the Track Record Period primarily comprised dividend paid, payment of finance lease liabilities and cash used in on-market share buyback by OPUS.

For the three months ended 31 March 2018, net cash used in financing activities represented the principal and interest payments of the finance lease liabilities of AUD17,000.

For the year ended 31 December 2017, net cash generated from financing activities amounted to approximately AUD1.4 million, which was mainly attributable to the net proceeds of AUD7.0 million received from the exercise of 20 million share options by Bookbuilders BVI at AUD0.35 each and partially offset by (i) the payment by OPUS in respect of on-market share buyback on the ASX of 6,902,092 shares of OPUS during 2017 in the amount of approximately AUD3.3 million; and (ii) the dividend paid by OPUS to the OPUS Shareholders during 2017 of approximately AUD2.1 million.

For the year ended 31 December 2016, net cash used in financing activities amounted to approximately AUD14.7 million, which was mainly attributable to (i) the dividend paid by OPUS to the OPUS Shareholders during 2016 of approximately AUD12.5 million; and (ii) the payment by OPUS in respect of the on-market share buyback on the ASX of 4,155,934 shares of OPUS in the amount of approximately AUD2.1 million.

For the year ended 31 December 2015, net cash used in financing activities amounted to approximately AUD5.0 million, which was mainly attributable to (i) the payment of finance lease liabilities of approximately AUD2.0 million as a result of the settlement of the finance lease agreement in respect of certain leased machinery; (ii) the repayment of the promissory note issued in 2014 with a principal amount of AUD1.9 million; and (iii) the dividend paid by OPUS to the OPUS Shareholders during 2015 of approximately AUD1.0 million.

NET CURRENT ASSETS

As at 31 December 2015, 2016 and 2017 and 31 March 2018, we had net current assets of approximately AUD16.4 million, AUD20.5 million, AUD29.1 million and AUD28.9 million, respectively. The following table sets out a breakdown of current assets and current liabilities as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current assets				
Inventories	6,430	3,765	5,331	5,745
Trade receivables	16,825	14,352	10,870	11,099
Other receivables, deposits and prepayment	2,720	1,261	1,262	1,574
Current tax receivables	–	–	226	10
Cash and cash equivalents	11,459	17,519	25,673	24,850
	37,434	36,897	43,362	43,278
Current liabilities				
Trade and other payables	13,888	12,320	10,607	10,642
Finance lease liabilities	151	17	56	57
Provisions	5,076	3,945	3,611	3,680
Amount due to fellow subsidiary	700	–	–	–
Provision for income tax	1,171	108	–	–
	20,986	16,390	14,274	14,379
Net current assets	16,448	20,507	29,088	28,899

During the Track Record Period, our current assets mainly comprised (i) trade receivables; (ii) inventories; (iii) other receivables, deposits and prepayment; and (iv) cash and cash equivalents. Our liabilities primarily included (i) trade and other payables; and (ii) provisions.

As at 31 March 2018, we had net current assets of approximately AUD28.9 million, which represented a slight decrease by approximately AUD0.2 million or 0.7% from approximately AUD29.1 million as at 31 December 2017. Such decrease was mainly attributable to the decrease in cash and cash equivalents by approximately AUD0.8 million, which was partly offset by the increase in inventories and other receivables, deposits and prepayment by approximately AUD0.4 million and AUD0.3 million respectively.

As at 31 December 2017, we had net current assets of approximately AUD29.1 million, which represented an increase by approximately AUD8.6 million or 41.8% from approximately AUD20.5 million as at 31 December 2016. Such increase was mainly attributable to the increase in cash and cash equivalents by approximately AUD8.2 million.

As at 31 December 2016, we had net current assets of approximately AUD20.5 million, which represented an increase of approximately AUD4.1 million or 24.7% from approximately AUD16.4 million as at 31 December 2015. Such increase was mainly attributable to the increase in cash and cash equivalents by approximately AUD6.1 million and offset by the decrease in inventories by approximately AUD2.7 million.

For this discussion and analysis on material fluctuations of our key balance sheet items during the Track Record Period, please refer to the paragraphs headed "Analysis on major components of the combined statements of financial position" and "Liquidity and capital resources – Cash Flow Analysis" in this section.

CAPITAL EXPENDITURE

Capital expenditure

Our capital expenditure during the Track Record Period primarily related to purchases of machinery in support of our operations, which mainly included post-press machines and digital printing presses. For each of the three years ended 31 December 2015, 2016 and 2017 and for the three months ended 31 March 2018, our capital expenditure amounted to approximately AUD0.9 million, AUD3.3 million, AUD1.1 million and AUD0.1 million, respectively. We have mainly financed our capital expenditure through cash flows generated from our operating activities and through finance lease arrangements.

COMMITMENTS

Operating lease commitments

Our operating lease commitments represent rental payments payable by our Group for our office premises, production facilities, warehouses, plant and machineries and motor vehicles. The leases are for an initial period ranging from one to five years, with some carrying an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between our Group and the respective landlords/lessors. The following table sets out a breakdown of our total minimum rent receivables under our non-cancellable operating leases as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Within one year	3,207	2,667	2,249	2,495
In the second to fifth year inclusive	8,900	6,529	3,942	3,292
After five years	2,309	234	–	–
Total	**14,416**	**9,430**	**6,191**	**5,787**

Capital commitments

The following table sets out a breakdown of our capital commitments as at the respective dates indicated:

	As at 31 December			As at 31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Contracted, but not provided for property, plant and equipment	817	168	456	1,053

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any significant contingent liabilities, guarantees or litigation against us.

INDEBTEDNESS

As at 30 April 2018, being the latest practicable date for ascertaining information for inclusion in this indebtedness statement, our Group had outstanding finance lease liabilities of approximately AUD0.2 million.

As at 30 April 2018, our Group had unutilised banking facilities of approximately AUD1.2 million in relation to the issue of performance instrument in respect of non-financial contractual obligations, trade finance loan facility, commercial card facility and electronic payaway facility. These banking facilities were secured by a corporate guarantee of AUD2.0 million provided by Lion Rock.

Save as set out above and apart from intra-group liabilities, our Group did not have any outstanding mortgages, charges, debentures or other loan capital term loans, debt securities issued and outstanding or authorised or otherwise credited but unissued, other borrowings or other indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or any guarantees or other material contingent liabilities as at 30 April 2018.

Our Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 April 2018 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets out key financial ratios as of and for the period ended the dates indicated:

	Notes	For the year ended/as at 31 December 2015	2016	2017	For the three months ended/as at 31 March 2018
Profitability ratios					
Gross profit margin for continuing operations	*1*	25.2%	24.6%	22.7%	24.7%
Net profit margin for continuing operations	*2*	8.9%	6.3%	7.2%	4.8%
Return on equity	*3, 9*	25.9%	19.2%	15.8%	10.3%
Return on total assets	*4, 9*	17.5%	11.8%	10.8%	7.0%
Liquidity ratios					
Current ratio	*5*	1.3 times	2.3 times	3.0 times	3.0 times
Quick ratio	*6*	1.1 times	2.0 times	2.7 times	2.6 times
Capital adequacy ratio					
Gearing ratio	*7*	0.1%	0.3%	0.7%	0.7%
Interest coverage ratio	*8*	27.0 times	8,363.0 times	233.7 times	95.9 times

Notes:

1. Gross profit margin equals gross profit from continuing operations for the year/period divided by revenue from continuing operations for the year/period.

2. Net profit margin equals profit after tax from continuing operations for the year/period divided by revenue from continuing operations for the year/period.

3. Return on equity is calculated by profit for the year/period from continuing operations over total equity as at the end of the respective year/period.

4. Return on total assets is calculated by profit for the year/period from continuing operations over total assets (excluding total assets from discontinued operations) as at the end of the respective year/period.

5. Current ratio is calculated by current assets over current liabilities (excluding current assets and current liabilities from discontinued operations) as at the end of the respective year/period.

6. Quick ratio is calculated by current assets (excluding inventories) over current liabilities (excluding current assets and current liabilities from discontinued operations) as at the end of the respective year/period.

7. Gearing ratio is calculated based on the finance lease liabilities (excluding finance lease liabilities from discontinued operations) divided by total equity as at the respective year/period end and multiplied by 100%.

8. Interest coverage ratio is calculated by the profit before interest and tax from continuing operations for the year/period divided by the interest expenses from continuing operations for the respective year/period.

9. The ratios for the three months ended 31 March 2018 were calculated based on an annualised figure of the profit for the three months ended 31 March 2018, and hence may not be comparable to the ratios based on the full-year profit for 2015, 2016 or 2017.

Please refer to the paragraph headed "Comparison of Results of Operation" in this section for the discussion of the factors affecting our gross profit margin and net profit margin from continuing operations during the Track Record Period.

Return on equity

Our return on equity for the year ended 31 December 2015 was 25.9%. The relatively lower return on equity for the year ended 31 December 2016 of 19.2% as compared to that for the year ended 31 December 2015 was mainly attributable to the recognition of an income tax benefit in 2015 as compared to income tax expenses which were incurred in 2016. Our return on equity decreased from 19.2% for the year ended 31 December 2016 to 15.8% for the year ended 31 December 2017, which was mainly attributable to the enlargement of equity as at 31 December 2017 due to the profit in the same year and the exercise of share options by Bookbuilders BVI in May 2017. Our return on equity decreased to 10.3% for the three months ended 31 March 2018, which was mainly attributable to the decrease in profit before income tax for the three months ended 31 March 2018 as a result of the recognition of **[REDACTED]** expenses.

Return on total assets

Our return on total assets decreased from 17.5% for the year ended 31 December 2015 to 11.8% for the year ended 31 December 2016. The decrease was mainly attributable to the effect of the income tax benefit recognised in 2015 as explained above.

Our return on total assets decreased from 11.8% for the year ended 31 December 2016 to 10.8% for the year ended 31 December 2017. The decrease was mainly attributable to the increase in total assets as a result of an increase in the balance of our cash and cash equivalents due to the receipt of net proceeds from the exercise of share options by Bookbuilders BVI in May 2017.

Our return on total assets decreased from 10.8% for the year ended 31 December 2017 to 7.0% for the three months ended 31 March 2018. The decrease was mainly attributable to the decrease in profit before income tax from continuing operations for the three months ended 31 March 2018 as a result of the recognition of **[REDACTED]** expenses.

Current ratio

Our current ratio increased from 1.3 times as at 31 December 2015 to 2.3 times as at 31 December 2016. The increase was mainly attributable to the increase in cash and cash equivalents following the receipt of the proceeds from disposal of the Cactus Group and C.O.S. Printers in 2016.

Our current ratio increased further from 2.3 times as at 31 December 2016 to 3.0 times as at 31 December 2017. The increase was mainly attributable to the increase in our cash position due to net proceeds from the exercise of share options by Bookbuilders BVI in May 2017.

Our current ratio remained relatively stable as at 31 December 2017 and 31 March 2018 being 3.0 times and 3.0 times, respectively.

Quick ratio

Our quick ratio increased from 1.1 times as at 31 December 2015 to 2.0 times as at 31 December 2016. The increase was mainly attributable to the increase in cash and cash equivalents following the receipt of the proceeds from disposal of the Cactus Group and C.O.S. Printers in 2016.

Our quick ratio increased further from 2.0 times as at 31 December 2016 to 2.7 times as at 31 December 2017. The increase was mainly attributable to the increase in our cash position due to net proceeds from the exercise of share options by Bookbuilders BVI in May 2017.

Our quick ratio remained relatively stable as at 31 December 2017 and 31 March 2018, being 2.7 times and 2.6 times, respectively.

Gearing ratio

Our gearing ratio increased from approximately 0.1% as at 31 December 2015 to approximately 0.3% as at 31 December 2016, and further to approximately 0.7% as at 31 December 2017. The gradual increase was mainly attributable to the entering into of new finance lease agreements for digital printing presses in 2016 and 2017. Our gearing ratio remained relatively stable at approximately 0.7% as at 31 December 2017 and 31 March 2018.

Interest coverage ratio

Our interest coverage ratio increased from approximately 27.0 times for the year ended 31 December 2015 to 8,363.0 times for the year ended 31 December 2016. The increase was mainly attributable to the settlement in 2015 of finance lease liabilities and the repayment of the promissory note issued in 2014 with a principal amount of AUD1.9 million.

Our interest coverage ratio decreased from approximately 8,363.0 times as at 31 December 2016 to approximately 233.7 times as at 31 December 2017. The decrease was mainly attributable to the increase in interest expenses due to the entering into of new finance lease agreements in 2017.

Our interest coverage ratio decreased from approximately 233.7 times as at 31 December 2017 to approximately 95.9 times as at 31 March 2018. The decrease was mainly attributable to the decrease in profit before interest and income tax from continuing operations for the three months ended 31 March 2018 as a result of the recognition of **[REDACTED]** expenses.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

In the ordinary course of our business, we are exposed to various types of financial risks, mainly foreign exchange risk, interest rate risk, credit risk and liquidity risk. Our overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of such risks on our financial performance.

Further details on our financial risk management policies are set out in note 35 "Financial Risk Management" to the Accountants' Report as set out in Appendix I to this document.

WORKING CAPITAL

Taking into consideration the financial resources available to our Group, including internally generated funds and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the opinion that our Group has sufficient working capital available for our present requirements and for at least the next 12 months from the date of this document.

DIVIDENDS

No dividends have been declared or paid by our Company since its date of the incorporation. For each of the three years ended 31 December 2017, dividends of AUD1.0 million, AUD12.5 million and AUD2.1 million, respectively, were paid by OPUS to its shareholders. For the three months ended 31 March 2018, a dividend of AUD1.1 million was declared by OPUS to its shareholders. Our Group does not have any dividend policy. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after **[REDACTED]**, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, availability of surplus cash, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Act, including the approval of our Shareholders.

TRANSACTIONS WITH RELATED PARTIES

Details of the related parties transactions of our Group during the Track Record Period are set out in note 33 "Related Party Transactions" to the Accountants' Report as set out in Appendix I to this document. In addition to the aforesaid related parties transactions, our Group and Bookbuilders BVI entered into an unsecured loan agreement dated 4 September 2014 pursuant to which, Bookbuilders BVI agreed to make available to OPUS a working capital facility amounting to up to AUD7.0 million with an interest rate of 6.00% per annum for the period commencing from 4 September 2014 and ending on 5 September 2016. Our Group did not utilise any of the facility from the aforesaid loan agreement during the Track Record Period.

Our Group obtained a facility from ANZ Bank which is subject to their annual review and was secured by, among other things, a standby letter of credit and/or a corporate guarantee and indemnity provided by Lion Rock Group.

During the Track Record Period and as at the Latest Practicable Date, a total of AUD0.6 million of the facility limit had been utilised for trade finance and commercial card purposes. Our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole. Our Directors confirmed that the said corporate guarantee provided by Lion Rock will be fully released upon **[REDACTED]**.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments and arrangements.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** commission and other fees and expenses incurred in connection with the **[REDACTED]** and the **[REDACTED]**. We expect to incur a total of approximately **[REDACTED]** in **[REDACTED]** expenses (assuming an **[REDACTED]** of HK$[**[REDACTED]**] per Share, being the mid-point of the indicative **[REDACTED]** range of HK$[**[REDACTED]**] to HK$[**[REDACTED]**]). During the Track Record Period, we incurred approximately **[REDACTED]** in **[REDACTED]** expenses, of which **[REDACTED]** was recognised in our combined statements of profit or loss and other comprehensive income and approximately **[REDACTED]** will be charged against equity upon **[REDACTED]**. We expect to incur further **[REDACTED]** expenses of approximately **[REDACTED]**, of which approximately **[REDACTED]** will be charged against equity upon **[REDACTED]** and approximately **[REDACTED]** will be charged to our combined statements of profit or loss and other comprehensive income for the year ending 31 December 2018.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 18 April 2018 and has not carried out any business since the date of incorporation save for the transactions related to the Reorganisation. Accordingly, as at 31 March 2018, our Company has no distributable reserves available for distribution to our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our Directors confirm that, as at 31 March 2018, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at 31 March 2018, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the **[REDACTED]**.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For our unaudited pro forma adjusted net tangible assets, please refer to Appendix II to this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

On 14 June 2018, OPUS announced that it declared the Special Dividend of AUD0.13 per OPUS Share. In addition, OPUS had put in place the Dividend Reinvestment Plan, pursuant to which the OPUS Shareholders may elect to receive additional new OPUS Shares in lieu of cash in respect of the Special Dividend they are entitled to receive.

Save as disclosed above, our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest audited financial statements of our Group were made up as set out in the Accountants' Report in Appendix I to this document.

The following is the text of a report, prepared for the sole purpose of inclusion in this document, from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LEFT FIELD PRINTING GROUP LIMITED AND OPTIMA CAPITAL LIMITED

Introduction

We report on the historical financial information of Left Field Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages [I-4] to [I-68], which comprises the combined statements of financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-68] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•••] (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the combined financial position of the Group as at 31 December 2015, 2016, 2017 and 31 March 2018 and its combined financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2017 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to note 15 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

BDO Limited
Certified Public Accountants
[Name]
Practising Certificate Number [No.]

Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Australian dollars ("AUD") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

Combined Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Three months ended 31 March	
		2015	2016	2017	2017	2018
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Continuing Operations						
Revenue	8	80,745	86,977	79,206	20,590	19,291
Direct operating costs		(60,369)	(65,569)	(61,213)	(15,355)	(14,531)
Gross profit		20,376	21,408	17,993	5,235	4,760
Other income	8	1,600	1,172	1,954	320	452
Selling and distribution costs		(5,960)	(6,499)	(5,410)	(1,374)	(1,303)
Administrative expenses		(11,134)	(7,718)	(6,591)	(1,761)	(1,412)
Other expenses		–	–	–	–	(1,155)
Finance costs	9	(181)	(1)	(34)	(1)	(14)
Profit before income tax from continuing operations	10	4,701	8,362	7,912	2,419	1,328
Income tax (expense)/benefit	12	2,453	(2,854)	(2,222)	(737)	(401)
Profit after income tax from continuing operations		7,154	5,508	5,690	1,682	927
Discontinued Operations						
Profit after income tax from discontinued operations	14	4,893	9,386	–	–	–
Profit for the year/period		12,047	14,894	5,690	1,682	927

		Year ended 31 December			Three months ended 31 March	
		2015	**2016**	**2017**	**2017**	**2018**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
					(unaudited)	
Other comprehensive income, net of tax						
Items that may be reclassified subsequently to profit or loss						
Derecognition to profit or loss on disposal of subsidiaries		–	816	(101)	–	–
Exchange differences on translation of foreign operations		299	(33)	160	107	–
Other comprehensive income for the year/period		299	783	59	107	–
Total comprehensive income for the year/period		12,346	15,677	5,749	1,789	927

Combined Statements of Financial Position

		As at 31 December			As at 31 March
		2015	2016	2017	2018
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	17	8,183	7,063	7,003	6,635
Deferred tax assets	13	3,065	2,632	2,460	2,886
Other non-current assets	18	1,469	262	–	–
		12,717	9,957	9,463	9,521
Current assets					
Inventories	19	6,430	3,765	5,331	5,745
Trade receivables	20	16,825	14,352	10,870	11,099
Other receivables, deposits and prepayment	21	2,720	1,261	1,262	1,574
Current tax receivables		–	–	226	10
Cash and cash equivalents	22	11,459	17,519	25,673	24,850
		37,434	36,897	43,362	43,278
Current liabilities					
Trade and other payables	23	13,888	12,320	10,607	10,642
Finance lease liabilities	24	151	17	56	57
Provisions	25	5,076	3,945	3,611	3,680
Amount due to fellow subsidiary	26	700	–	–	–
Provision for income tax		1,171	108	–	–
		20,986	16,390	14,274	14,379
Net current assets		16,448	20,507	29,088	28,899
Total assets less current liabilities		29,165	30,464	38,551	38,420

		As at 31 December			As at 31 March
		2015	**2016**	**2017**	**2018**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Non-current liabilities					
Finance lease liabilities	24	–	73	199	185
Provisions	25	1,363	1,360	1,940	1,973
Deferred tax liabilities	13	153	301	422	399
		1,516	1,734	2,561	2,557
Net assets		27,649	28,730	35,990	35,863
EQUITY					
Share capital	27	–	–	–	–
Reserves	29	27,649	28,730	35,990	35,863
Total equity		27,649	28,730	35,990	35,863

Combined Statements of Changes in Equity

	Share capital	Merger reserve	Foreign currency translation reserve	Share option reserve	Profits reserve	Accumulated losses	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Balance at 1 January 2015	–	70,594	3,699	4,810	–	(62,836)	16,267
Other comprehensive income, net of tax	–	–	299	–	–	–	299
Profit for the year	–	–	–	–	12,047	–	12,047
Total comprehensive income for the year	–	–	299	–	12,047	–	12,346
Transactions with owners in their capacity as owners							
Dividends *(Note 15)*	–	–	–	–	(964)	–	(964)
Total changes in ownership interests	–	–	–	–	(964)	–	(964)
Balance at 31 December 2015 and 1 January 2016	–	70,594	3,998	4,810	11,083	(62,836)	27,649
Other comprehensive income, net of tax	–	–	783	–	–	–	783
Profit for the year	–	–	–	–	14,894	–	14,894
Total comprehensive income for the year	–	–	783	–	14,894	–	15,677
Transactions with owners in their capacity as owners							
Dividends *(Note 15)*	–	–	–	–	(12,533)	–	(12,533)
Capital reduction in a subsidiary	–	(62,495)	–	–	–	62,495	–
Share buyback in a subsidiary	–	(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 and 1 January 2017	–	6,036	4,781	4,810	13,103	–	28,730

	Share capital *AUD'000*	Merger reserve *AUD'000*	Foreign currency translation reserve *AUD'000*	Share option reserve *AUD'000*	Profits reserve *AUD'000*	Accumulated losses *AUD'000*	Total *AUD'000*
Other comprehensive income, net of tax	–	–	59	–	–	–	59
Profit for the year	–	–	–	–	5,690	–	5,690
Total comprehensive income for the year	–	–	59	–	5,690	–	5,749
Transactions with owners in their capacity as owners							
Dividends *(Note 15)*	–	–	–	–	(2,134)	–	(2,134)
Share buyback in a subsidiary	–	(3,339)	–	–	–	–	(3,339)
Share option exercised in a subsidiary	–	11,794	–	(4,810)	–	–	6,984
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
For the three months ended 31 March 2018							
Balance at 1 January 2018	–	14,491	4,840	–	16,659	–	35,990
Other comprehensive income, net of tax	–	–	–	–	–	–	–
Profit for the period	–	–	–	–	927	–	927
Total comprehensive income for the period	–	–	–	–	927	–	927
Transactions with owners in their capacity as owners							
Dividends *(Note 15)*	–	–	–	–	(1,054)	–	(1,054)
Total changes in ownership interests	–	–	–	–	(1,054)	–	(1,054)
Balance at 31 March 2018	–	14,491	4,840	–	16,532	–	35,863

	Share capital	Merger reserve	Foreign currency translation reserve	Share option reserve	Profits reserve	Accumulated losses	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
For the three months ended 31 March 2017 (unaudited)							
Balance at 1 January 2017	–	6,036	4,781	4,810	13,103	–	28,730
Other comprehensive income, net of tax	–	–	107	–	–	–	107
Profit for the period	–	–	–	–	1,682	–	1,682
Total comprehensive income for the period	–	–	107	–	1,682	–	1,789
Transactions with owners in their capacity as owner							
Dividends	–	–	–	–	(1,067)	–	(1,067)
Share buyback in a subsidiary	–	(2,675)	–	–	–	–	(2,675)
Total change in ownership interest	–	(2,675)	–	–	(1,067)	–	(3,742)
Balance at 31 March 2017	–	3,361	4,888	4,810	13,718	–	26,777

Combined Statements of Cash Flows

		Year ended 31 December			Three months ended 31 March	
		2015	2016	2017	2017	2018
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Cash flows from operating activities						
Profit before income tax:						
– From continuing operations		6,247	8,362	7,912	2,419	1,328
– From discontinued operations		3,553	9,698	–	–	–
		9,800	18,060	7,912	2,419	1,328
Adjustments for:						
Unrealised foreign exchange loss/(gain)		(18)	92	162	(26)	2
Finance costs		199	6	34	1	14
Depreciation of property, plant and equipment	17	3,685	2,233	1,689	367	468
Reversal of impairment of investment in associate		(42)	–	–	–	–
Movement in provision for impairment of trade receivables		614	(199)	(486)	43	6
Bad debt written-off		–	58	93	–	–
Provision for/(reversal of) impairment of inventories		448	332	(38)	119	138
Loss/(gain) on disposal of property, plant and equipment		(633)	64	40	–	(9)
Overprovision of deferred consideration for Blue Star acquisition		(158)	–	–	–	–
Gain on disposal of outdoor media business in New Zealand		(1,706)	–	–	–	–
Loss/(gain) on disposal of subsidiaries		–	(8,393)	133	133	–
Net cash inflow generated from operating activities		12,189	12,253	9,539	3,056	1,947
Decrease/(increase) in trade and other receivables		(2,986)	2,030	4,135	1,657	(546)
Decrease/(increase) in inventories		(1,593)	555	(1,559)	(40)	(552)
Decrease in trade and other payables		(779)	(532)	(1,713)	(1,936)	(1,019)
Increase/(decrease) in amount due to fellow subsidiary		696	(1,114)	–	501	–
Increase/(decrease) in provisions		1,515	(218)	(174)	(41)	94
Cash generated from/(used in) operations		9,042	12,974	10,228	3,197	(76)
Income tax paid, net		(1,313)	(3,548)	(2,263)	(517)	(635)
Net cash generated from/(used in) operating activities		7,729	9,426	7,965	2,680	(711)

		Year ended 31 December			Three months ended 31 March	
		2015	2016	2017	2017	2018
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
					(unaudited)	
Cash flows from investing activities						
Net cash inflows on disposal of outdoor media business in New Zealand		1,954	–	–	–	–
Net cash inflows/(outflows) on disposal of subsidiaries		–	14,618	(25)	(25)	–
Payments for purchase of property, plant and equipment		(877)	(3,227)	(1,083)	(17)	(116)
Proceeds from the disposal of property, plant and equipment		772	113	52	–	25
Payment for deferred consideration for acquisition of assets		(540)	–	–	–	–
Dividends received from associate investments		375	–	–	–	–
Net cash inflows/(outflows) from investing activities		1,684	11,504	(1,056)	(42)	(91)
Cash flows from financing activities						
Other interest paid		(58)	–	–	–	–
Payment for share buyback		–	(2,063)	(3,339)	(2,675)	–
Dividend paid	15	(964)	(12,533)	(2,134)	–	–
Repayment of unsecured promissory note		(1,900)	–	–	–	–
Net proceeds from share options exercised		–	–	6,984	–	–
Interest element of finance lease payments		(141)	(6)	(14)	(1)	(4)
Payment of finance lease liabilities		(1,967)	(117)	(48)	(5)	(13)
Net cash (outflows)/inflows from financing activities		(5,030)	(14,719)	1,449	(2,681)	(17)
Net increase/(decrease) in cash and cash equivalents		4,383	6,211	8,358	(43)	(819)
Cash and cash equivalents at the beginning of the year/period		7,119	11,459	17,519	17,519	25,673
Net effect of exchange rate changes		(43)	(151)	(204)	32	(4)
Cash and cash equivalents at the end of the year/period		11,459	17,519	25,673	17,508	24,850

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

(a) General information

Left Field Printing Group Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 18 April 2018. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at [26/F, 625 King's Road, North Point, Hong Kong].

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in the provision of printing services (the "**[REDACTED]** business").

In the opinion of the directors, the ultimate holding company of the Company is Lion Rock Group Limited, which is a listed company on the Main Board of the Stock Exchange.

(b) Reorganisation

Pursuant to a group reorganisation carried out by the Group in preparation for the **[REDACTED]** of shares of the Company on the Stock Exchange (the "Reorganisation"), the Company became the holding company and the subsidiaries now comprising the Group after the Reorganisation. Details of the Reorganisation are set out in the section headed ["History and Corporate Structure"] in this document issued by the Company.

Upon completion of a group reorganisation and as of the date of this report, the particulars of subsidiaries in which the Company has direct or indirect interests are set out as follows:

Company name	Place and date of incorporation	Particulars of issued and fully paid up share capital	Effective interest held by the Company	Principal activities	Notes
OPUS Group Limited ("OPUS GL")	Australia, 7 June 1983	AUD14,491,000	100%	Investment holding	(i)
OPUS Group NZ Holdings Limited* ("OPUS NZ Holdings")	New Zealand, 6 August 2007	NZD6,050,000	100%	Investment holding	(ii)
OPUS Group (Australia) Pty Ltd ("OPUS AU")	Australia, 23 May 2007	AUD700,000	100%	Investment holding	(iii)
Ligare Pty Ltd ("Ligare")	Australia, 17 September 1979	AUD4	100%	Production and distribution of published content	(iii)
McPhersons Printing Pty Ltd ("McPhersons")	Australia, 1 November 1971	AUD490,000	100%	Production and distribution of published content	(iii)
CanPrint Holdings Pty Ltd ("CanPrint Holdings")	Australia, 4 December 2008	AUD8,184,000	100%	Investment holding	(iii)
Union Offset Co Pty Ltd ("Union Offset")	Australia, 24 August 1967	AUD120,000	100%	Production of Government Printed Matters and catalogues, operating manuals and promotions leaflets	(iii)
CanPrint Communication Pty Ltd ("CanPrint Com")	Australia, 4 September 1997	AUD17,333	100%	Production and distribution of published content	(iii)
Integrated Print And Logistics Management Pty Ltd ("IPALM")	Australia, 5 February 1999	AUD2,300	100%	Investment holding	(iii)

* Deregistered on 22 May 2018.

Notes:

(i) The statutory financial statements of OPUS GL for the years ended 31 December 2015, 2016 and 2017 were audited by BDO East Coast Partnership, a firm of certified public accountants registered in Australia. These statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprise registered in the Australia.

(ii) The financial statements of OPUS Group NZ Holdings Limited for the years ended 31 December 2015, 2016 and 2017 were audited by BDO Auckland, a firm of certified public accountants registered in New Zealand. These statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprise registered in the New Zealand.

(iii) OPUS Group Limited and these companies are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, these companies have been relieved from the requirement to prepare audited financial statements under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

2. BASIS OF PRESENTATION

Immediately after the Reorganisation, the Company has become the holding company of its subsidiaries now comprising the Group after the Reorganisation.

The Group is regarded as a continuing entity resulting from the Reorganisation since the insertion of new holding company at the top of OPUS GL has not resulted in any change in economic substance.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period include the financial performance and cash flows of all companies now comprising the Group, as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 31 March 2018 have been prepared to present the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising the Group are combined using the existing book values. Intra-group transactions, balances and unrealised gains on transactions between **[REDACTED]** group companies have been eliminated on combination.

3. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with the basis of presentation set out in note 2 and the accounting policies in note 5 below which comply with International Financial Reporting Standards ("IFRSs") which collective terms includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standard Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The Historical Financial Information also includes the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. All IFRSs effective for the accounting periods commencing from 1 January 2018 and relevant to the Group, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention.

It should be noted that accounting estimates and assumptions are used in the preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 6.

The Historical Financial Information is presented in AUD, which is also the functional currency of its major subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

At the date of this report, the following new/revised IFRSs, have been issued but are not yet effective, and have not been early adopted by the Group.

Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs[1]
IFRS 16	Leases[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Venture[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Further information about IFRSs which are expected to be applicable to the Group is as follows:

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 3 Business Combinations, remeasurement of an investor's previously held interest in a joint operation that is a business when it obtains control of the business, IFRS 11 Joint Arrangements, remeasurement of an investor's previously held interest in a joint operation that is a business when it obtains joint control of the business, IAS 12 Income Taxes, accounting for the income tax consequences of dividend payments and IAS 23 Borrowing Costs, clarifying which borrowing costs are eligible for capitalisation.

The Group expects to the adoption of the amendments on 1 January 2018 and does not expect its adoption will significant impact on the Group's financial position and performance.

IFRS 16 – Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. Based on current leasing patterns, the Group do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of the future aggregate minimum lease payments under non-cancellable operating lease of the Group, as set out in note 30, will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

The amendment clarifies that a financial asset passes the solely payments of principal and interest on the principal amount outstanding criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The Group expects to adopt the amendments on 1 January 2019 and does not expect its adoption will have significant impact on the Group's financial position and performance.

IFRIC-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty. The Group does not expect the adoption of IFRIC-Int 23 will result in a significant impact on the Group's financial position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Historical Financial Information are summarised below. These policies have been consistently applied to all the years/periods presented unless otherwise stated.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries comprising the Group for the Track Record Period on a combined basis as set out in note 2.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination. All differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve.

The Historical Financial Information includes the results and financial positions of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which the case the loss is recognised in profit or loss. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associate is accounted for using the equity method whereby they are initially recognised at cost and thereafter, its carrying amount is adjusted for the Group's share of the post-acquisition change in the associate's net assets except that losses in excess of the Group's interest in the associate is not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associate are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Foreign currency translation

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the Track Record Period.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Freehold land in Australia is not depreciated. Depreciation on other property, plant and equipment is provided to write-off their costs, net of their residual values, over their estimated useful lives, using the straight line method, as follows:

Buildings	The shorter of the lease or 7-25 years
Leasehold improvements	The shorter of the lease or 2-25 years
Plant and equipment	2-20 years
Office furniture and equipment	2-10 years
Motor vehicles	3-8 years
Computer equipment	1-5 years

The assets' depreciation methods, residual values and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Financial assets

Classification

The Group classifies its financial assets as measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

See note 36 for details about financial asset.

Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

On initial recognition, the Group's financial assets are classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit loss ("**ECL**") associated with its debt instrument assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk by considering reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's experience and informed credit assessment and including forward-looking information.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, that is to measure the loss allowance at the amount equal to lifetime ECL at initial recognition and through its life of the asset. The Group uses practical expedients when estimating lifetime ECL on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follow:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated further cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification

Debt and equity instrument issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instruments and a financial liability.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of and entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average cost method, and in the case of work-in-progress and finished goods, cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments (the "**Initial Value**"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance leases corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

(iii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the period in which they are incurred.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- 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 Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying in particular performance obligation is transferred to customers.

Control of the goods or services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Sales of goods

Revenue arising from sales of goods is recognised at a point in time when the goods is transferred and the customer (i.e. publishers) has received the publications, since only by the time the Group has a present right to payment for the goods delivered. In determining the transaction price, the Group 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 arising from services is recognised over time (i.e. service period) because the customer (i.e. publishers) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performed.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Employee benefits

(i) Short term obligations

The liabilities for wages and salaries, including annual leave and long service leave expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee's 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 an amount expected to be paid under short-term cash bonus or profit sharing plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The liabilities of employee benefit obligations are presented as payables in the combined statements of financial position.

Obligations for contributions to defined contribution plans are recognised as an expense in combined statements of profit or loss and other comprehensive income as they are due.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees rendered the related service. 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 profit or loss.

The obligations are presented as current liabilities in the combined statements of financial position if the entity does not have any unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) 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 restructuring costs involving the payment of termination 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 twelve months after the end of the reporting period are discounted to present value.

(iv) Defined contribution superannuation expense

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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.

Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, any only if, the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Related parties

(1) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(2) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Where an operation is classified as discontinued, a single amount is presented on the face of the combined statements of profit or loss and other comprehensive income, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal of the assets or disposal groups constituting the discontinued operation.

Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In addition to disclosed elsewhere in the Historical Financial Information, other key sources estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial period are as follows:

Employee benefits provision

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

Estimation of useful lives of assets

The 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.

Impairment of receivables

The impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

Impairment of inventories

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

Recognition of deferred tax assets

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

Share-based payment transactions

The 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.

Provision for leasehold dilapidations

A provision has been made for the estimated cost of returning the leasehold properties to its original state at the end of the lease in accordance with the lease terms. 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 combined 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.

7. SEGMENT INFORMATION

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 of directors.

(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 decision.

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

Printing solutions and services

The Printing solutions and 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 Printing solutions and services Division also has a business services model that enables the efficient and seamless content creation to consumption for the Federal government, government departments and agencies. This includes webhosting, electronic fulfilment, printing on demand and digital asset management. These capabilities have been extended to the publishing sector as well.

On 10 May 2016, the Company disposed of its entire equity interests of C.O.S. Printers Pte Limited (the "**C.O.S.**") that principally engaged in the Printing solutions and services Division. The operation of C.O.S. represented the entire business segment of Printing solutions and services Division in Singapore of the Group and therefore it is presented as discontinued operations in 2015 and 2016 in accordance with IFRS 5 "Non-current Assets Held for Sale and Discounted Operations".

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.

On 1 August 2016, the Company disposed of its entire equity interests of Cactus Imaging Pty Ltd and Cactus Holdings Pty Ltd (the "**Cactus Group**") that principally engaged in the Outdoor Media Division in Australia and in 2015, the Company disposed of its Outdoor Media business in New Zealand. The operation of Cactus Group and the Outdoor Media business in New Zealand represented the entire business segment of Outdoor Media Division of the Group and therefore it is presented as discontinued operations in 2015 and 2016 in accordance with IFRS 5 "Non-current Assets Held for Sale and Discounted Operations". Upon the disposal of Cactus Group in 2016, the Group ceased activities in Outdoor Media Division.

(b) Segment revenue

Sales between segments are carried out on an arm's length basis and are eliminated on consolidation. The revenue from external parties reported is measured in a manner consistent with that in the combined statements 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 cash generating unit. The board of directors considered the cost to develop it would be excessive.

(c) EBITDA as monitored by the board of directors 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 of directors and senior management ("**EBITDA**"). This measure is consistent with the presentation of financial information internally for management accounts purpose.

A reconciliation of EBITDA to the profit before income tax per the combined statements of profit or loss and other comprehensive income is as follows:

	Year ended 31 December			**Three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
EBITDA on ordinary activities from continuing operations	7,406	10,093	9,527	2,797	1,722
Depreciation and amortisation	(2,598)	(1,847)	(1,689)	(367)	(468)
Net finance income/(cost)	(107)	116	74	(11)	74
Profit before income tax from continuing operations	4,701	8,362	7,912	2,419	1,328

(e) 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.

(f) Segment information

	Year ended 31 December			**Three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Printing solutions and services	80,745	86,977	79,206	20,590	19,291
Total revenue from continuing operations	80,745	86,977	79,206	20,590	19,291

	Printing solutions and services	Outdoor Media	Corporate*	Inter-segment eliminations	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Year ended 31 December 2015					
Continuing Operations					
Total external revenue	80,745	–	–	–	80,745
Other income	1,468	–	(16)	–	1,452
Operating expenses#	(71,232)	–	(3,783)	224	(74,791)
EBITDA from Continuing Operations	10,981	–	(3,799)	224	7,406
Depreciation and amortisation expenses	(2,484)	–	(114)	–	(2,598)
Net finance income/(cost)	(85)	–	(71)	49	(107)
Profit before income tax from Continuing Operations	8,412	–	(3,984)	273	4,701
Discontinued Operations					
Total external revenue	14,218	20,502	–	–	34,720
Inter-segment sales	–	306	–	(306)	–
Other income	643	(84)	–	–	559
Gains on disposal of business in New Zealand+	–	1,706	–	–	1,706
Operating expenses#	(12,653)	(18,123)	–	82	(30,694)
EBITDA from Discontinued Operations	2,208	4,307	–	(224)	6,291
Depreciation and amortisation expenses	(491)	(596)	–	–	(1,087)
Net finance income/(cost)	26	(82)	–	(49)	(105)
Profit before income tax from Discontinued Operations	1,743	3,629	–	(273)	5,099
Total combined segment result	10,155	3,629	(3,984)	–	9,800

	Printing solutions and services	Outdoor Media	Corporate*	Inter-segment eliminations	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Year ended 31 December 2016					
Continuing Operations					
Total external revenue	86,977	–	–	–	86,977
Other income	800	–	203	–	1,003
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	–	–	252
Gains on disposal of subsidiaries+	3,589	4,804	–	–	8,393
Operating expenses#	(5,000)	(5,441)	–	–	(10,441)
EBITDA from Discontinued Operations	4,112	6,159	–	–	10,271
Depreciation and amortisation expenses	(99)	(286)	–	–	(385)
Net finance income/(cost)	(157)	(31)	–	–	(188)
Profit before income tax from Discontinued Operations	3,856	5,842	–	–	9,698
Total combined segment result	14,419	5,842	(2,201)	–	18,060
Year ended 31 December 2017					
Continuing Operations					
Total external revenue	79,206	–	–	–	79,206
Other income	1,096	–	521	–	1,617
Operating expenses#	(69,861)	–	(1,435)	–	(71,296)
EBITDA from Continuing Operations	10,441	–	(914)	–	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	–	(883)	–	7,912
Total combined segment result	8,795	–	(883)	–	7,912

	Printing solutions and services	Outdoor Media	Corporate*	Inter-segment eliminations	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Three months ended 31 March 2017 (unaudited)					
Continuing Operations					
Total external revenue	20,590	–	–	–	20,590
Other income	251	–	14	–	265
Operating expenses#	(17,416)	–	(642)	–	(18,058)
EBITDA from Continuing Operations	3,425	–	(628)	–	2,797
Depreciation and amortisation expenses	(367)	–	–	–	(367)
Net finance income/(cost)	(9)	–	(2)	–	(11)
Profit before income tax from Continuing Operations	3,049	–	(630)	–	2,419
Total combined segment result	3,049	–	(630)	–	2,419
Three months ended 31 March 2018					
Continuing Operations					
Total external revenue	19,291	–	–	–	19,291
Other income	322	–	24	–	346
Operating expenses#	(16,576)	–	(1,339)	–	(17,915)
EBITDA from Continuing Operations	3,037	–	(1,315)	–	1,722
Depreciation and amortisation expenses	(426)	–	(42)	–	(468)
Net finance income/(cost)	(13)	–	87	–	74
Profit before income tax from Continuing Operations	2,598	–	(1,270)	–	1,328
Total combined segment result	2,598	–	(1,270)	–	1,328

* 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 are not able to be allocated to neither Printing solutions and services nor Outdoor Media segment.

Included in "Operating expenses" are production expenses, staff costs and other administrative expenses incurred by the Group.

\+ For the year ended 31 December 2016, gain of disposal of subsidiaries represented AUD3,589,000 and AUD4,804,000 from disposal of C.O.S. and Cactus Group, respectively (2015: AUD1,706,000 gain on disposal of outdoor media business in New Zealand) (Note 14).

8. REVENUE, OTHER INCOME AND GAINS

(a) The Group derives its revenue from sales of goods at a point in time during the Track Record Period.

The Group has assessed that the disaggregation of revenue by operating segments in note 7 is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Chief Operating Decision Maker in order to evaluate the financial performance of the entity.

Revenue from customer of the corresponding years contributing over 10% of the Group's revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Customer A	*	*	*	*	2,182

* The amounts of revenue from corresponding customer was less than 10% of the total revenue for the relevant years.

(b) An analysis of the Group's other income and gains during the Track Record Period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Scrap recoveries	351	504	650	172	141
Reversal of impairment of trade receivables	–	57	463	–	–
Bad debts recovery	–	6	–	–	–
Exchange gain, net	74	–	–	–	–
Reversal of make good provision	–	–	239	–	–
Gain on disposal of property, plant and equipment	638	–	–	–	9
Interest income	74	200	326	54	106
Insurance refund	146	157	31	5	71
Reversal of impairment of investment in associate	42	–	–	–	–
Other	275	248	245	89	125
Total other income	1,600	1,172	1,954	320	452

9. FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Finance lease charges	125	1	14	1	4
Other interest expenses	56	–	20	–	10
Total finance costs	181	1	34	1	14

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* *(unaudited)*	*AUD'000*
Auditor's remuneration *(Note (i) below)*	303	229	156	29	28
Bad debts written off	–	58	93	–	–
Cost of inventories recognised as expense	23,709	27,493	24,536	6,097	5,813
Depreciation of property, plant and equipment *(Note 17 and Note (ii) below)*					
– Owned	2,571	1,829	1,633	361	452
– Held under finance leases	27	18	56	6	16
Provision for obsolete stock	425	299	(35)	119	120
Provision for/(reversal of) impairment of trade receivables	423	(57)	(463)	43	6
Exchange (gain)/losses, net	(74)	21	165	48	4
(Gain)/Loss on disposal of property, plant and equipment	(638)	60	40	–	(9)
Loss on disposal of a subsidiary	–	–	133	133	–
Minimum lease payments related to operating leases	2,122	2,562	2,553	677	764
[REDACTED] expenses (included in other expenses)	–	–	–	–	1,155
Employee benefits expense *(Note (iii) below)*					
Salaries, wages and other staff costs	25,465	24,469	23,214	5,940	5,432
Superannuation *(Note (iv) below)*	1,970	2,006	1,887	473	440
	27,435	26,475	25,101	6,413	5,872

Notes:

(i) Auditor's remuneration for other non-audit services of AUD60,000, AUD23,000, AUD32,000 and Nil was recognised during the years ended 31 December 2015, 2016, 2017 and three months ended 31 March 2018.

(ii) Depreciation charges of AUD366,000 (Year ended: 2017: AUD1,369,000; 2016: AUD1,444,000 and 2015: AUD1,911,000) and AUD102,000 (Year ended: 2017: AUD320,000; 2016: AUD402,000 and 2015: AUD687,000) have been included in direct operating costs and administrative expenses respectively for the three months ended 31 March 2018.

(iii) Employee benefit expense of AUD4,882,000 (Year ended: 2017: AUD20,190,000; 2016: AUD20,377,000 and 2015: AUD20,312), AUD312,000 (Year ended: 2017: AUD1,814,000; 2016: AUD2,557,000 and 2015: AUD2,536) and AUD678,000 (Year ended: 2017: AUD3,097,000; 2016: AUD3,541,000 and 2015: AUD4,587) have been included in direct operating costs, selling and distribution costs and administrative expenses respectively for the three months ended 31 March 2018.

(iv) 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. The Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to the Group contributions, as specified by the rules of the fund.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

The emolument of each of the directors for the Track Record Period is set out below:

	Fees	Salaries, allowances and benefits in kind	Post-employment benefits	Long-term benefits	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Year ended 31 December 2015					
Executive directors:					
Mr. Richard Francis Celarc	325	–	2	–	327
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	–	–	–	–
Non-Executive director:					
Mr. Paul Antony Young	–	56	5	–	61
Independent Non-Executive directors:					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung, David	–	–	–	–	–
	325	56	7	–	388
Year ended 31 December 2016					
Executive directors:					
Mr. Richard Francis Celarc	362	–	1	–	363
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	79	7	3	89
Non-Executive director:					
Mr. Paul Antony Young	–	64	6	–	70
Independent Non-Executive directors:					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung, David	–	–	–	–	–
	362	143	14	3	522

	Fees	Salaries, allowances and benefits in kind	Post-employment benefits	Long-term benefits	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Year ended 31 December 2017					
Executive directors:					
Mr. Richard Francis Celarc	267	–	–	–	267
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	120	11	5	136
Non-Executive director:					
Mr. Paul Antony Young	–	64	6	–	70
Independent Non-Executive directors:					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung, David	–	–	–	–	–
	267	184	17	5	473
Three months ended 31 March 2017 (unaudited)					
Executive directors:					
Mr. Richard Francis Celarc	90	–	–	–	90
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	37	4	3	44
Non-Executive director:					
Mr. Paul Antony Young	–	16	2	–	18
Independent Non-Executive directors:					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung, David	–	–	–	–	–
	90	53	6	3	152

	Fees	**Salaries, allowances and benefits in kind**	**Post-employment benefits**	**Long-term benefits**	**Total**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Three months ended 31 March 2018					
Executive directors:					
Mr. Richard Francis Celarc	50	–	–	–	50
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	37	4	2	43
Non-Executive director:					
Mr. Paul Antony Young	–	16	2	–	18
Independent Non-Executive directors:					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung, David	–	–	–	–	–
	50	53	6	2	111

Note:

(i) Mr. Richard Francis Celarc is also the Chairman of the Company and appointed as Executive director on 28 May 2018.

(ii) Mr. Lau Chuk Kin and Ms. Tang Tsz Ting were being appointed as director on 23 April 2018 and re-designated as Executive director on 28 May 2018.

(iii) Mr. Paul Antony Young were being appointed as Non-Executive director on 28 May 2018.

(iv) Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung, David were being appointed as Independent Non-Executive director on 28 May 2018.

During the Track Record Period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The five highest paid individuals of the Group included one, one, one and two directors for the years ended 31 December 2015, 2016, 2017 and the three months ended 31 March 2018 respectively, whose emoluments are reflected in note (a).

The analysis of the emolument of the four, four, four and three highest paid non-director individuals for the years ended 31 December 2015, 2016, 2017 and the three months ended 31 March 2018, respectively, are set out below:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Salaries, allowances and benefits in kind	929	785	620	260	198
Post-employment benefits	87	65	56	22	13
	1,016	850	676	282	211

The emolument paid or payables to each of the above non-director individuals for the Track Record Period fell within the following band:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Nil to AUD500,000	4	4	4	4	3

During the Track Record Period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE/(BENEFIT)

(a) Income tax

The amount of taxation in the combined statements of profit or loss and other comprehensive income during the Track Record Period represents:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Current tax expense	120	2,262	2,102	753	851
Deferred tax	(2,573)	291	293	30	(450)
Under/(over) provision in prior years	–	301	(173)	(46)	–
Total income tax expense/(benefit)	(2,453)	2,854	2,222	737	401

The Group's subsidiaries in Australia are subject to domestic tax rate of 30% on the estimated assessable profits.

(b) Reconciliation of current income tax expense/(benefit)

The income tax expense for the Track Record Period can be reconciled to the profit before income tax per the combined statements of comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2015	**2016**	**2017**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Profit before income tax	4,701	8,362	7,912	2,419	1,328
Income tax using the Group's domestic rate of tax (30%)	1,410	2,508	2,374	726	398
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Share of results of associate	(13)	–	–	–	–
Tax effect of non-assessable income	(89)	–	(64)	–	–
Tax effect of non-deductible expenses	–	15	242	56	2
Utilisation of previously unrecognised tax losses	(1,124)	–	6	–	–
Utilisation of previously unrecognised temporary differences	(2,473)	–	–	–	–
Tax rate difference in overseas entities	(113)	(73)	(156)	1	–
Current year tax losses not recognised	–	59	–	1	–
Current year temporary differences not recognised	–	(48)	–	–	–
Under/(over) provision in prior years	–	301	(173)	(46)	–
Other	(51)	92	(7)	(1)	1
Total income tax expense/(benefit)	(2,453)	2,854	2,222	737	401

(c) Tax losses

		31 December		31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Unused tax losses for which no deferred tax asset has been recognised	728	863	101	102

Tax losses related to New Zealand the current year and the prior year is 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 combined statements of financial position, of AUD7,538,000 as at 31 December 2015, 2016, 2017 and 31 March 2018. These are available indefinitely for offset against future capital gains, subject to relevant tax tests.

13. DEFERRED TAX BALANCES

Deferred tax assets

		31 December		31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Deferred tax assets are attributable to the following:				
Property, plant and equipment	244	316	273	270
Employee benefits	1,636	1,240	1,157	1,184
Make good provision	275	335	509	512
Provision for inventory obsolescence	213	278	267	309
Others	697	463	254	611
Deferred tax assets	3,065	2,632	2,460	2,886

Details of the movements of deferred tax assets in the Track Record Period:

	Plant and equipment	Employee benefits	Make good provision	Tax losses	Provision for inventory obsolescence	Others	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
At 1 January 2015	–	–	–	–	–	–	–
Recognition of tax effect of previously unrecognised temporary differences	744	1,462	–	–	237	498	2,941
Previously unrecognised tax losses now recouped to reduce current tax expense	–	–	–	1,346	–	–	1,346
Credited/(charged) to profit or loss	(500)	174	275	(1,346)	(24)	199	(1,222)
At 31 December 2015	244	1,636	275	–	213	697	3,065
Credited/(charged) to profit or loss	72	(126)	60	–	103	(191)	(82)
De-recognised through disposals of subsidiaries	–	(270)	–	–	(38)	(43)	(351)
At 31 December 2016	316	1,240	335	–	278	463	2,632
Credited/(charged) to profit or loss	(43)	(83)	174	–	(11)	(209)	(172)
At 31 December 2017	273	1,157	509	–	267	254	2,460
Credited/(charged) to profit or loss	(3)	27	3	–	42	357	426
At 31 March 2018	270	1,184	512	–	309	611	2,886

Recognition of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognised on the combined statements of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize the recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income.

At 31 March 2018, the Group had not recognised a deferred tax asset of AUD29,000 (Year ended: 2017: AUD29,000; 2016: AUD460,000; 2015: AUD393,000), which includes accumulated tax losses of AUD29,000 (Year ended: 2017: AUD29,000; 2016: AUD266,000; 2015: AUD204,000) and no other temporary differences (Year ended: 2017: nil; 2016: AUD194,000; 2015: AUD189,000) in the New Zealand business (31 December 2017, 2016 and 2015: New Zealand businesses) as they are not likely to be recovered in the foreseeable future.

Deferred tax liabilities

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Deferred tax liabilities are attributable to the following:				
Property, plant and equipment	71	147	153	135
Inventories	81	106	111	100
Others	1	48	158	164
Deferred tax liabilities	153	301	422	399

Details of the movements of deferred tax liabilities in the Track Record Period:

	Plant and equipment	**Inventories**	**Others**	**Total**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
At 1 January 2015	104	–	(4)	100
Over provision in prior years	(39)	–	–	(39)
Recognition of tax effect of previously unrecognised temporary difference	–	95	25	120
Charged to profit or loss	8	(14)	(19)	(25)
Effect of movements in exchange rates	(2)	–	(1)	(3)
At 31 December 2015	71	81	1	153
Charged to profit or loss	181	25	46	252
Derecognised through disposals of subsidiaries	(105)	–	1	(104)
At 31 December 2016	147	106	48	301
Charged to profit or loss	6	5	110	121
At 31 December 2017	153	111	158	422
Charged to profit or loss	(18)	(11)	6	(23)
At 31 March 2018	135	100	164	399

14. DISCONTINUED OPERATIONS

There were no discontinued operations during the three months ended 31 March 2018 and year ended 31 December 2017.

(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 AUD11,300,000 were received in cash. This transaction was completed on 10 May 2016.

The profit for the year ended from the discontinued operation is analysed as follows:

	Year ended 31 December 2015	**From 1 January 2016 to 10 May 2016**
	AUD'000	*AUD'000*
Revenue	14,218	5,297
Operating expenses	(12,524)	(5,030)
Profit before income tax	1,694	267
Gain on disposal of C.O.S.	–	3,589
Profit before income tax	1,694	3,856
Income tax expense	(217)	(50)
Profit after income tax	1,477	3,806

The net cash inflows/(outflows) of C.O.S. are as follows:

	Year ended 31 December 2015	**From 1 January 2016 to 10 May 2016**
	AUD'000	*AUD'000*
Operating	1,355	(202)
Investing	2,546	(81)
Financing	(2,536)	–
Net cash inflows/(outflows) for the year/period	1,365	(283)

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

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

Carrying value of net assets and liabilities by categories for C.O.S. at 31 December 2015 and at 10 May 2016 (date of disposal) was:

	At 31 December 2015	**At 10 May 2016 (date of disposal)**
	AUD'000	*AUD'000*
Property, plant and equipment	761	745
Cash and cash equivalents	2,885	2,521
Inventories	1,227	1,317
Trade receivables	1,995	1,464
Other receivables	1,299	1,328
Other non-current assets	939	878
Total assets	9,106	8,253
Trade payables	943	–
Other payables and accruals	705	908
Amounts due to fellow subsidiaries	200	–
Deferred tax liabilities	67	101
Provision for income tax	436	343
Employee benefits	23	6
Total liabilities	2,374	1,358
Carrying value of net assets	6,732	6,895

(b) Disposal of Cactus Group

On 26 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 AUD5,839,000 were received in cash. This transaction was completed on 1 August 2016.

The profit for the year ended from the discontinued operation is analysed as follows:

	Year ended 31 December 2015 *AUD'000*	**From 1 January 2016 to 1 August 2016** *AUD'000*
Revenue	14,047	6,770
Operating expenses	(12,188)	(5,732)
Profit before income tax	1,859	1,038
Gain on disposal of Cactus Group	–	4,804
Profit before income tax	1,859	5,842
Income tax expense	11	(262)
Profit after income tax	1,870	5,580

The net cash inflows/(outflows) of Cactus Group are as follows:

	Year ended 31 December 2015 *AUD'000*	**From 1 January 2016 to 1 August 2016** *AUD'000*
Operating	2,229	2,921
Investing	(17)	(498)
Financing	(2,535)	(2,510)
Net cash outflows for the year/period	(323)	(87)

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

	At date of disposal *AUD'000*
Total consideration received	5,839
Carrying value of net assets of Cactus Group	(1,035)
Gain on disposal	4,804
Total consideration received in cash	5,839
Cash and cash equivalents held at Cactus Group	–
Net cash inflows on disposal of Cactus Group	5,839

Carrying value of net assets and liabilities by categories for Cactus Group at 31 December 2015 and at 1 August 2016 (date of disposal) was:

	At 31 December 2015 *AUD'000*	At 1 August 2016 (date of disposals) *AUD'000*
Property, plant and equipment	1,064	1,273
Cash and cash equivalents	87	–
Inventories	620	466
Trade receivables	2,880	–
Other receivables	117	20
Amounts due from fellow subsidiaries	8,950	–
Deferred tax assets	407	351
Total assets	14,125	2,110
Trade payables	1,180	–
Other payables and accruals	355	131
Amounts due to fellow subsidiaries	5,034	–
Finance lease liabilities	110	34
Employee benefits	926	910
Total liabilities	7,605	1,075
Carrying value of net assets	6,520	1,035

(c) Disposal of Outdoor Media business in New Zealand

On 18 September 2015, the Group entered into a conditional sale and purchase agreement to dispose of its Outdoor Media business in New Zealand. The proceeds of the disposal of NZD2,000,000 (equivalent to AUD1,954,000) were received in cash. This transaction was completed on 30 October 2015.

The profit for the year ended from the discontinued operation is analysed as follows:

	From 1 January 2015 to 30 October 2015 *AUD'000*
Revenue	6,455
Operating expenses	(6,615)
Loss before income tax	(160)
Gain on disposal of Outdoor Media business in New Zealand	1,706
Profit before income tax	1,546
Income tax expense	–
Profit after income tax	1,546

The net cash outflows of Outdoor Media business in New Zealand are as follows:

	From 1 January 2015 to 30 October 2015 *AUD'000*
Operating	(2,434)
Investing	1,689
Financing	–
Net cash outflows for the period	(745)

The net assets and the net cash inflows of outdoor media business in New Zealand at the date of disposal are as follows:

	At date of disposal
	AUD'000
Total consideration received	1,954
Carrying value of net assets of outdoor media business in New Zealand	(248)
Gain on disposal of outdoor media business in New Zealand	1,706
Total consideration received in cash	1,954
Net cash inflows on disposal of outdoor media business in New Zealand	1,954

Carrying value of net assets and liabilities by categories for the Outdoor Media business in New Zealand at 30 October 2015 (date of disposal) was:

	At 30 October 2015 (date of disposal)
	AUD'000
Property, plant and equipment	190
Inventories	115
Trade and other receivables	9
Total assets	314
Trade and other payables	66
Total liabilities	66
Carrying value of net assets	248

The operations of C.O.S. represented the entire business segment of Singapore operations and Cactus Group and the Outdoor Media business in New Zealand represented the entire business segment of outdoor media of the Group respectively and therefore they are presented as discontinued operations in 2015 and 2016 in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

15. DIVIDENDS

No dividend has been declared or paid by the Company since its incorporation.

Dividends of AUD964,000, AUD12,533,000 and AUD2,134,000 were paid by OPUS Group Limited to its equity shareholders for the years ended 31 December 2015, 2016, 2017 respectively.

Dividend of AUD1,054,000 was declared by OPUS Group Limited to its equity shareholders during the three months ended 31 March 2018.

The rates for dividends and the ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

16. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation, and the presentation of the financial performance of the Group for the Track Record Period on a combined basis as disclosed in note 2 above.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
At 1 January 2015							
Cost	2,633	71,558	951	858	2,097	5,074	83,171
Accumulated depreciation and impairment	(657)	(63,166)	(849)	(734)	(1,764)	(4,707)	(71,877)
Net book amount	1,976	8,392	102	124	333	367	11,294
Year ended 31 December 2015							
Opening net book amount	1,976	8,392	102	124	333	367	11,294
Additions	–	538	186	66	44	43	877
Disposals	–	(117)	(1)	–	(4)	(17)	(139)
Disposal of business	–	(190)	–	–	–	–	(190)
Effect of movements in exchange rates	–	13	2	7	–	4	26
Depreciation for the year	(302)	(2,888)	(35)	(48)	(200)	(212)	(3,685)
Closing net book amount	1,674	5,748	254	149	173	185	8,183
At 31 December 2015							
Cost	2,633	67,214	1,072	695	1,571	4,824	78,009
Accumulated depreciation and impairment	(959)	(61,466)	(818)	(546)	(1,398)	(4,639)	(69,826)
Net book amount	1,674	5,748	254	149	173	185	8,183
Year ended 31 December 2016							
Opening net book amount	1,674	5,748	254	149	173	185	8,183
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 net book amount	1,498	5,356	77	10	51	71	7,063
At 31 December 2016							
Cost	2,632	47,887	455	314	1,516	3,083	55,887
Accumulated depreciation and impairment	(1,134)	(42,531)	(378)	(304)	(1,465)	(3,012)	(48,824)
Net book amount	1,498	5,356	77	10	51	71	7,063

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Year ended 31 December 2017							
Opening net book amount	1,498	5,356	77	10	51	71	7,063
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 net book amount	1,321	5,094	67	8	465	48	7,003
At 31 December 2017							
Cost	2,632	48,454	461	293	1,990	3,035	56,865
Accumulated depreciation and impairment	(1,311)	(43,360)	(394)	(285)	(1,525)	(2,987)	(49,862)
Net book amount	1,321	5,094	67	8	465	48	7,003
Three months ended 31 March 2018							
Opening net book amount	1,321	5,094	67	8	465	48	7,003
Additions	–	113	–	–	–	3	116
Disposals	–	(16)	–	–	–	–	(16)
Depreciation for the year	(43)	(366)	(6)	(1)	(44)	(8)	(468)
Closing net book amount	1,278	4,825	61	7	421	43	6,635
At 31 March 2018							
Cost	2,632	48,036	461	293	1,990	3,038	56,450
Accumulated depreciation and impairment	(1,354)	(43,211)	(400)	(286)	(1,569)	(2,995)	(49,815)
Net book amount	1,278	4,825	61	7	421	43	6,635

As at 31 December 2015, 2016, 2017 and 31 March 2018, the Group's freehold land and buildings are situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2015, 2016, 2017 and 31 March 2018 includes the net carrying amount of AUD288,000, AUD88,000, AUD246,000 and AUD230,000 held under finance leases respectively (Note 24).

18. OTHER NON-CURRENT ASSETS

The balance represented the prepayment for the leases related to 1) a lease of the operational facility building in Singapore for 10 years, starting from 2013 and 2) a lease of the office equipment for 4 years, starting from 2015.

The movements during the Track Record Periods are as follows:

		31 December		31 March
	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Opening balance	1,019	2,069	602	182
Additions	1,000	–	–	–
Amortisation	(168)	(431)	(420)	(160)
Disposal of subsidiaries	–	(1,027)	–	–
Exchange differences	218	(9)	–	–
Closing balance	2,069	602	182	22

Represented by:

		31 December		31 March
	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Non-current assets	1,469	262	–	–
Current assets	600	340	182	22
	2,069	602	182	22

19. INVENTORIES

		31 December		31 March
	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Raw materials	5,156	3,974	5,478	6,167
Work in progress	1,369	352	303	291
Finished goods	633	369	442	317
Less: Provision for inventories	(728)	(930)	(892)	(1,030)
Total inventories	6,430	3,765	5,331	5,745

20. TRADE RECEIVABLES

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade receivables	17,673	14,952	10,984	11,219
Less: Provision for impairment	(848)	(600)	(114)	(120)
Total trade receivables	16,825	14,352	10,870	11,099

Movements in the provision for impairment loss on trade receivables are as follows:

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Opening balance	234	848	600	114
Amount written off	–	(31)	(23)	–
Impairment losses recognised	614	–	–	6
Impairment losses recovered	–	(168)	(463)	–
Disposal of subsidiaries	–	(49)	–	–
Closing balance	848	600	114	120

Ageing analysis of trade receivables based on the invoice date, is as follows:

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
0 – 30 days	7,525	7,215	5,144	6,288
31 – 60 days	5,397	4,388	2,936	4,044
61 – 90 days	2,957	1,854	2,092	586
91 – 120 days	901	526	402	72
121 – 150 days	312	311	285	69
Over 150 days	581	658	125	160
Total trade receivables	17,673	14,952	10,984	11,219

In general, the Group allows a credit period from 30 to 90 days to its customers during the Track Record Periods.

The directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group applies the simplified approach to provide the expected credit losses prescribed by IFRS 9. During the years ended 31 December 2015, 2016, 2017 and three months ended 31 March 2018, a provision of AUD848,000, AUD600,000, AUD114,000 and AUD120,000 was made against the gross amounts of trade receivables respectively (Note 35(c)).

As at 31 December 2015, 2016, 2017 and 31 March 2018, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Sundry debtors	173	110	211	190
Prepayments	945	783	904	834
Deposits	1,602	368	147	550
Total other receivables, deposits and prepayment	2,720	1,261	1,262	1,574

22. CASH AND CASH EQUIVALENTS

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cash on hand and at banks	11,459	17,519	25,673	24,850

Bank balances earn interest at floating rates based on daily bank deposit rates.

23. TRADE AND OTHER PAYABLES

	31 December			31 March
	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade payables	7,867	6,432	5,487	4,238
Other payables and accruals:				
Other payables	1,124	1,053	616	1,630
Sundry provisions and accruals	4,217	4,449	3,943	4,383
Receipt in advance	249	–	240	90
Amortisation of rent free period	231	–	–	–
Provision for PAYE/PAYG	56	57	38	105
GST payables	144	329	283	196
	6,021	5,888	5,120	6,404
Total trade and other payables	13,888	12,320	10,607	10,642

Ageing analysis of trade payables, based on the invoice date, is as follows:

	31 December			31 March
	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
0 – 30 days	4,216	3,569	2,196	2,665
31 – 60 days	2,523	2,434	2,394	1,060
61 – 90 days	756	224	669	381
91 – 120 days	165	59	86	47
Over 120 days	207	146	142	85
Total trade payables	7,867	6,432	5,487	4,238

Credit terms granted by the suppliers are generally [0 to 90 days] during the Track Record Period.

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation to their fair values.

24. FINANCE LEASE LIABILITIES

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Total minimum lease payments:				
Due within one year	157	23	71	70
Due in the second to fifth years	–	84	220	203
	157	107	291	273
Future finance charges on finance leases	(6)	(17)	(36)	(31)
Present value of finance lease liabilities	151	90	255	242
Present value of minimum lease payments:				
Due within one year	151	17	56	57
Due in the second to fifth years	–	73	199	185
	151	90	255	242
Less: Portion due within one year included under current liabilities	(151)	(17)	(56)	(57)
Non-current portion included under non-current liabilities	–	73	199	185

The Group entered into finance lease for various items of machineries. The lease runs for an initial period of five years and does not have options to renew or any contingent rental provisions.

Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

25. PROVISIONS

		31 December		31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Employee benefit liabilities for annual leave and time in lieu – current	2,571	1,855	1,569	1,571
Employee benefit liabilities for long service leave – current	2,505	2,090	2,042	2,109
Total current liabilities	5,076	3,945	3,611	3,680
Employee benefit liabilities for long service leave – non-current	448	243	245	268
Provision for leasehold dilapidations	915	1,117	1,695	1,705
Total non-current liabilities	1,363	1,360	1,940	1,973
	6,439	5,305	5,551	5,653

For long service leave in Australia, it covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The amount is classified as current, since the Group does not have an unconditional right to defer settlement. Based on the past experience, the Group does not expect all employees to take the full amount of leave or require payment within twelve months. As at 31 December 2015, 2016, 2017 and 31 March 2018, management estimates that approximately AUD1,922,000, AUD1,183,000, AUD1,083,000 and AUD1,105,000 of the above employee entitlement provision will not be taken within 12 months respectively

Leasehold dilapidations relate to the estimated cost of returning the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

26. AMOUNT DUE TO FELLOW SUBSIDIARY

Amount due to fellow subsidiary is unsecured, interest-free and repayable on demand.

27. SHARE CAPITAL

The Company was incorporated in Bermuda on 18 April 2018 with an authorised share capital of HK$100,000 comprising 10,000,000 ordinary shares with a par value of HK$0.01 each, of which two fully paid shares was issued to two independent nominee shareholders in cash at par on 20 April 2018. Therefore, share capital is shown as nil in the combined statements of financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018.

On [•••] 2018, the authorised share capital of the Company was increased from HK$100,000 to HK$1,000,000,000 by creation of 99,990,000,000 new shares.

28. SHARE-BASED PAYMENT TRANSACTIONS

On 4 September 2014, the Group signed a recapitalisation program deed and a placement agreement and completed on 3 November 2014. OPUS Group Limited issued to a wholly owned subsidiary of Lion Rock Group Limited (formerly known as 1010 Printing Group Limited) 20 million options to subscribe for 20 million shares of OPUS Group Limited at a total exercise price of AUD7,000,000 (AUD0.35 each), exercisable at any time up to and including 30 September 2017.

Details and movement of share options during the Track Record Periods is as follows:

Grant date	Expiry date	Exercise price	As at 1 January 2015, 2016 and 2017	Exercised	As at 31 December 2017
3/11/2014	30/09/2017	AUD0.35	20,000,000	(20,000,000)	–

For the options granted in November 2014, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
3/11/2014	30/09/2017	AUD0.38	AUD0.35	119.86%	0%	2.65%	AUD0.2405

29. RESERVES

(a) Merger Reserve

The merger reserve represents the share capital of a subsidiary now comprising the Group.

(b) 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 Group funds its foreign operations through the use of internal borrowings between the 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.

(c) Share option reserve

The share option reserve comprises the fair value of the share option on issue. On 24 October 2014, the Group granted 20 million options to a wholly owned subsidiary of Lion Rock Group Limited to subscribe for 20 million shares of OPUS Group Limited at a total exercise price of AUD7,000,000 (AUD0.35 each), exercisable at any time up to and including 30 September 2017 (refer to Note 28). Share Option reserve was transferred to share capital upon the exercise of the share options during the year ended 31 December 2017.

(d) Profits reserve

The profits reserve represents profits of controlled entities within the Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years.

30. OPERATING LEASE COMMITMENTS

The Group as lessee

As at each of the reporting dates, the minimum rent receivables under non-cancellable operating leases are as follows:

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Within one year	3,207	2,667	2,249	2,495
In the second to fifth years inclusive	8,900	6,529	3,942	3,292
After five years	2,309	234	–	–
	14,416	9,430	6,191	5,787

The Group leases a number of properties under operating leases. The leases run for an initial period ranged from one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

31. CAPITAL COMMITMENTS

As at each of the reporting dates, the Group had the following capital commitments:

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Contracted, but not provided for				
Property, plant and equipment	817	168	456	1,053
	817	168	456	1,053

32. PERFORMANCE BONDS

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the obligations of the Group under commercial agreements amounted to AUD701,000, AUD550,000, AUD550,000 and AUD550,000, respectively, and is secured by a bank guarantee.

33. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Information, the Group had the following material related party transactions during the Track Record Period:

Entity	Relationship with the Group	Nature of transactions	Period ended 31 March 2018 *AUD'000*		As at 31 March 2018 *AUD'000*
1010 Printing International Limited	Fellow subsidiary	Outwork	85	Payable	–
C.O.S. Printers Pte Limited	Fellow subsidiary	Outwork	50	Payable	–
Mr. Celarc	Director & shareholder	Rent and outgoings	171	Prepayment	169
		Consulting fees	50		

Entity	Relationship with the Group	Nature of transactions	Period ended 31 March 2017 *AUD'000* *(unaudited)*		As at 31 March 2017 *AUD'000* *(unaudited)*
1010 Printing International Limited	Fellow subsidiary	Outwork	250	Payable	–
C.O.S. Printers Pte Limited	Fellow subsidiary	Outwork	55	Payable	–
Mr. Celarc	Director & shareholder	Rent and outgoings	180	Prepayment	–
		Consulting fees	90		

Entity	Relationship with the Group	Nature of transactions	Year ended 31 December 2017 *AUD'000*		As at 31 December 2017 *AUD'000*
1010 Printing International Limited	Fellow subsidiary	Outwork	1,025	Payable	–
		Sales	10		
C.O.S. Printers Pte Limited	Fellow subsidiary	Outwork	136	Payable	–
Ligare Limited	Related company	Sales	40	Payable	–
Mr Celarc	Director & shareholder	Rent and outgoings	711*	Prepayment	338*
		Consulting fees	267		

Entity	Relationship with the Group	Nature of transactions	Year ended 31 December 2016 *AUD'000*		As at 31 December 2016 *AUD'000*
1010 Printing International Limited	Fellow subsidiary	Outwork	611	Payable	–
		Sales	2,536		
		Purchases	8		
		Interest	10		
C.O.S. Printers Pte Limited	Fellow subsidiary (since 10 May 2016)	Outwork	64	Payable	–
Mr Celarc	Director & shareholder	Rent and outgoings	675	Prepayment	–
		Consulting fees	347		

Entity	Relationship with the Group	Nature of transactions	Year ended 31 December 2015 *AUD'000*		As at 31 December 2015 *AUD'000*
1010 Printing International Limited	Fellow subsidiary	Outwork	605	Payable	700
		Sales	2,923		
		Purchases	269		
		Management fee	695		
Mr. Celarc	Director & shareholder	Rent and outgoings	655	Prepayment	–
		Consulting fees	300		

* During the year ended 31 December 2017, AUD1,049,000 was paid in relation to rent and outgoings, of which AUD711,000 related to 2017. The remaining balance of AUD338,000 relates to 2018 and has been recorded as a prepayment.

(b) Compensation of key management personnel

	Year ended 31 December			Three months ended 31 March	
	2015	2016	2017	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Short-term employee benefits	762	616	451	143	104
Post-employment benefits	44	19	17	6	5
Long-term benefits	19	(79)	5	3	2
Total key management personnel compensation	825	556	473	152	111

(c) Disposal of subsidiaries

In May 2016, the Group disposed of C.O.S., a wholly owned subsidiary of the Group incorporated in Singapore, for a consideration of AUD11,300,000 to 1010 Printing Group Limited (now known as Lion Rock Group Limited).

In January 2017, Mr Celarc (a director of OPUS Group Limited) acquired Ligare Limited, a wholly owned subsidiary of the Group incorporated in New Zealand, for a consideration of NZD1. The sale of Ligare Limited resulted in an immaterial loss, which has been recorded in profit or loss.

34. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

During the year ended 31 December 2017, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of AUD213,000 (2016: AUD90,000).

During the three months ended 31 March 2018, the Group declared dividend of AUD1,054,000 and not yet paid as at 31 March 2018. Such balance was included in other payables.

Reconciliation of liabilities arising from financing activities:

	Unsecured promissory note	Finance lease liabilities			
	31 December	31 December			31 March
	2015	2015	2016	2017	2018
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
At opening balance	1,900	2,118	151	90	255
Repayment of bank loan	(1,900)	–	–	–	–
Other borrowing costs paid	(58)	–	–	–	–
Finance lease raised	–	–	90	213	–
Capital element of finance lease liabilities paid	–	(1,967)	(151)	(48)	(13)
Interest element of finance lease liabilities paid	–	(141)	(6)	(14)	(4)
Total changes from financing cash flows	(1,958)	(2,108)	(67)	151	(17)
Other changes:					
Interest expenses	58	141	6	14	4
At closing balance	–	151	90	255	242

35. FINANCIAL RISK MANAGEMENT

The Group is exposed through its operations to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The 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 Group. The 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.

(a) Foreign exchange risk

The 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 ("CNY"), 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 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 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.

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

	31 December			31 March
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Assets				
New Zealand dollars	1,134	662	277	290
Singapore dollars	2,720	–	–	–
US dollars	4,788	1,553	2,474	921
	8,642	2,215	2,751	1,211
Liabilities				
New Zealand dollars	931	502	–	–
Singapore dollars	1,384	–	–	–
US dollars	57	1	–	1
	2,372	503	–	1

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, the Group's profit after income tax for the three months ended 31 March 2018 and retained earnings as at 31 March 2018 would have been AUD121,000 higher/AUD61,000 lower (2017: AUD275,000 higher/AUD138,000 lower; 2016: AUD171,000 higher/AUD86,000 lower; 2015: AUD639,000 higher/AUD319,000 lower) as at 31 March 2018. 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.

(b) Interest rate risk

Interest rate risk arises both where payments of floating interest are made and where the Group has fixed interest rate borrowings compared to the market. The 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 Group's main interest rate risk arises from cash at bank. Cash at bank at variable rates expose the Group to interest rate risk. Finance leases issued at fixed rates expose the Group to fair value risk. As at each of the reporting period, the Group has no interest bearing liabilities issued at floating rate.

Sensitivity Analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on 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 March 2018 it is estimated that an increase of one percentage point in interest rates would increase Group's profit before income tax for the period by approximately AUD248,000 (2017: AUD273,000; 2016: AUD175,000; 2015: AUD77,000).

(c) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalent and trade and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk arising from cash and cash equivalent, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions.

The directors consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for approximately 40% (Year ended: 2017: 36%; 2016: 28%; 2015: 28%) of total revenue from continuing operations during the period ended 31 March 2018. In this regard, the Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The Group also continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Weighted average lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss	Net carrying amount	Credit impaired
		AUD'000	*AUD'000*	*AUD'000*	
As at 31 December 2015					
Collective assessment					
Not past due	1%	10,154	104	10,050	No
Past due:					
1 – 30 days	3%	4,184	128	4,056	No
31 – 60 days	10%	2,084	210	1,874	No
Over 60 days	20%	1,059	214	845	Yes
		17,481	656	16,825	
Individual assessment	100%	192	192	–	Yes
		17,673	848	16,825	

	Weighted average lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss	Net carrying amount	Credit impaired
		AUD'000	*AUD'000*	*AUD'000*	
As at 31 December 2016					
Collective assessment					
Not past due	1%	11,331	115	11,216	No
Past due:					
1 – 30 days	3%	1,866	56	1,810	No
31 – 60 days	10%	579	58	521	No
Over 60 days	20%	1,007	202	805	Yes
		14,783	431	14,352	
Individual assessment	100%	169	169	–	Yes
		14,952	600	14,352	
As at 31 December 2017					
Collective assessment					
Not past due	0.1%	7,953	8	7,945	No
Past due:					
1 – 30 days	0.5%	1,259	6	1,253	No
31 – 60 days	1%	1,073	11	1,062	No
Over 60 days	2%	622	12	610	Yes
		10,907	37	10,870	
Individual assessment	100%	77	77	–	Yes
		10,984	114	10,870	
As at 31 March 2018					
Collective assessment					
Not past due	0.1%	8,386	9	8,377	No
Past due:					
1 – 30 days	0.5%	2,180	12	2,168	No
31 – 60 days	1%	434	5	429	No
Over 60 days	2%	129	4	125	Yes
		11,129	30	11,099	
Individual assessment	100%	90	90	–	Yes
		11,219	120	11,099	

(d) Liquidity risk

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

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

	Statement of financial position *AUD'000*	Contractual cash flows *AUD'000*	0-1 years *AUD'000*	1-5 years *AUD'000*
31 March 2018				
Finance lease liabilities	242	273	70	203
Trade and other payables	10,157	10,157	10,157	–
Total financial liabilities	10,399	10,430	10,227	203
31 December 2017				
Finance lease liabilities	255	291	71	220
Trade and other payables	10,084	10,084	10,084	–
Total financial liabilities	10,339	10,375	10,155	220
31 December 2016				
Finance lease liabilities	90	107	23	84
Trade and other payables	11,991	11,991	11,991	–
Total financial liabilities	12,081	12,098	12,014	84
31 December 2015				
Finance lease liabilities	151	157	157	–
Amount due to fellow subsidiary	700	700	700	–
Trade and other payables	13,264	13,264	13,264	–
Total financial liabilities	14,115	14,121	14,121	–

(e) Fair value of financial instruments

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

(f) Capital management

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

The 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 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 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 Group's policies in respect of capital management and allocation are reviewed regularly by the directors and did not change during the Track Record Periods.

The amount of capital employed as at 31 December 2015, 2016 and 2017 and 31 March 2018 amounted to approximately AUD27,800,000, AUD28,820,000, AUD36,245,000 and AUD36,105,000 respectively.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

	31 December			**31 March**
	2015	**2016**	**2017**	**2018**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Financial assets				
At amortised cost				
– Trade receivables	16,825	14,352	10,870	11,099
– Other receivables and deposits	1,775	478	358	740
– Cash and cash equivalents	11,459	17,519	25,673	24,850
	30,059	32,349	36,901	36,689
Financial liabilities				
At amortised costs				
– Trade and other payables	13,264	11,991	10,084	10,157
– Finance lease liabilities	151	90	255	242
– Amount due to fellow subsidiary	700	–	–	–
	14,115	12,081	10,339	10,399

37. EVENT AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in this report, the Group has the following subsequent events undertaken by the Company or by the Group after 31 March 2018.

[The companies in the Group underwent the Reorganisation in preparation for the **[REDACTED]** of shares of the Company on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History and Corporate Structure" in the Document.]

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to [31 March 2018].