27th February 2015

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

OPUS Group Limited ('OPUS Group') (ASX: OPG) today announced its results for the six months ended 31 December 2014. OPUS Group has changed its year end to 31 December. As a result, full financial statements will be prepared as at 31 December 2014.

HIGHLIGHTS

- Period included significant financial and operational restructurings
  - $28 million new equity raised
  - Debt reduced by more than $50 million – now (net) debt free
  - $3.2 million operational restructuring costs expensed to reset cost base
  - Impairment of goodwill and plant and equipment $29.1m (FY 30 Jun 2014: $38.1m; HY 31 Dec 2013: $ 30.1m)

- Reported revenue of $58.0m (FY 30 Jun 2014: $116.9m; HY 31 Dec 2013: $62.2m)

- Adjusted EBITDA before transaction and restructuring charges of $5.4m[(1)] (FY 30 Jun 2014: $11.8m; HY 31 Dec 2013: $7.0m) – an increase of 12% on the 6 months ended 30 June 2014

- Reported Net Loss after restructuring costs, goodwill/plant and equipment write-offs, non-recurring finance costs and tax of $8.7m (FY 30 Jun 2014: $47.1m; HY 31 Dec 2013: $35.2m)

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COMMENTARY

Commenting on the December 2014 result, OPUS Group CEO, Cliff Brigstocke noted:

As previously reported, the significant effort and time dedicated to our successful recapitalisation including our $28m capital raising and the resultant introduction of 1010 Printing Group Limited (1010) as our new major shareholder is now behind us.

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

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

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

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

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

I will briefly update you on our two core divisions:

Publishing Services Division

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

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

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

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

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

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

Outdoor Media Division

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

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

We are finalising investment for our New Zealand business that will further add capacity and productivity to OmniGraphics that, similar to our Australian business, is well placed for further growth.

2015 Outlook

Our plan to enhance the capabilities and effectiveness of our offering to customers is on track with the first two stages now complete. With our bundled offer, in conjunction with 1010, we are confident that the value we bring to our valued customers as a diversified and customer focused Group will be further enhanced in 2015.

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FINANCIAL SUMMARY

Reported Financial Performance

	Six months ended 31 December 2014 AUD$'000s	Year ended 30 June 2014 AUD$'000s	Six months ended 31 December 2013 AUD$'000s	% Change Favourable / (unfavourable) FY2014	6 months Dec 2013
Revenue from ordinary activities	*57,969*	*116,873*	*62,180*	(50%)	(7%)
Operating income and expenses	*(64,289)*	*(151,930)*	*(89,662)*	58%	28%
Operating loss before finance costs	*(6,320)*	*(35,057)*	*(27,482)*	82%	77%
Net finance costs	*(1,554)*	*(7,262)*	*(3,588)*	79%	57%
Share of net profit of associate	*21*	*11*	*60*	91%	(65%)
Loss before tax	*(7,853)*	*(42,308)*	*(31,010)*	81%	75%
Income tax expense	*(918)*	*(4,765)*	*(4,246)*	81%	78%
Loss after tax	*(8,771)*	*(47,073)*	*(35,256)*	81%	75%
Loss per share (cents)	*(21.67)¢*	*(401.76)¢**	*(420.89)¢**	95%	95%

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

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Revenue amounted to $58.0m, down approx. 7% compared with 6 months ended 31 Dec 2013 of $62.2m.

The Operating loss before finance costs was $6.3m. During the period, OPUS Group recorded a net gain of $23,692,000 on the debt forgiveness. Hence, the Operating loss reduced significantly when compared with last year. The operating loss included $3.5m (FY 30 Jun 2014: $1.5m; HY 31 Dec 2013: $0.5m) debt facility and restructuring charges and redundancy cost. The Adjusted EBITDA of $5.4 was 23% down compared with 6 months ended 31 Dec 2013 (FY 30 Jun 2014: $11.8m; HY 31 Dec 2013: $7.0m).

	6 months ended 31 December 2014	6 months ended 31 December 2013	6 months ended 30 June 2014	Year ended 30 June 2014	% Change	
	AUD$'000s	AUD$'000s	AUD$'000s	AUD$'000s		6 month
	Adjusted	Adjusted	Adjusted	Adjusted	FY 2014	Dec 2013
Revenue						
Publishing Division	46,384	51,194	44,297	95,491	(51%)	(9%)
Outdoor Media Division	11,585	10,986	10,396	21,382	(46%)	5%
Total Revenue	**57,969**	**62,180**	**54,693**	**116,873**	**(50%)**	**(7%)**
Adjusted EBITDA						
Publishing Division	5,727	7,097	5,524	12,621	(55%)	(19%)
Outdoor Media Division	1,925	1,780	1,344	3,124	(38%)	8%
Others	(2,229)	(1,871)	(2,061)	(3,932)	43%	(19%)
Total Adjusted EBITDA	**5,423**	**7,006**	**4,807**	**11,813**	**(54%)**	**(23%)**

(1) Adjusted EBITDA as monitored by the Board and Senior Management ('Adjusted EBITDA') excludes the effects of certain items such as debt facility and restructuring charges and redundancy cost, legal expenses and other related costs where these items are not deemed to be part of the underlying performance of the business. Adjusted EBITDA is a non-IFRS measure of performance and is unaudited.

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ASIC REGULATORY GUIDE 230 DISCLOSING NON-IFRS FINANCIAL INFORMATION

In December 2011, ASIC issued Regulatory Guide 230. To comply with this Guide, OPUS Group is required to make a clear statement about the non-IFRS information included in this release.

In addition to statutory reported amounts, non-IFRS measures are used by Senior Management and the Directors' as the primary measures of assessing financial performance of the Group and individual operating segments.

Non-IFRS measures used in describing financial performance include:

- **Adjusted EBITDA**
  Adjusted EBITDA as monitored by the Board and Senior Management ('Adjusted EBITDA') excludes the effects of certain items such as restructuring costs, material merger transaction costs, legal expenses and other related costs.

- **Items excluded from Adjusted EBITDA**
  Items excluded from Adjusted EBITDA reflect the effects of certain items such as restructuring costs, material merger transaction costs, legal expenses and related costs.

- **Net debt**
  Net debt is calculated as total interest bearing liabilities less cash and cash equivalent balances (net of bank overdrafts). This measure excludes bank guarantees and letters of credit recognised off balance sheet. Interest bearing liabilities include finance leases.

The Board and management of the OPUS Group consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the combined business. This release and the included non-IFRS disclosures have not been audited.

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ABOUT OPUS GROUP

OPUS Group is an Asia-Pacific, technology based (Australian headquartered) business services and communication group. Employing a dynamic technology platform OPUS Group's vision is to be the partner of choice to produce and deliver published content faster and smarter via an integrated full service end-to-end value chain.

OPUS Group has a competitive advantage in delivering innovative solutions to customers across multiple specialist divisions and is one of the leading specialist providers in the Asia-Pacific region offering a regional end-to-end value chain with facilities in Singapore, Sydney, Maryborough, Canberra and Auckland with further global reach via the Content Distribution Alliance.

Contacts:

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OPUS GROUP LIMITED
Appendix 4E - Preliminary Final Report
For the period from 1 Jul 2014 to 31 Dec 2014

(Previous corresponding period: Year ended 30 Jun 2014)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	Up (unfavourable)	(50%)- 6/14 (7%) - 12/13	to	$57,969,000
Loss before income tax	Up (unfavourable)	81% - 6/14 75% - 12/13	to	$7,853,000
Loss from ordinary activities after tax attributable to members	Up (unfavourable)	81% - 6/14 75% - 12/13	to	$8,771,000
Loss for the period attributable to members	Up (unfavourable)	81% - 6/14 75% - 12/13	to	$8,771,000

Note: OPUS Group has changed its year end to 31 December

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)
Dividend per share	Nil	Nil
Record date for dividend entitlements	Not applicable	
Dividend reinvestment plan	Not applicable	

NET TANGIBLE ASSETS/LIABILITIES

	31 December 2014	30 June 2014
Net tangible assets/(liabilities) per security (cents)	16.87¢	(17.42)¢
Net tangible assets are calculated as net assets less total intangible assets. Net tangible assets per share is based on OPUS Group Limited’s issued capital as the legal parent entity and issuer of this financial information for both periods.		

EXPLANATION OF FINANCIAL PERFORMANCE

Refer to the Company’s Market Release dated 27 February 2015 and the Operating and Financial Review on Page 3 which explains the performance of the OPUS Group. Non-IFRS information where presented is unaudited.

AUDIT

This Appendix 4E is based upon the Financial Report of the Company which is currently subject to audit.

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OPUS GROUP LIMITED AND CONTROLLED ENTITIES

A.C.N. 006 162 876

PRELIMINARY FINANCIAL REPORT

FOR THE PERIOD FROM 1 JUL 2014 TO 31 DEC 2014

OPUS Group Limited and Controlled Entities

The Board presents the *Operating and Financial Review* for the six months ended 31 December 2014, which has been designed to provide shareholders with a clear and concise overview of OPUS Group's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the six months ended 31 December 2014 and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group. The review complements the financial report.

1. OPUS GROUP'S OPERATIONS

Our Business Model

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

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

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

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

Our Operations and Divisions

Publishing Services Division

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

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

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

Outdoor Media Division

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

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

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

1. OPUS GROUP'S OPERATIONS (continued)

Recapitalisation during the period

In July 2014, 1010 Group completed the acquisition of the debt facility through novation from the Commonwealth Bank of Australia ("CBA"). 1010 Group has replaced CBA as the Group's senior financer. Apart from the $51.5 million loan novated to 1010 Group, the Group issued a promissory note of $1,900,000 to CBA carrying interest at 6% p.a. with a repayment date on 31 July 2015. The hedging agreement was terminated without charges. OPUS Group has repaid the promissory note early on 30 January 2015.

On 4 September 2014, OPUS Group signed a recapitalisation program deed with 1010 Group and a placement agreement with Wilson HTM Corporate Finance Limited. According to the recapitalisation program completed on 3 November 2014, 1010 Group converted $20,880,000 of the loan to equity of OPUS and forgave the balance of the loan. OPUS issued 20 million options to 1010 Group to subscribe for 20 million shares of OPUS at a total exercise price of $7,000,000, exercisable at any time up to and including 30 September 2017. OPUS Group issued shares to professional and sophisticated investors to raise $4,000,000 and Mr. Richard Celarc to raise $3,000,000. $575,000 was raised through a share purchase plan by existing shareholders. The recapitalisation enables the Group's business moving forward on a strong and fully funded basis.

2. KEY STRATEGIES

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

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

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

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

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

3. BUSINESS PROSPECTS, OPPORTUNITIES AND RISKS

Having gone through a successful capital restructuring and comprehensive review of the existing facilities and cost base reset, OPUS Group is now in a new chapter. OPUS Group is focused on earnings growth and delivering enhanced profitability over the coming years. The majority of capital reinvestment is now being directed towards new digital equipment to improve turnaround times and productivity to enhance our competitiveness. OPUS Group expects to deliver improved results in the coming financial year.

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

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

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

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

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

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

4. SIX MONTHS TO 31 DECEMBER 2014 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY

OPUS Group reported revenue of $57,969,000, which is lower than the prior year figures (FY 30 June 2014: $116,873,000; HY 31 December 2013: $62,180,000). The drop was mainly caused by the loss of a long term customer in the Publishing Services Division (see announcement released on 18 February 2014). The loss for OPUS Group after providing for income tax amounted to $8,771,000 (FY 30 June 2014: $47,073,000; HY 31 December 2013: $35,256,000). OPUS Group has changed its year end to 31 December. As a result, full financial statements will be prepared as at 31 December 2014.

Further details in respect of these results are provided below:

Reported Financial Performance

	Six months ended 31 Dec 2014	***Year ended 30 Jun 2014***	***Six months ended 31 Dec 2013***	**% Change Favourable / (unfavourable)**	
	AUD$'000s	***AUD$'000s***	***AUD$'000s***	**FY2014**	**6 months Dec 2013**
Revenue from ordinary activities	*57,969*	*116,873*	*62,180*	(50%)	(7%)
Operating income and expenses	*(64,289)*	*(151,930)*	*(89,662)*	58%	28%
Operating loss before finance costs	*(6,320)*	*(35,057)*	*(27,482)*	82%	77%
Net finance costs	*(1,554)*	*(7,262)*	*(3,588)*	79%	57%
Share of net profit of associate	*21*	*11*	*60*	91%	(65%)
Loss before tax	*(7,853)*	*(42,308)*	*(31,010)*	81%	75%
Income tax expense	*(918)*	*(4,765)*	*(4,246)*	81%	78%
Loss after tax	*(8,771)*	*(47,073)*	*(35,256)*	81%	75%
Loss per share (cents)	*(21.67)¢*	*(401.76)¢**	*(420.89)¢**	95%	95%

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

Adjusted Financial Performance

During the period, OPUS Group did a comprehensive review on the investment and major equipment and re-set the cost base. This resulted in a non-cash goodwill impairment charge of $17,070,000 and equipment impairment charge of $12,023,000. These impairment charges reflect the competitive nature of the printing industry and its prospects, including changing requirements for equipment to keep up with technology changes. One-off restructuring and redundancy costs of $3,241,000 were also recognised. On the other hand, OPUS Group recorded a special net gain of $23,692,000, being debt forgiven by 1010 Group of $28,502,000 net with the fair value of the share options granted to 1010 Group of $4,810,000. The net finance cost was reduced to $1,554,000 (FY 30 June 2014: $7,262,000; HY 31 December 2013:$ 3,588,000) after the successful debt reduction.

4. SIX MONTHS TO 31 DECEMBER 2014 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY (continued)

	6 months ended 31 Dec 2014 AUD$'000s Adjusted	6 months ended 31 Dec 2013 AUD$'000s Adjusted	6 months ended 30 Jun 2014 AUD$'000s Adjusted	Year ended 30 Jun 2014 AUD$'000s Adjusted	% Change FY 2014	% Change 6 month Dec 2013
Revenue						
Publishing Division	46,384	51,194	44,297	95,491	(51%)	(9%)
Outdoor Media Division	11,585	10,986	10,396	21,382	(46%)	5%
Total Revenue	**57,969**	**62,180**	**54,693**	**116,873**	**(50%)**	**(7%)**
Adjusted EBITDA						
Publishing Division	5,727	7,097	5,524	12,621	(55%)	(19%)
Outdoor Media Division	1,925	1,780	1,344	3,124	(38%)	8%
Others	(2,229)	(1,871)	(2,061)	(3,932)	43%	(19%)
Total Adjusted EBITDA	**5,423**	**7,006**	**4,807**	**11,813**	**(54%)**	**(23%)**

	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Integration and restructuring costs (i)	3,241	1,189
Others (ii)	220	287
Total items excluded from Adjusted EBITDA	3,461	1,476

Items excluded from Adjusted EBITDA are summarised as follows:

(i) Costs related to the restructuring activities, which includes redundancy costs and professional fess etc.
(ii) Fees related to the CBA debt facility restructuring and associated legal and professional costs.

A reconciliation of Adjusted EBITDA to the Loss before taxation per the Statement of Profit or Loss and Other Comprehensive Income is as follows:

	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Adjusted EBITDA	5,423	11,813
Debt forgiveness (net)	23,692	-
Depreciation, amortisation and impairment	(2,848)	(7,070)
Impairment of goodwill	(17,070)	(38,088)
Impairment of property, plant and equipment	(12,023)	-
Impairment of investment in associate	-	(182)
Loss on disposal of property, plant and equipment	(12)	(43)
Items excluded from Adjusted EBITDA	(3,461)	(1,476)
Finance revenue	26	41
Finance costs	(1,580)	(7,303)
Loss before taxation per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(7,853)	(42,308)

4. SIX MONTHS TO 31 DECEMBER 2014 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY (continued)

The Publishing Services Division generated revenue of $46,384,000 which dropped 9% when compared to the same period last year (FY 30 June 2014: $95,491,000; HY 31 December 2013: $51,194,000). The revenue of the Publishing Services Division was impacted by the loss of a long term customer when the business was under financial strain (see announcement released on 18 February 2014).

The revenue of the Outdoor Media Division was $11,585,000 which was 5% up of the same period last year (FY 30 June 2014: $21,382,000; HY 31 December 2013: $10,986,000). The Out-of-home advertising market is currently a growth media channel.

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

	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Total current assets	29,925	23,851
Total current liabilities	(24,611)	(74,112)
Net current assets/(liabilities)	5,314	(50,261)
Debt:		
Bank debt and borrowings	(1,900)	(49,782)
Finance lease liabilities	(2,118)	(2,580)
Bank overdraft	-	(1,500)
Cash and cash equivalents	7,119	3,516
Net cash/(debt)*	3,101	(50,346)
Total equity/(deficiency)	16,267	(9,540)
Gearing (net debt/ net debt + equity)	N/A	123%

Due to the rounding of figures small discrepancies may exist

* Net cash/debt excludes off balance sheet bank guarantees and letters of credit.

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

OPUS Group Limited and Controlled Entities

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2014

	Note	Consolidated Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Revenue		57,969	116,873
Other income		461	1,145
Debt forgiveness (net)		23,692	-
Changes in inventories of finished goods, materials and work in progress		(17,500)	(34,149)
Other production costs and freight		(9,997)	(19,058)
Employee benefits expense		(21,248)	(40,499)
Occupancy costs		(2,764)	(5,417)
Depreciation and amortisation expense		(2,848)	(7,070)
Impairment of goodwill		(17,070)	(38,088)
Impairment of property, plant and equipment		(12,023)	-
Impairment of investment in associate		-	(182)
Loss on disposal of assets		(12)	(43)
Realised foreign exchange loss		-	(52)
Other expenses		(4,980)	(8,517)
Operating loss before finance costs		(6,320)	(35,057)
Finance revenue		26	41
Finance expenses		(1,580)	(7,303)
Net finance costs		(1,554)	(7,262)
Share of net profit of associate		21	11
Loss before income tax		(7,853)	(42,308)
Income tax expense		(918)	(4,765)
Loss after income tax		(8,771)	(47,073)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges (net of tax)		922	(88)
Exchange differences on translation of foreign operations		1,382	1,798
Other comprehensive income for the period/year net of tax		2,304	1,710
Total comprehensive income for the period/year		(6,467)	(45,363)
		Cents	**Cents**
Basic loss per share	2	(21.67)	(401.76)*
Diluted loss per share	2	(21.67)	(401.76)*

*restated to reflect the share consolidation on the basis of 1 for every 10 shares on 24 October 2014
The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

OPUS Group Limited and Controlled Entities

Condensed Consolidated Statement of Financial Position as at 31 December 2014

	Note	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Current assets			
Cash		7,119	3,516
Trade and other receivables		15,493	13,640
Inventories		5,400	4,735
Other current assets		1,913	1,960
Total current assets		29,925	23,851
Non-current assets			
Investments accounted for using the equity method		333	611
Property, plant and equipment		11,294	24,891
Deferred tax assets	4	-	-
Intangibles	5	-	16,779
Other non-current assets		1,019	995
Total non-current assets		12,646	43,276
Total assets		42,571	67,127
Current liabilities			
Bank overdraft	6	-	1,500
Trade and other payables		14,759	14,183
Amount due to fellow subsidiary		4	-
Provision for income tax		1,722	558
Derivative financial instruments		-	1,053
Interest bearing liabilities	6	3,039	50,964
Provisions		5,087	5,854
Total current liabilities		24,611	74,112
Non-current liabilities			
Interest bearing liabilities	6	979	1,398
Provisions		614	553
Deferred tax liabilities		100	604
Total non-current liabilities		1,693	2,555
Total liabilities		26,304	76,667
Net assets / (liabilities)		16,267	(9,540)
Equity			
Share capital	7	70,594	43,130
Reserves		8,509	1,395
Accumulated losses		(62,836)	(54,065)
Total equity / (deficiency)		16,267	(9,540)

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

OPUS Group Limited and Controlled Entities

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2014

Consolidated	Share Capital AUD$'000s	Reserves AUD$'000s	Accumulated Losses AUD$'000s	Total AUD$'000s
Balance at 1 July 2013	39,353	(315)	(6,992)	32,046
Loss after income tax	-	-	(47,073)	(47,073)
Changes in fair value of cash flow hedges net of tax	-	(88)	-	(88)
Exchange differences on translation of foreign operations and internal borrowings	-	1,798	-	1,798
Total comprehensive income for the year	-	1,710	(47,073)	(45,363)
Transactions with owners in their capacity as owners				
Issue of ordinary shares in exchange of the Secured Redeemable Convertible Notes	3,791	-	-	3,791
Transaction costs arising on shares issue	(14)	-	-	(14)
Total changes in ownership interests	3,777	-	-	(3,777)
Balance at 30 June 2014	43,130	1,395	(54,065)	(9,540)

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

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

OPUS Group Limited and Controlled Entities
Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2014

	Consolidated	
	Six months ended 31 Dec 2014 $AUD'000s	**Year ended 30 Jun 2014 $AUD'000s**
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	62,293	132,479
Payments to suppliers and employees (inclusive of GST)	(60,508)	(118,115)
Interest received	26	41
Interest and borrowing costs paid	(2,780)	(7,180)
Net income tax paid	(752)	(1,688)
Net cash (outflows)/inflows from operating activities	(1,721)	5,537
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(358)	(2,545)
Proceeds from the disposal of property, plant and equipment	-	71
Dividends received	299	-
Net cash outflows from investing activities	(59)	(2,474)
Cash flows from financing activities		
Process from related party borrowings	4,500	-
Convertible notes funds received, net of transaction costs	-	386
Issuance of shares	7,576	-
Transaction costs arising on shares issued	(992)	-
Repayment of borrowings	-	(2,602)
Repayment of borrowings from related party	(4,500)	-
Repayment of finance leases	(462)	(527)
Net cash inflows/(outflows) from financing activities	6,122	(2,743)
Net increase in cash held	4,342	320
Cash and cash equivalents at the beginning of the financial period/year	2,016	1,663
Net effect of exchange rate changes on cash	761	33
Cash and cash equivalents held at end of financial period/year	7,119	2,016
Comprising:		
Cash	7,119	3,516
Bank overdrafts	-	(1,500)
Cash and cash equivalents held at the end of the financial period/year	7,119	2,016

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this Consolidated Preliminary Financial Report (referred to as the Preliminary Financial Report or Financial Report) are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated. The Financial Report is for the consolidated entity consisting of OPUS Group Limited and its subsidiaries ('the OPUS Group').

(a) Basis of preparation

This Preliminary Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001 for the purpose of fulfilling OPUS Group's obligations under Australian Securities Exchange (ASX) Listing Rules.

This Preliminary Financial Report does not include all note disclosures required by Australian Accounting Standards. Selected note disclosures and accounting policies have been included in this document to aid the understanding of the information presented.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

The adoption of these standards does not have a material impact on the amounts recognised in the current or prior period financial statements, however will affect the disclosures in the notes to the financial statements.

Historical cost convention

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

(b) Principles of consolidation

Subsidiaries

The Preliminary Financial Report incorporates the assets and liabilities of all subsidiaries as at the reporting date and the results of all subsidiaries for the period then ended. Subsidiaries are all entities (including special purpose entities) over which the OPUS Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the OPUS Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the OPUS Group. They are de-consolidated from the date that control ceases.

(b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Management is required to make full disclosure of intercompany transactions during the period to ensure that all transactions of this nature are eliminated at a group level. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the OPUS Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Where equity instruments are issued in an acquisition they are measured at their assessed fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the OPUS Group's share of the identifiable net assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

(c) Goodwill

Recognition and nature

Goodwill represents the excess of the cost of an acquisition over the fair value of the OPUS Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisition of businesses is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Impairment of goodwill

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

(d) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(d) Earnings per share (continued)

Diluted earnings per share

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

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

(e) Rounding of amounts

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

2. Loss per share

	Consolidated	
	31 Dec 2014	**30 Jun 2014 (Restated)**
Basic loss per share (cents ¢)	(21.67)	(401.76)
Diluted loss per share (cents ¢)	(21.67)	(401.76)

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s (Restated)**
Loss used in calculating basic and diluted earnings per share	(8,771)	(47,073)
	'000s	**'000s**
Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted loss per share	40,473	11,717

The Weighted average number of ordinary shares used are restated as per the share consolidation on 24 October 2014. In this connection, the basic loss per share and diluted loss per share are restated.

3. Segment reporting

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

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker as defined above that are used to make strategic decisions.

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

3. Segment reporting (continued)

Publishing Services

The Publishing Services Division provides digital and offset printing, and other ancillary business services including digital asset management, content management, back catalogue fulfilment, direct to consumer distribution and warehousing, variable data and intelligent mailing.

The division has short run, medium and long run production capabilities and in-house finishing.

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

Outdoor Media

The Outdoor Media Division produces and distributes outdoor advertising material and corporate signage for the outdoor advertising industry and corporate signage market. The majority of the work performed by the Outdoor Media Division consists of billboards and posters and requires a rapid turnaround to meet strict advertising campaign deadlines.

(b) Segment revenue

Sales between segments are carried out on an arm's length basis and are eliminated on consolidation. The revenue from external parties reported is measured in a manner consistent with that in the Consolidated Statement of Comprehensive Income.

(c) Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure of financial performance and is not a principle contemplated by Australian Accounting Standards. This measurement basis excludes the effects of certain items from the operating segments such as restructuring costs, material merger transaction costs, legal expenses and goodwill impairment where these items are not deemed to be part of the underlying performance of the segment. This measure is consistent with the presentation of financial information internally for management accounts purposes.

A reconciliation of Adjusted EBITDA to the Loss before taxation per the Statement of Profit or Loss and Other Comprehensive Income is as follows:

	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Adjusted EBITDA on ordinary activities	5,423	11,813
Debt forgiveness (net)	23,692	-
Depreciation and amortisation	(2,848)	(7,070)
Impairment of goodwill	(17,070)	(38,088)
Impairment of property, plant and equipment	(12,023)	-
Impairment of investment in associate	-	(182)
Loss on disposal of property, plant and equipment	(12)	(43)
Items excluded from Adjusted EBITDA	(3,461)	(1,476)
Finance revenue	26	41
Finance costs	(1,580)	(7,303)
Loss before taxation per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(7,853)	(42,308)

Interest income and expenditure is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the OPUS Group.

OPUS Group Limited and Controlled Entities

3. Segment reporting (continued)

(d) Segment Information

Six months ended 31 December 2014

	Publishing AUD$'000s	Outdoor Media AUD$'000s	Others AUD$'000s	Total AUD$'000s
Total external revenue	46,384	11,585	-	57,969
Other income	459	2	-	461
Operating expenses	(41,116)	(9,662)	(2,229)	(53,007)
Adjusted EBITDA	5,727	1,925	(2,229)	5,423
FY 30 June 2014				
Total external revenue	95,491	21,382	-	116,873
Other income	1,091	4	50	1,145
Operating expenses	(83,961)	(18,262)	(3,982)	(106,205)
Adjusted EBITDA	12,621	3,124	(3,932)	11,813

(e) Inter-segment transactions

There are no internal transactions for inter-segment eliminations. The "Others" column represents unallocated OPUS Group and Corporate costs.

(f) Segment assets and liabilities

The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are not reported by operating segment.

4. Deferred tax assets

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Opening deferred tax asset		4,108
Reclassified from disposal group	-	288
Movement during the period	-	44
Impairment of deferred tax asset		
- Loss for the period/year	-	(4,139)
- Other comprehensive income	-	(301)
Closing total deferred tax asset	-	-

Judgment is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the OPUS Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecast taxable income. At 31 December 2014, the Group had not recognised a deferred tax asset of $4,874,000 (30 June 2014: $13,268,000), which includes tax losses of $1,139,000 (30 June 2014: $8,665,000) and temporary differences of $3,735,000 (30 June 2014: $4,603,000) in the Australian and New Zealand businesses. It has been considered appropriate not to recognise the deferred tax asset as the benefits are not deemed recoverable in the near future.

5. Non-current assets – intangibles

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Goodwill	-	16,779
Total intangibles	-	16,779

(a) *Reconciliations*

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the financial period are set out below:

Carrying amount

	Goodwill AUD$'000s
Balance at 1 July 2013	46,750
Reclassified from disposal group	6,445
Effect of movements in exchange rates	1,672
Less : Impairment provision	(38,088)
Balance at 30 June 2014	16,779
Balance at 1 July 2014	16,779
Effect of movements in exchange rates	291
Less : Impairment provision	(17,070)
Balance at 31 December 2014	-
At 31 December 2014	-
Cost	54,867
Accumulated amortisation and impairment losses	(54,867)
Net book amount	-

(b) *Impairment testing*

For the purpose of impairment testing, goodwill is allocated to the OPUS Group's cash generating units ('CGU') which represent the lowest level that independent cash flows are generated (as at the reporting date).

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Publishing Services Australia	-	-
C.O.S. Printers Pte Limited(1)	-	10,334
Cactus Australia	-	6,445
Total goodwill	-	16,779

(1) change in COS goodwill relates to an impairment provision of $10.3m and the FX movements with a deterioration in the AUD against the NZD, noting the goodwill is denominated in NZD as the acquirer was OPUS Group NZ Holdings Limited.

The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial forecasts covering a one year period. Cash flows beyond the projected period are extrapolated using estimated growth rates. In performing the value-in-use calculations for each CGU, the OPUS Group has applied a pre-tax discount rate to discount the forecast future attributable pre-tax cash flows.

5. Non-current assets – intangibles (continued)

When determining the carrying value of the cash generating unit an allocation of the OPUS Group's corporate asset base has been made to each unit.

The value-in-use has been based on the following key assumptions:

CGU	EBITDA growth rate (2 to 5 years)	Terminal value growth rate	Discount rate (pre-tax)	Capex growth rate
C.O.S. Printers Pte Limited	2%	1%	25%	10%
Cactus Australia	2%	0%	27%	10%

Cash flows of each CGU have been projected based on the adjusted actual historical operating results and a forecast which has been extended for 4 years using EBITDA growth assumptions noted above applicable to each CGU.

Terminal cash flows beyond 5 years forecast of each CGU were extrapolated using a constant growth rate as noted above. Growth rates used do not exceed the long-term average growth rate for the markets in which each of the CGU's operate.

The forecasts for the purposes of each of the value in use calculations are most sensitive to changes in the projected cash flows in year 1, the terminal year and the discount rate.

The Board have reviewed the sensitivities of each CGU's recoverable value for the above noted assumptions.

Based on the sensitivities to the key assumptions noted above, if C.O.S. Printers Pte Limited's forecasted cash flows for year 1 were 5% lower and a 1% increment on the post-tax discount rate and 1% reduction on the year on year growth rate, no additional impairment would be required.

One of the key assumptions is the inclusion of capital expenditure cash flows. These are forecasted to grow at a rate of 10% for Cactus Australia and C.O.S. Printers Pte Limited over the forecast period. The magnitude and timing of these cash flows is within the control of OPUS Group management.

The Board believe that there are no other reasonably possible changes in any of the key assumptions used in the impairment models which would cause the carrying value of a CGU to equal its recoverable amount. The Board believe that the key assumptions used in the impairment models are appropriate and support the carrying amount of the individual CGUs.

Impairment of Cactus Australia and C.O.S. Printers Pte Limited

During the current period impairment charge of $6,445,000 and $10,625,000 were recognised against the goodwill relating to Cactus Australia and C.O.S. Printers Pte Limited respectively. The recoverable amount used in the goodwill calculations was based on a value-in-use model. The impairment charge is a direct result of the assessment of the uncertainty of future earnings from the operations of Cactus Australia and C.O.S. Printers Pte Limited. The impairment of Cactus Australia and C.O.S. Printers Pte Limited was a result of a more conservative assessment of future cash flows.

The discount rate and other key assumptions used in the value-in-use calculations are disclosed above.

6. Interest bearing liabilities

	Consolidated	
	31 Dec 2014	30 Jun 2014
	AUD$'000s	AUD$'000s
Non-current liabilities		
Finance leases	979	1,398
Total non-current interest bearing liabilities	979	1,398
Current Liabilities		
Bank overdraft	-	1,500
Secured bank loan	-	49,782
Unsecured bank loan	1,900	-
Finance leases	1,139	1,182
Total current interest bearing liabilities	3,039	52,464
Total interest bearing liabilities	4,018	53,862

During the period, a promissory note of $1,900,000 was issued to CBA as part of the recapitalisation. The promissory note carries interest at 6% p.a. with a repayment date on 31 July 2015 and has been repaid on 30 January 2015.

At 30 June 2014, the secured bank loan represents the CBA bank loan, which was classified as a current liability, because OPUS Group had breached several covenants in relation to the CBA loan facilities. The loan was novated to 1010 Group subsequently. 1010 Group converted $20,880,000 of the loan to equity of OPUS Group and forgave the balance of the loan on 3 November 2014.

7. Share capital

	Consolidated	
	31 Dec 2014	30 Jun 2014
	AUD$'000s	AUD$'000s
Issued and paid up capital:		
96,413,596 (FY 6/2014: 151,122,255) ordinary shares - fully paid	70,594	43,130

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the there is no limit on the amount of authorised capital.

On 4 September 2014, the Group signed a recapitalisation program deed with 1010 Group and a placement agreement with Wilson HTM Corporate Finance Limited. The recapitalisation plan was approved by shareholders of OPUS Group on 24 October 2014 and completed on 3 November 2014. 1010 Group converted $20,880,000 of the novated CBA loan to equity in OPUS Group and forgave the balance of the loan. OPUS Group issued to 1010 Group 59,657,143 fully paid shares and 20 million options to subscribe for 20 million shares of OPUS Group at a total exercise price of $7,000,000 ($0.35 each), exercisable at any time up to and including 30 September 2017.

OPUS Group also issued 8,571,429 shares to Mr. Richard Celarc, an executive director, 11,428,571 shares to professional investors and 1,642,824 shares to existing shareholders, raising total of $7,575,000.

On 24 October 2014, a resolution was passed to consolidate the company's shareholding on the basis of 1 for every 10 shares.

7. Share capital (continued)

Set out below are summaries of options granted:

2014

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

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
3/11/2014	30/09/2017	$0.38	$0.35	119.86%	0%	2.65%	$0.2405

The fair value of the option grant has been charged as part of the overall debt forgiveness benefit.

8. Related parties

Parent entity
At 31 December 2014, 1010 Group holds 61.88% of OPUS Group and is effectively the ultimate parent entity of OPUS Group.

Key management personnel receive compensation in the form of short term employee benefit and post-employment benefits. All arrangements with key management personnel are on commercial trading terms.

9. Compliance Statement

This report is based on the Financial Report of OPUS Group Limited and its controlled entities. The financial report is in the process of being audited. The OPUS Group is not aware of any matters associated with the Financial Report for the period ended 31 December 2014 that are likely to be subject to dispute or qualification by the auditors.

10. ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information

In December 2011, ASIC issued Regulatory Guide 230. To comply with this Guide, OPUS Group is required to make a clear statement about the non-IFRS information included in this release.

In addition to statutory reported amounts, non-IFRS measures are used by Senior Management and the Directors' as the primary measures of assessing financial performance of the Group and individual operating segments.

Non-IFRS measures used in describing financial performance include:

- **Adjusted EBITDA**

Adjusted EBITDA as monitored by the Board and Senior Management ('Adjusted EBITDA') excludes the effects of certain items such as restructuring costs, material merger transaction costs, legal expenses and other related costs.

- **Items excluded from Adjusted EBITDA**

Items excluded from Adjusted EBITDA reflect the effects of certain items such as integration and restructuring costs, material merger transaction costs, legal expenses and related costs.

10. ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information (continued)

- **Net debt**

Net debt is calculated as total interest bearing liabilities less cash and cash equivalent balances (net of bank overdrafts). This measure excludes bank guarantees and letters of credit recognised off balance sheet. Interest bearing liabilities include finance leases.