OPUS GROUP LIMITED
AND CONTROLLED ENTITIES

A.C.N. 006 162 876

FINANCIAL REPORT

PERIOD FROM 1 JULY 2014 TO 31 DECEMBER 2014

Company Directory

DIRECTORS	Richard F. Celarc Chairman / Executive Director Chuk Kin Lau Executive Director Mei Lan Lam Executive Director Paul A. Young Non-Executive Director
COMPANY SECRETARIES	Laura Lou Virginia Lee
REGISTERED OFFICE AND POSTAL ADDRESS	12 Rachael Close Silverwater NSW 2128
CONTACT NUMBERS	Telephone: (02) 9584 7680 Facsimile: (02) 9648 5887
AUDITORS	BDO East Coast Partnership Level 11, 1 Margaret Street Sydney NSW 2000
SHARE REGISTRY	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 4000
BANKERS	Australia and New Zealand Banking Group Limited 242 Pitt Street Sydney NSW 2000
SOLICITORS	Thomson Geer Level 25, 1 O'Connell Street Sydney NSW 2000
STOCK EXCHANGE	Listed on the Australian Securities Exchange ('ASX')
ASX CODE	OPG (Fully Paid Ordinary Shares)
E-MAIL	info@opusgroup.com.au
WEBSITE	www.opusgroup.com.au

The Board presents the *Operating and Financial Review* for the six months ended 31 December 2014, which has been designed to provide the shareholders with a clear and concise overview of OPUS Group's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the 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 OPUS Group. The review complements the financial report. OPUS Group has changed its year end to 31 December to align with the financial year end of its ultimate holding company. As a result, a full set of consolidated financial statements is prepared as at 31 December 2014.

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.

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 OPUS Group’s senior financer. Apart from the $51.5 million loan novated to 1010 Group, OPUS 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 Group and forgave the balance of the loan. OPUS Group issued 20 million options to 1010 Group to subscribe for 20 million shares of OPUS Group 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 Celarc to raise $3,000,000. $575,000 was raised through a share purchase plan by existing shareholders. The recapitalisation enables OPUS 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 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 OPUS Group’s comprehensive offer to help publishers meet the changes currently taking place in their supply chain. OPUS Group 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 Group Digital is the mechanism by which OPUS Group’s strategic prospects and its value chain extension strategy meet. The digital strategy for OPUS Group encompasses a distribution system to produce and supply products to consumers, with agility to respond quickly to change and lead our customers in this dynamic environment, across all aspects of our business.

Operational and strategic focus

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

Reduced print run sizes with increased order frequency

Publishers are reducing print costs and volumes. OPUS Group is facing the risk of printing market consolidation. As global publishers consolidate their supply chains and look to partners who can extend their 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 Group 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, a full set of consolidated financial statements is 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 AUD$'000s	***Year ended 30 Jun 2014 AUD$'000s***	***Six months ended 31 Dec 2013 AUD$'000s***	**% Change Favourable / (unfavourable)**	
				FY 2014	**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 income tax	*(7,853)*	*(42,308)*	*(31,010)*	81%	75%
Income tax expense	*(918)*	*(4,765)*	*(4,246)*	81%	78%
Loss after income 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

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.

	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 months 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
Other (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.

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.

A reconciliation of Adjusted EBITDA to the Loss before income tax per the Consolidated 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 on continuing operations	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 income tax per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(7,853)	(42,308)

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

	31 December 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, OPUS Group can now move forward on a strong and fully funded basis.

The directors present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as the 'OPUS Group') consisting of OPUS Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the six months ended 31 December 2014.

Directors

The following persons were directors of OPUS Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

- Richard F. Celarc
- Chuk Kin Lau (appointed on 24 October 2014)
- Mei Lan Lam (appointed on 25 November 2014)
- Paul A. Young (appointed on 25 November 2014)
- William J. Mackarell (resigned on 31 January 2015)
- Bret P. Jackson (resigned on 24 October 2014)
- James M. Sclater (resigned on 24 October 2014)
- Simon A. Rowell (resigned on 24 October 2014)

(a) Information on Current Directors

Richard F. Celarc (Chairman and Executive Director)

Mr Celarc co-founded Ligare in 1979 and was one of the foundation shareholders of the OPUS Group. He initially served as Ligare's accountant, bringing a strong focus on costs and funding the growth of the business from its infancy. Mr Celarc acquired full ownership of Ligare Australia in 1996 and grew the business into the largest specialist book printer in New South Wales. He currently leads the OPUS Group's best practice program, working with the OPUS Group businesses to further develop operating efficiencies and ensure industry leading practice. Mr Celarc has been a key driver of the OPUS Group's cross-site production strategy, ensuring the best use of equipment across the OPUS Group to deliver optimal customer outcomes, and was instrumental in the establishment of the Ligare New Zealand operation.

Having been a print business owner for over 35 years, Mr Celarc has a wealth of industry knowledge and operational experience. He is well respected in industry with a reputation of high integrity and good work ethics.

Mr Celarc is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Chuk Kin Lau (Executive Director)

Mr Lau is Executive Director of 1010 Printing Group Limited (HKEX Stock Code 1127), the ultimate parent company of OPUS Group, and has been responsible for the overall strategic formulation of the 1010 Group since it commenced its printing business in 2005. Mr Lau is an Executive Director of Cinderella Media Group Limited (HKEX Stock Code 550) and was formerly the managing director of an executive search consultancy business in Hong Kong. He also founded a HKEX main board listed printing company. Mr Lau obtained a Bachelor of Arts degree from the University of Minnesota and a Master of Business Administration degree from the Chinese University of Hong Kong.

Mr Lau is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Mei Lan Lam (Executive Director)

Ms Lam is a practising certified public accountant in Hong Kong, an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Ms Lam received her Doctor of Business Administration degree from the Hong Kong Polytechnic University and Master of Business Administration degree from the Chinese University of Hong Kong. Ms Lam has over 25 years of experience in finance and has held senior financial positions in various main board listed companies and a non-profit charitable organisation in Hong Kong. Ms Lam is currently a director of 1010 Printing Group Limited (HKEX Stock Code 1127) and Cinderella Media Group Limited (HKEX Stock Code 550).

Ms Lam is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Paul A. Young (Non-Executive Director)

Mr Young is the co-founder and an Executive Director of Baron Partners Limited, a corporate advisory business established in 1987, and has been in merchant banking in Australia for 30 years. He was formerly a chartered accountant in London and Sydney. He has extensive experience in the provision of corporate advice to a wide range of listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions.

Mr Young is an Honours Graduate with a Master degree in Economics (University of Cambridge). He is a Fellow of the Institute of Chartered Accountants in England and Wales, holds an Advanced Diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors.

Mr Young is a Non-Executive Director of ASX listed companies Ambition Group Limited, a recruitment business with operations in Australia, Asia and the United Kingdom, Byron Energy Limited, an oil and gas exploration and development business operating in the Gulf of Mexico, USA and Australian Rural Capital Limited, an investment company focussed on agribusiness and agristructure. He is also a Non-Executive Director of Performance English Pty Ltd, a provider of private education, of Enware Australia Pty Ltd, a specialist manufacturer and marketer of plumbing and safety products and of Jura Espresso Australia Pty Ltd, an importer and marketer of automatic coffee machines. Mr Young is a former chairman of Peter Lehmann Wines Limited and a former Non-Executive Director of THO Services Limited.

Mr Young is the Chairman of the Audit Risk Management and Compliance Committee, and of the Nomination and Remuneration Committee.

(b) Key Management Personnel

Clifford D.J. Brigstocke (Chief Executive Officer)

Mr Brigstocke is Chief Executive Officer of OPUS Group. He has led OPUS Group since its inception and has been instrumental in acquiring, integrating and developing each of the businesses in the OPUS Group. Mr Brigstocke has extensive publishing industry experience, including 10 years in operational, sales and marketing roles, and as a member of the Senior Executive team, with Thomson Reuters in Australia. He is a former Director of Bunzl Australia (part of Bunzl Plc, a FTSE100 company) and held general manager and regional director positions within the Company's outsourcing division. He commenced his career in the Royal Australian Navy where he held senior positions in seaborne combat roles. He holds a Master of Arts degree from Macquarie Graduate School of Management and a Diploma of Logistics from the University of Technology Sydney. He is a member of the Australian Institute of Company Directors.

(c) Directors' Meetings

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

Director	Eligible to attend	Attended
Richard F. Celarc (Chairman)	6	6
Chuk Kin Lau^	3	3
Mei Lan Lam#	1	1
Paul A. Young#	1	1
William J. Mackarell%	6	6
Bret P. Jackson*	3	3
Simon A. Rowell*	3	3
James M. Sclater*	3	3

^ appointed on 24 October 2014
# appointed on 25 November 2014
* resigned on 24 October 2014
% resigned on 31 January 2015

(d) Committee Membership

OPUS Group has an Audit Risk Management and Compliance Committee and a Nomination and Remuneration Committee. Members acting on the committees during the period and their attendance at meetings was as follows:

Committee Meetings

	Audit Risk Management and Compliance		Nomination and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended
Paul A. Young#	1	1	-	-
William J. Mackarell%	3	3	-	-
Bret P. Jackson*	2	2	-	-
Simon A. Rowell*	2	2	-	-
James M. Sclater*	2	2	-	-

appointed on 25 November 2014
* resigned on 24 October 2014
% resigned on 31 January 2015

(e) Principal Activities

The principal activities of the OPUS Group are providing printing services within the following two divisions:

(i) Publishing Services

Production and distribution of publications including electronic delivery of online material, regional production of scientific, medical, technical and scholarly journals, loose leaf manuals and primary, secondary and higher education texts. As well as, provision of secure government communication requirements including document production, web hosting, electronic fulfilment, call centre, warehousing and logistics for the Australian Federal Government, State Governments and Local Councils.

(ii) Outdoor Media

Creation, production and distribution of outdoor advertising material and corporate signage, such as billboards, bus advertising, retail displays, vehicle wraps and trade exhibitions.

(f) Dividends

No dividends were paid or declared during the period.

(g) Consolidated Results

The consolidated loss after tax from operations of OPUS Group for the six months ended 31 December 2014 was $8,771,000 (FY 30 June 2014: $47,073,000).

(h) Review of Operations

The review of operations of the OPUS Group included in the Operating and Financial Review on pages 1 to 7 of the Financial Report and forms part of this report.

(i) Significant Changes in the State of Affairs

Recapitalisation

1010 Printing Group Limited (HKG:1127) ("1010 Group") completed the acquisition of the debt facility through novation from the Commonwealth Bank of Australia ("CBA") on 31 July 2014. 1010 Group had replaced CBA as the senior financier of OPUS Group. Apart from the $51,282,000 loan novated from CBA to 1010 Group, OPUS 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.

On 4 September 2014, OPUS 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 loan to equity of OPUS Group and forgave the balance of the loan. OPUS Group issued 20 million options to 1010 Group to subscribe for 20 million shares of OPUS Group at a total exercise price of $7,000,000, exercisable at any time up to and including 30 September 2017. OPUS Group also issued shares to Mr Celarc, professional investors and existing shareholders and raised total of $7,575,000. After the completion of the recapitalisation plan and as at the date of this report, 1010 Printing holds 61.88% of the total issued share capital of OPUS Group.

Rationalisation

The Directors have taken a number of actions to improve OPUS Group's profitability and expect an improvement in operating results. During the period, OPUS Group made 64 redundancies at an additional cost of approximately $2,606,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

(j) Matters Subsequent to the end of Financial Period

On 30 January 2015, OPUS Group settled the promissory note of $1,900,000 together with accrued interest to CBA. Apart from this, no other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of these operations, or the consolidated entity's state of affairs in future financial years.

(k) Likely Developments and Expected Results of Operations

In the opinion of the Directors, all necessary information has been reported in this Directors' Report and the Financial Report. Information, which relates to likely developments in the operations and the expected results of those operations in financial periods subsequent to 31 December 2014, is not included as it would prejudice the interests of the OPUS Group.

(l) Share Options

On 3 November 2014, OPUS Group issued 20 million options to 1010 Group to subscribe for 20 million shares of OPUS Group at exercise price of $0.35 each, exercisable at any time up to and including 30 September 2017.

No share was issued during the period and up to the date of this report on the exercise of option granted,

(m) Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director as at the date of this report are set out on pages 8 to 9 of the Financial Report and form part of this Directors' Report. Particulars as to the number of Directors' meetings (including meetings of the Audit Risk Management and Compliance and the Nomination and Remuneration Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the period are set out on page 10 of the Financial Report and form part of this Directors' Report. The interests of Directors in the share capital of the parent entity or in a related entity are contained in the register of Directors' shareholdings of the Company as at the date of this report and are set out on page 17 of the Financial Report and form part of this Directors' Report.

(n) Company Secretary

The role of Company Secretary was shared between Laura Lou and Virginia Lee. Virginia Lee was appointed as Joint Company Secretary on 13 November 2014 to replace Mark Heron who resigned on 24 October 2014.

Laura Lou (Joint Company Secretary)

Ms Lou joined Ligare as a sales representative in 2007 and moved into the role of Group coordinator for OPUS Group in 2008. Her role has expanded in 2014 to include company secretary and group HR duties. She holds a Bachelor of Commerce, Bachelor of Arts and a Master of Sustainable Development from the University of NSW.

Virginia Lee (Joint Company Secretary)

Ms Lee is a member of the Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants, and a fellow of the Institute of Public Accountants. She has extensive accounting and company management experience. She was Alternate Director, Head of Shared Services, Compliance Officer and Risk Manager of various international organisations such as BDO Hong Kong, ABN AMRO Trust and the Salvation Army. Ms Lee holds a Master of Business Administration from the University of Manchester. She joined OPUS Group on 1 September 2014.

(o) 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.

(p) Remuneration Report

The remuneration report is set out under the following main headings:

- Key management personnel identification
- Principles used to determine the nature and amount of remuneration
- Remuneration and other transactions with key management personnel

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Key management personnel identification

The key management personnel (as defined in AASB 124 *Related Party Disclosures*) of OPUS Group are the Directors and the following executives, as they had authority and responsibility for planning, directing and controlling the activities of the OPUS Group, directly or indirectly, during the financial period:

Name	Position	Employer
Richard F. Celarc	Chairman	OPUS Group Australia Pty Limited
Clifford D.J. Brigstocke	Chief Executive Officer	OPUS Group Australia Pty Limited

Principles used to determine the nature and amount of remuneration

The object of the OPUS Group's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance policies:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage and alignment of executive compensation;
- Transparency; and
- Capital management.

OPUS Group has a remuneration policy and structure that is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the achievement of the Company's strategies and goals.

Remuneration is accordingly set to the following principles:

- No individual may be involved directly in determining his or her remuneration. External advice is sought in relation to remuneration where appropriate;
- Remuneration disclosure to shareholders will at a minimum comply with the requirements of legislation and Accounting Standards; and
- Remuneration for Directors is determined by the Board and/or the Nomination and Remuneration Committee within the maximum amount determined by shareholders from time to time at the Company's Annual General Meeting. Non-Executive Directors may not participate in any incentive schemes that are established.

The remuneration framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The overall level of executive reward takes into account the performance of OPUS Group over a number of years, with greater emphasis given to the current period.

Nomination and Remuneration Committee

OPUS Group has a Nomination and Remuneration Committee which has been established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to remuneration, including:

- Director remuneration;
- Staff incentive plans proposed by the Chief Executive Officer, including bonus, share and option plans, and the basis of their application;
- Salary, benefits and total remuneration packages of the Chief Executive Officer and other Senior Executives; and
- Substantial changes to the principles of the OPUS Group's superannuation arrangements.

Remuneration and other transactions with key management personnel

Key management personnel remuneration

Directors' fees are determined within an aggregate Directors' fee pool limit. For the financial period ended 31 December 2014 and in respect of each financial year thereafter and until otherwise determined by a resolution of OPUS Group shareholders, the maximum aggregate remuneration payable to all Directors of the OPUS Group for their services as Directors including their services on a Board or committee or sub-committee and including superannuation is limited to $600,000 per annum (in total). Services provided which are not in the capacity as a Director (e.g. general consulting) are excluded from the limit.

The Non-Executive Director receive no additional fees for their membership of the Board's Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee. Directors may direct the OPUS Group to make superannuation guarantee contributions, or additional superannuation contributions allocated from their Directors' or committee membership fees, to any complying nominated superannuation fund.

During the period the Board was restructured as part of the general cost reset and the number of Non-Executive Directors was reduced to one, Mr Young, who receives a fee of $60,000 p.a. inclusive of superannuation.

The total fixed remuneration packages inclusive of superannuation and other benefits for Key Management Personnel of the OPUS Group at the date of this report are as follows:

Name	Term of Agreement	Total Fixed Remuneration for the period*	Notice Period by Executive	Notice Period by OPUS Group	Termination Payment
Richard F. Celarc#	Open	$170,350	Nil	Nil	Nil
Clifford D.J. Brigstocke	Open	$195,875*	12 months	12 months	12 months

#Mr Celarc is not under an employment contract with OPUS Group. He is paid consultancy fees through a related entity. Remuneration disclosed for period ended 31 December 2014 includes $137,500 of consulting fees.
*Inclusive of superannuation

Base pay is structured as a package amount which may be delivered as cash and prescribed non-cash financial benefits, including motor vehicles and additional superannuation contributions at the executive's discretion. Base pay is reviewed annually to reflect increases in responsibility and to ensure that the executive's pay is competitive in the market for a comparable role. There are no guaranteed base pay increases included in any Senior Executives' contracts.

Non-Executive Directors are not entitled to participate in any incentive scheme, nor are they eligible to receive share options.

Short-term performance incentives

Short-term incentives in the form of cash bonuses are available to Senior Executives providing the OPUS Group or the operating division or business most closely aligned with the executive's area or areas of responsibility achieve or exceed pre-determined profit and other financial targets and that the Senior Executive achieve key personal performance objectives. Adjusted EBITDA performance targets consistent with those disclosed in the segment reporting note of this Financial Report have been selected because this ensures that variable reward is only available when value has been created for shareholders and when financial and other targets are consistent with or exceed the business plan.

Each year the Nomination and Remuneration Committee considers the appropriate targets and key performance indicators together with the level of payout if targets are met or exceeded. Short-term incentive-based remuneration is generally set as a percentage of base salary relative to the role of the individual participating in the incentive program. Financial performance linked incentives for key management personnel were focused on Adjusted EBITDA targets and cash flow realisation and were potentially payable up to 50% of their base remuneration including superannuation.

An assessment regarding eligibility for a cash bonus is made by reference to actual performance outcomes when these are known following the conclusion of the financial year. Short-term incentives are normally payable following the end of the financial year to which the incentive relates.

Link of historical financial performance to performance incentives

For the six months ended 31 December 2014, no short-term performance incentives were paid to key management personnel due to the operating performance for the OPUS Group not meeting these targets. (FY 30 June 2014: Nil)

A table summarising the short-term incentive plan payments which could have been potentially paid if the relevant targets were achieved and those that were actually paid or payable is summarised below:

KMP	Base remuneration including superannuation for the period	Total financial performance-linked incentive potential	Financial performance-linked incentive paid (% of potential)	Total non-financial performance-linked incentive potential	Non-financial performance-linked incentive paid (% of potential)	Total incentive paid to key management personnel (% of potential)
Richard F. Celarc	$170,350[#]	Nil	Nil (0%)	Nil (0%)	Nil (0%)	Nil (0%)
Clifford D.J. Brigstocke	$207,080[^]	$150,000	Nil (0%)	Nil (0%)	Nil (0%)	Nil (0%)

[#]Remuneration disclosed for period ended 31 December 2014 includes $137,500 of consulting fees related to Mr Celarc's role consulting to the Publishing Services division for the OPUS Group.
[^]Amount included other allowances

Under the operating structure in 2014, financial performance specifically linked to Adjusted EBITDA is a key element of the quantification of performance incentives.

As the Company became public in April 2012, historically there has not been a direct link between share price performance, shareholder dividend returns and other total shareholder return measures and the performance incentives issued to key management personnel.

A linkage to total shareholder return is expected to be built into the proposed long-term incentive plan as appropriate.

Long-term performance incentives

The OPUS Group is in the process of establishing a long-term incentive plan for key management.

Retirement benefits

Retirement benefits are delivered by a number of superannuation funds selected by the OPUS Group or the executive. Executives may direct the OPUS Group to make superannuation guarantee contributions, or additional superannuation contributions allocated from their base package amount, to any complying nominated superannuation fund.

Performance assessment

The process for reviewing the performance of Senior Executives is undertaken by the Chief Executive Officer.

The Chairman is responsible for meeting with the individual Directors to discuss their individual performance and contribution to the Board however the Nomination and Remuneration Committee oversee this function. The performance of the Chief Executive Officer is monitored and assessed by the members of the Nomination and Remuneration Committee.

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

Details of remuneration

Details of the remuneration of the Directors of the OPUS Group, the other key management personnel and the other highest remunerated executives of the OPUS Group are set out in the following tables.

Period ended 31 Dec 2014	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**		**Share-based payments**		**Proportion of remuneration linked to performance**
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Long Service Leave $**	**Termination benefits $**	**Options $**	**Total $**	
Directors of OPUS Group Limited									
William J. Mackarell[%]	51,000	-	-	4,845	-	-	-	55,845	0%
Richard F. Celarc	167,500	-	-	2,850	-	-	-	170,350	0%
Bret. P. Jackson*	32,700	-	-	-	-	-	-	32,700	0%
Simon. A. Rowell*	31,666	-	-	3,008	-	-	-	34,674	0%
James. M. Sclater*	29,167	-	-	2,625	-	-	-	31,792	0%
Chuk Kin Lau[#]	-	-	-	-	-	-	-	-	0%
Mei Lan Lam^	-	-	-	-	-	-	-	-	0%
Paul A. Young^	5,430	-	-	570	-	-	-	6,000	0%
Other Group Key Management Personnel									
Clifford D. J. Brigstocke	178,375	-	11,205	17,500	26,020	-	-	233,100	0%
Total remuneration	495,838	-	11,205	31,398	26,020	-	-	564,461	

*Resigned on 24 October 2014
[#]Appointed on 24 October 2014
^Appointed on 25 November 2014
[%]Resigned on 31January 2015

Full year ended 30 Jun 2014	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**		**Share-based payments**		**Proportion of remuneration linked to performance**
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Long Service Leave $**	**Termination benefits $**	**Options $**	**Total $**	
Directors of OPUS Group Limited									
William J. Mackarell	102,000	-	-	9,435	-	-	-	111,435	0%
Richard F. Celarc[3]	210,000	-	-	5,550	-	-	-	215,550	0%
Bret. P. Jackson	78,480	-	-	-	-	-	-	78,480	0%
Simon. A. Rowell	76,000	-	-	7,030	-	-	-	83,030	0%
James. M. Sclater	70,000	-	-	6,300	-	-	-	76,300	0%
Matthew J. McGrath (resigned 31 July 2013)	5,500	-	-	509	-	-	-	6,009	0%
Other Group Key Management Personnel									
Robert I. Alexander	306,809	-	-	23,283	-	-	-	330,092	0%
Clifford D. J. Brigstocke	367,662	-	31,598	25,000	9,839	-	-	434,099	0%
Total remuneration	1,216,451	-	31,598	77,107	9,839	-	-	1,334,995	

(1) Cash salary and fees includes movements in the annual leave provision where applicable.
(2) Non-monetary benefits comprise salary sacrificed components of remuneration packages including motor vehicles and related fringe benefits tax, medical insurance premiums and private telephone expenses.
(3) Remuneration disclosed for the six months ended 31 December 2014 includes $137,500 (FY 30 June 2014 $150,000) of consulting fees related to Mr Celarc's role consulting to the Publishing Services division for the OPUS Group. These fees are excluded from the limit of Directors' remuneration as disclosed on page 13.

Amounts disclosed as remuneration of Directors and executives exclude premiums paid by the consolidated entity in respect of Directors' and Officers' liability insurance contracts. Further information relating to these insurance contracts is disclosed on page 17.

Shareholdings

The number of ordinary shares in the Company held during the period by each Director and other Key Management Personnel of OPUS Group Limited and other key management personnel of OPUS Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Period from 1 July 2014 to 31 December 2014

Name	Balance at the start of the period	Change due to shares consolidation (note)	Changes during the period	Balance at the end of the period	Balance at the date of this report
Directors of OPUS Group Limited					
William J. Mackarell (resigned on 31 Jan 2015)	60,000	(54,000)	-	6,000	6,000
Richard F. Celarc	37,015,703	(33,314,130)	8,571,429	12,273,002	12,273,002
Bret P. Jackson (resigned on 24 Oct 2014)	87,032,625	(78,329,360)	-	8,703,265*	8,703,265*
Simon A. Rowell (resigned on 24 Oct 2014)	54,381	(48,943)	-	5,438*	5,438*
James M. Sclater (resigned on 24 Oct 2014)	66,980	(60,282)	-	6,698*	6,698*
Chuk Kin Lau (appointed on 24 Oct 2014)	-	-	-	-	-
Mei Lan Lam (appointed on 25 Nov 2014)	-	-	-	-	-
Paul A. Young (appointed on 25 Nov 2014)	525,061#	-	40,000	565,061	565,061
Other key management personnel of the Group					
Clifford D.J. Brigstocke	1,704,117	-	(1,704,117)	-	-

* As of 24 October 2014
# From 25 November 2014
Note: On 24 October 2014, a resolution was passed to consolidate the company's ordinary shares through the conversion of every 10 shares into 1share.

Consulting fees

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited Consulting for the six months ended 31 December 2014 amounted to $137,500 (FY 30 June 2014: $150,000). These amounts are disclosed as part of Mr Celarc's remuneration noted on the previous page.

Lease costs

Ligare Pty Limited occupies a property in Riverwood, Sydney under a lease agreement with D.M.R.A Property Pty Limited, a company controlled by Mr Celarc, who is a shareholder and Director of OPUS Group Limited. The lease agreement expires in December 2016. Lease fees paid for the period total $321,756 (FY 30 June 2014: $688,885). $Nil was outstanding at 31 December 2014 (30 June 2014: 58,989).

Indemnification and insurance of officers

The OPUS Group has agreed to indemnify the current Directors and certain current executives of the OPUS Group against all liabilities to another person (other than the OPUS Group or a related body corporate) that may arise from their position as Directors or officers of the OPUS Group, to the extent permitted by law. The indemnity agreement stipulates that the OPUS Group will meet the full amount of such liabilities, including costs and expenses.

The OPUS Group pays a premium to insure Directors and certain officers of the OPUS Group and controlled entities. The officers of the OPUS Group covered by the insurance policy include the current Directors and Secretaries of the parent company and its subsidiaries, senior management of the OPUS Group and senior management of divisions and controlled entities of the OPUS Group. The insurance policy operates on a claims made basis.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the OPUS Group.

The OPUS Group has not otherwise indemnified or agreed to indemnify an officer or of any related body corporate against a liability incurred by such officer.

(q) Environmental Regulation

The OPUS Group is subject to environmental regulation in respect of its printing operations and manufacturing activities as set out below.

The OPUS Group has printing operations which are required to comply with a number of Australian pollution control and environmental regulations. The businesses concerned take all reasonable precautions to minimise the risk of an environmental incident, including the removal of solid and liquid wastes by licensed contractors, arranging environmental compliance audits by qualified external organisations and ensuring that personnel receive appropriate training. There have been no material instances of non-compliance with environmental regulations during the period.

(r) Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of OPUS Group, or to intervene in any proceedings to which OPUS Group is a party for the purpose of taking responsibility on behalf of OPUS Group for all or part of those proceedings.

(s) Non-audit Services

The auditor of the OPUS Group was BDO East Coast Partnership for the six months ended 31 December 2014 (FY 30 June 2014: PricewaterhouseCoopers).

The OPUS Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the OPUS Group are important. Details of the amounts paid or payable to the auditors for audit services provided during the period are set out below. The details of the auditors engaged to provide non-audit services for the six months ended 31 December 2014 and year ended 30 June 2014 are listed as below.

During the period the following fees were paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	Six months ended 31 Dec 2014 AUD$	**Year ended 30 Jun 2014 AUD$**
Audit services		
BDO East Coast Partnership (FY 2014: PricewaterhouseCoopers Australia) - Audit and review of financial reports of OPUS Group	97,500	329,500
Other BDO (FY 2014: PricewaterhouseCoopers) network firms- Audit and review of financial reports and other audit work for OPUS Group's New Zealand and Singapore businesses	58,804	86,000
Total BDO (FY 2014 : PricewaterhouseCoopers) remuneration for audit services	156,304	415,500
Tax services		
BDO East Coast Partnership	40,000	-
Other BDO network firms-Tax services for OPUS Group's Singapore business	-	-
Total BDO remuneration for tax services	40,000	-

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

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

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

Richard Celarc
Chairman

6 March 2015, Sydney

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DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF OPUS GROUP LIMITED AND CONTROLLED ENTITIES

As lead auditor of OPUS Group Limited and controlled entities for the period ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Craig Maxwell
Partner

BDO East Coast Partnership

Sydney, 6 March 2015

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

The OPUS Group is committed to implementing the ASX Corporate Governance Council's ("Council") Corporate Governance Principles and Recommendations. Where the OPUS Group's Corporate Governance practices do not correlate with all the practices recommended by the Council, or the OPUS Group does not consider it practicable or necessary to implement some principles due to the size and stage of development of its operations, the Board's reasoning for any departure is explained.

The OPUS Group complies with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Set out below are the fundamental Corporate Governance practices of the OPUS Group.

Principle 1: The Board lays solid foundations for management and oversight

Role of the Board

The Board's role is to govern the OPUS Group and has thereby established the functions reserved to the Board. In governing the OPUS Group, the Directors must act in the best interests of the OPUS Group as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the OPUS Group.

Responsibilities of the Board and Board Processes

In general, the Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the OPUS Group. The Board of Directors of the OPUS Group are responsible for establishing the Corporate Governance framework. The Board guides and monitors the business affairs of the OPUS Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board is required to do all things that may be necessary to be done in order to carry out the objectives of the OPUS Group. The Board delegates authority to Senior Executives and management to carry out delegated duties in support of the objectives of the OPUS Group.

The Board has established the following committees to assist it in discharging its functions:
- Audit Risk Management and Compliance Committee; and
- Nomination and Remuneration Committee.

The Board's functions and the functions delegated to Senior Executives are set out in the Board Charter which is available on the OPUS Group's website under "Corporate Governance".

The Board holds regular meetings and is expected to meet periodically throughout the period. Directors' attendance at meetings this period is set out on page 10 of this Financial Report.

It is the role of senior management to manage the OPUS Group in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Performance Review / Evaluation – The Nomination and Remuneration Committee's Role

In accordance with its Charter, the Nomination and Remuneration Committee is structured such that it is chaired by a Non-Executive Director and has at least 3 Directors.

The Nomination and Remuneration Committee is established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to:

- Non-Executive Director remuneration.
- Staff incentive plans proposed by the Chief Executive Officer, including bonus, share and option plans, and the basis of their application amongst differing levels of staff. This is supported by an annual performance review based on key performance indicators and milestones achieved.
- Salary, benefits, and total remuneration packages of the Chief Executive Officer and senior staff reporting to the Chief Executive Officer. This is supported by an annual performance review based on key performance indicators and milestones achieved.
- Employee succession planning to ensure the continuity and quality of management.

The Nomination and Remuneration Committee is required from time to time to review, evaluate and if appropriate approve the following:

- Chief Executive Officer's recommendation for overall annual salary movements for business unit salary reviews.
- Salary, benefits, and total remuneration package of individual executives as recommended by the Chief Executive Officer.
- Substantial changes to the principles of the OPUS Group's superannuation arrangements recommended by the Chief Executive Officer.

The Chairman of the Nomination and Remuneration Committee is Mr Young, a Non-Executive Director. The other members of the Committee are Mr Lau, Mr Celarc and Ms Lam.

Principle 2: The Board is structured to add value

Board composition and nomination

The Board currently comprises four Directors, one of whom is Mr Celarc, who is Chairman and Executive Director. The other two Executive Directors are Mr Lau and Ms Lam. The remaining Director is Non-Executive Director, Mr Young. Further details about the Directors including skills, experience and term of office are set out on pages 8 to 9 of this Financial Report.

The OPUS Group recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Director can offer. Determination of the independence of each Director is made with reference to the factors set out in the Board Charter that list the relationships affecting independent status.

The performance of Non-Executive Directors is assessed formally by the Chairman of the Board on an annual basis.

When a new Director is to be appointed a board skills matrix is prepared to review the range of skills, experience and expertise on the Board and to identify its needs. From this the committee will review potential candidates that align with the current Board composition requirements. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting. New Directors participate in an induction program which is the responsibility of the Chairman of the Board. The induction program covers the expectations of the new member, their responsibilities, rights and terms and conditions of their employment.

Independent professional advice and access to information

Each Director has the right of access to all OPUS Group information and to OPUS Group's Senior Executives. Further, each Director and the Board collectively, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at OPUS Group's expense, with the approval of the Chairman, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Principle 3: The Board promotes ethical and responsible decision making.

Code of conduct

As part of its commitment to recognising its legal obligations, the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the OPUS Group's integrity, the OPUS Group has established a Code of Conduct. The code aims to provide guidance to Directors, Senior Executives, management and employees on the standards of personal and corporate behaviour and the responsibility and accountability required of the OPUS Group's personnel for reporting and investigating unethical practices. The code contains practices necessary to maintain external stakeholders' confidence in the OPUS Group's integrity, the practices necessary to take into account their legal obligations and the responsibilities of individuals for reporting and investigating reports of unethical practices.

A copy of the Code of Conduct is available on the OPUS Group's website under "Corporate Governance".

Securities trading policy

The OPUS Group has adopted a securities trading policy for the Directors, Senior Executives, employees, consultants and contractors of the OPUS Group which is appropriate for an entity whose shares are admitted to trading on the ASX.

This policy was issued in April 2012 at the time of listing. To ensure there is no avoidance of doubt of compliance, Directors and other employees are directed to consult with the Company Secretary. A copy of the Securities Trading Policy is available on the OPUS Group website under “Corporate Governance”.

Diversity

The OPUS Group has developed a diversity policy, a copy of which can be found on the OPUS Group website under “Corporate Governance”. The Diversity Policy reflects the OPUS Group’s commitment to workplace diversity and compliance with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations. A diverse workforce is one that recognises and embraces the value that different people can bring to a company through their gender, age, ethnicity, cultural background, marital status, sexual orientation and/or religious beliefs. The OPUS Group promotes a diverse workforce by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications, abilities and aptitudes without regard to factors that are irrelevant to the person’s skill or ability to fulfil the inherent job requirements.

The OPUS Group has or will introduce the following initiatives to specifically assist with improving gender diversity:

(a) mentoring programs and professional development programs targeted at female employees to prepare them for management positions;
(b) promoting a safe work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification);
(c) networking opportunities; and
(d) supporting the promotion of women to management roles.

The OPUS Group believes that promoting a diverse workforce:

(a) enables the OPUS Group to achieve improved outcomes by benefiting from the differing perspectives and expertise that people from diverse backgrounds bring to their roles;
(b) better represents the diversity of the OPUS Group’s stakeholders; and
(c) is consistent with the OPUS Group's broader Corporate Governance Principles, specifically the Ethics and Responsible Business Conduct Policy and the OPUS Group’s Equal Employment Opportunity Policy.

The Board has the established the following measurable objectives for achieving gender diversity:

(a) the number of women employed throughout the OPUS Group will track to at least 30% of total employees;
(b) the OPUS Group will aim to have at least 15% of senior management positions occupied by women; and
(c) whilst it is essential the Board comprises Directors with the right blend of expertise, skills and experience it is envisaged that the Board will have at least one female Director.

The Board is committed to have an appropriate blend of diversity within the OPUS Group and especially within the Senior Executive team. Gender diversity is a key area of focus of the Board and will continue to be so. The ratio of male to female participation at all levels of the business as at 31 December 2014 is as follows:

Period ended 31 December 2014	**Male**	**Female**	**Total**
Board	3	1	4
Senior Management	11	3	14
Operational Staff	265	86	351
Back Office Staff	39	50	89
Total Board and employees	318	140	458
	69%	31%	100%

Year ended 30 June 2014	**Male**	**Female**	**Total**
Board	5	-	5
Senior Management	19	4	23
Operational Staff	303	94	397
Back Office Staff	44	58	102
Total Board and employees	371	156	527
	70%	30%	100%

Principle 4: The Board safeguards integrity in financial reporting

The Board has established an Audit Risk Management and Compliance Committee to assist the Board safeguard the integrity of financial reporting. The responsibilities of the Committee are set out in a formal charter approved by the Board. This charter is available on the OPUS Group's website under "Corporate Governance". The Committee currently comprises four Directors. Mr Young is the Chair of the Committee, Mr Lau, Mr Celarc and Ms Lam are also members of the Committee. The composition of the Committee satisfies the Board's requirements in performing the Committee's function given the size and complexity of the business at present.

The Audit Risk Management and Compliance Committee Charter sets out the procedure for the selection, appointment and rotation of external audit engagement partners.

Further details of the members of the Audit Risk Management and Compliance Committee and their attendance at committee meetings are set out on page 10 of this Financial Report.

At the date of this report no internal audit function has been established. The OPUS Group works closely with its external auditors in respect to process improvement and the integrity of the information reported both internally and externally.

Principles 5 and 6: The Board makes timely and balanced disclosure and the Board respects the rights of shareholders

The Board has designated the Chief Executive Officer and the Company Secretary as the individuals responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX listing rule disclosure requirements and accountability at Senior Executive level for that compliance. This is covered by the Communications Policy, which is available on the OPUS Group's website under "Communications Policy" within "Corporate Governance".

The Board provides shareholders with information by applying this policy. The policy includes identifying matters that may have a material effect on the price of the OPUS Group's securities, notifying them to the ASX, posting them on the OPUS Group's website and issuing media releases.

The Board respects the rights of its shareholders and to facilitate the effective exercise of those rights, by promoting effective communication with shareholders and encouraging shareholder participation at Annual General Meetings. The OPUS Group has established a communications policy which is available on the OPUS Group's website under "Corporate Governance", called "Communications Policy".

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the OPUS Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Principle 7: The Board recognises and manages risk

The OPUS Group is committed to the identification, monitoring and management of material business risks of its activities via its risk management framework. A copy of the risk management policy is available on the OPUS Group's website under "Corporate Governance", called "Summary of Risk Management Framework".

The Board assumes ultimate responsibility for the oversight and management of material business risks and satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control to manage the OPUS Group's material business risks.

The Board delegates the detailed work of this task to the Executive Management team and the Board periodically reviews this work. A key element in the risk management framework will be the reporting by management on the key risks. The Audit Risk Management and Compliance Committee will oversee the adequacy and content of risk reporting from management.

The Board has received assurances from the Chief Executive Officer in relation to financial reporting risks.

The Board receives regular updates from management on whether the Company's material business risks are being managed effectively. This process is informally communicated by management through the Chief Executive Officer and in Board reporting at regular Board Meetings.

Attestations by Chief Executive Officer

In accordance with recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Chief Executive Officer have stated in writing to the Board that:

- The statement given in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control which implements the policies adopted by the Board; and
- The OPUS Group's risk management and internal control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: The Board remunerates fairly and responsibly

Nomination and Remuneration Committee

The OPUS Group has established a Nomination and Remuneration Committee which has responsibility for the formulation of remuneration policies. The role of the Nomination and Remuneration Committee is set out in a formal charter approved by the Board (available on the OPUS Group's website under "Corporate Governance"). Its responsibilities, among other responsibilities are to:

1) Determine appropriate compensation arrangements for the Directors, Senior Executives and employees;
2) Determine Senior Executive and Non-Executive remuneration policies;
3) Develop and review equity based plans; and
4) Make these recommendations for the consideration by the Board.

Remuneration Report and remuneration policies

The Board (with the assistance of the Nomination and Remuneration Committee) has established a policy to ensure that it remunerates fairly and responsibly. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The Nomination and Remuneration Committee is responsible for the oversight of the OPUS Group and the establishment of a long-term incentive plan.

Directors' fees are determined within an aggregate Directors' fee pool limit, which will be periodically approved by shareholders at the Annual General Meeting. The current maximum fee pool is $600,000 for Directors. This limit excludes consulting fees for services which are not in the capacity of being a Director of the OPUS Group. Non-Executive Directors of the OPUS Group are entitled to participate in any equity plan of the OPUS Group where it is considered an appropriate element of remuneration in situations when the non-executive's skills and experiences are recognised as important to OPUS Group's future development. Non-Executive Directors do not receive retirement benefits, other than statutory superannuation entitlements.

Further details on the structure of Executive Directors, Non-Executive Director and Senior Executives remuneration are set out in the Remuneration Report of this Financial Report.

Personnel of the OPUS Group are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme, or otherwise awarded, or which will be offered by the OPUS Group in the future.

OPUS Group Limited and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period from 1 July 2014 to 31 December 2014

	Note	Consolidated Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Revenue	4	57,969	116,873
Other income	5	461	1,145
Debt forgiveness (net)	5	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	6	(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	7	(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	14	21	11
Loss before income tax		(7,853)	(42,308)
Income tax expense	8	(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)	24(a)	922	(88)
Exchange differences on translation of foreign operations	24(a)	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

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 and cash equivalents	10	7,119	3,516
Trade and other receivables	11	15,493	13,640
Inventories	12	5,400	4,735
Other current assets	13	1,913	1,960
Total current assets		29,925	23,851
Non-current assets			
Investments accounted for using the equity method	14	333	611
Property, plant and equipment	16	11,294	24,891
Intangibles	17	-	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	10, 21	-	1,500
Trade and other payables	19	14,759	14,183
Amount due to fellow subsidiary	27	4	-
Provision for income tax		1,722	558
Derivative financial instruments	20	-	1,053
Interest bearing liabilities	21	3,039	50,964
Provisions	22	5,087	5,854
Total current liabilities		24,611	74,112
Non-current liabilities			
Interest bearing liabilities	21	979	1,398
Provisions	22	614	553
Deferred tax liabilities	18	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	23	70,594	43,130
Reserves	24(a)	8,509	1,395
Accumulated losses	24(b)	(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

Consolidated Statement of Changes in Equity
for the period from 1 July 2014 to 31 December 2014

Consolidated	Note	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	24(a)	-	(88)	-	(88)
Exchange differences on translation of foreign operations and internal borrowings	24(a)	-	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	23	3,791	-	-	3,791
Transaction costs arising on shares issue	23	(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	Note	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	24(a)	-	922	-	922
Exchange differences on translation of foreign operations and internal borrowings	24(a)	-	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	23	28,456	-	-	28,456
Transaction costs arising on shares issue	23	(992)	-	-	(992)
Issuance of share options	24(a)	-	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

Consolidated Statement of Cash Flows for the period from 1 July 2014 to 31 December 2014

	Note	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)		62,294	132,479
Payments to suppliers and employees (inclusive of GST)		(60,871)	(118,115)
Interest received		26	41
Interest and borrowing costs paid		(2,136)	(7,180)
Net income tax paid		(277)	(1,688)
Net cash (outflows) / inflows from operating activities	10	(964)	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			
Proceeds 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		5,099	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		4	33
Cash and cash equivalents held at the end of the financial period / year		7,119	2,016
Comprising:			
Cash and cash equivalents		7,119	3,516
Bank overdrafts		-	(1,500)
Cash and cash equivalents held at the end of the financial period / year	10	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 Financial Report (referred to as the Financial Report or Annual Financial Report) are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated. The Financial Report is for the consolidated entity consisting of OPUS Group Limited and its subsidiaries ('the OPUS Group').

(a) Basis of preparation and consolidation, accounting policies and critical accounting estimates and judgements

Basis of preparation

OPUS Group is a Public Company listed on the Australian Securities Exchange ('ASX'). This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Change of year end date

OPUS Group has changed its year end date to 31 December. As a result, full consolidated financial statements are prepared as at 31 December 2014. The reporting period covered in this report is six months ended 31 December 2014.

New, revised or amended 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 consolidated financial statements, however will affect the disclosures in the notes to the consolidated 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 consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OPUS Group Limited as at 31 December 2014 and the results of all subsidiaries for the period then ended. OPUS Group Limited and its subsidiaries together are referred to in these consolidated financial statements as the 'OPUS Group'.

Subsidiaries are all those entities over which the OPUS Group has control. The OPUS Group controls an entity when the OPUS Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the OPUS Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the OPUS Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the OPUS Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest 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 Financial Position and Consolidated Statement of Changes in Equity of the OPUS Group. Losses incurred by the OPUS Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the OPUS Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The OPUS Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the OPUS Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The Financial Report is presented in Australian dollars being OPUS Group's functional and presentation currency.

The functional currency of New Zealand based operations is New Zealand Dollars and the functional currency of C.O.S. Printers is Singapore Dollars. These entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date;
- income and expenses for each profit or loss are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve.

(ii) Transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Australian Dollars (AUD$) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AUD$ at the average exchange rates between reporting dates as an approximation of the spot rate on each of the transaction dates. Foreign currency differences are recognised in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount of the reserve is transferred to profit or loss.

(d) Revenue recognition

Sales revenue comprises revenue earned (net of returns, discounts, allowances, duties and taxes) from the provision of products or services to entities outside the OPUS Group.

Sale of products and goods
Sales revenue is recognised when the goods are dispatched, or when title passes to the customer, at the fair value of the consideration received or receivable. OPUS Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Provision of services
Sales revenue is recognised based on the stage of completion of the service, contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Where the stage of completion cannot be estimated reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable.

Other income
Other income, including dividends, is recognised when the income is received or becomes receivable.

Government grants
An unconditional government grant is recognised when the grant becomes receivable. Conditional government grants are recognised when there is reasonable assurance that they will be received and that the OPUS Group will comply with the conditions associated with the grant.
Grants that compensate for expenses incurred are recognised in profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Agency and commission arrangements
When presenting revenues in the consolidated Statement of Profit or Loss and Other Comprehensive income consideration is given to whether the OPUS Group is operating as an agent (earning a fee or commission in return for arranging the provision of goods or services on behalf of a principal) or a principal (acting on its own account when contracting with customers for the supply of goods or services in return for consideration). Whether an entity is acting as a principal or agent is a matter of facts and circumstances.

In an agency relationship the gross cash inflows include amounts collected on behalf of the principal which are not revenue. In this instance the net amount retained can only be presented as revenue.

When the transaction is such that OPUS Group is acting as the principal to the arrangement, revenue is recognised based on the gross amount received or receivable under the sales contract.

Shipping and handling charges
The OPUS Group may sell items either FOB (free on board) or CIF (cost, insurance, freight). CIF charges are included as part of revenue. The cost of insurance and freight is included as revenue unless the OPUS Group is only acting as an agent in respect of these charges. This may be the case where there is no profit element in the insurance and freight charged to the customers, so that these charges are merely the reimbursement of expenses. In this situation any consideration attributable to these elements is netted off against the carriage costs (freight etc.) in the profit or loss. However where the OPUS Group is able to determine the additional margin on the CIF charges, revenue includes the full CIF selling price, as the recharge of the CIF elements is effectively a revenue-earning part of the transaction.

Volume, settlement and general discounting
The OPUS Group may offer customer discounts for either achieving a minimum threshold of purchases, for prompt settlement or a general discount for a specified arrangement. OPUS Group’s revenue accounting policy requires the amount of revenue recognised under the transaction to be reduced by the amount of the discount at the time of the sale. At times this may require an estimation of the future discount or rebate which may be earned by the customer.

(e) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, foreign currency gains, gains on hedging instruments that are recognised in profit or loss and gains on other derivative contracts (e.g. ineffective hedges). Finance income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established.

Finance expenses comprise interest expense on borrowings, foreign currency losses, losses on disposal of available for sale financial assets, losses recognised on hedging instruments that are recognised in profit or loss and losses on other derivative contracts (e.g. ineffective hedges).

(f) Investments in associates

Associates are all entities over which the OPUS Group has significant influence but not control.

The OPUS Group has a 33⅓% shareholding in an associated company Denward Court Pty Limited which is incorporated in Australia and whose principal activity is trade print finishing. The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised at cost.

Details relating to shareholding in this associate are set out in Note 14.

The OPUS Group's share of its associate's post-acquisition profits or losses is recognised in the Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the OPUS Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the OPUS Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary difference and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset and the intention is to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Parent entity financial information

The financial information for the parent entity, OPUS Group Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of OPUS Group Limited. Dividends received from associates are recognised in the parent entity’s profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation

OPUS Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. OPUS Group Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, OPUS Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate OPUS Group Limited for any current tax payable assumed and are compensated by OPUS Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to OPUS Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. OPUS Group Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the tax consolidated group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(i) Goods and services tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST (or similar), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the relevant taxation authority are presented as operating cash flows.

(j) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor substantially retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the lower of the fair value of leased property and the present value of the minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight-line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between the principal component and interest expense.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. Operating lease payments are charged to the profit or loss and other compensative income statement on a straight-line basis over the period of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(k) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses are recognised in profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

For assets other than goodwill, impairment losses recognised in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in a debtor credit rating) the reversal of the impairment is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(l) 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.

(m) Cash and cash equivalents

For purposes of the cash flow statements, cash includes deposits at call, overdrafts and short-term deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts. Cash and cash equivalents generally have a three month or shorter term.

(n) Trade receivables

Trade receivables are recognised initially at fair value, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off.
A provision for impairment of trade receivables is established when there is objective evidence that the OPUS Group will not be able to collect all amounts due according to the original terms of receivables.

(o) Inventories

Inventories (including work in progress) are valued at the lower of cost or net realisable value. Cost of produced inventories comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on the basis of normal operating capacity.
Costs of purchased inventory are determined after deducting rebates and discounts.

Cost of work in progress and finished manufactured products includes materials, labour and an appropriate proportion of factory overhead expenditure.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses.

(p) Investments and other financial assets

The OPUS Group classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the OPUS Group's management has the positive intention and ability to hold to maturity. If the OPUS Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the OPUS Group provides goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Consolidated Statement of Financial Position.

Financial assets – reclassification

The OPUS Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the OPUS Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the OPUS Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date (the date on which the OPUS Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the OPUS Group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, a financial asset is measured 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income (equity). Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income (equity).

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the OPUS Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/ (losses).

Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the OPUS Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to OPUS Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Property, plant and equipment

Cost and recognition

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the OPUS Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated lives used for depreciation purposes are generally as follows:

Building	7 to 25 years
Plant and equipment	2 to 20 years
Office furniture and equipment	2 to 10 years
Motor vehicles	3 to 8 years
Leasehold improvements	2 to 25 years
Computer equipment	1 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leased assets

Leased assets in terms of which the OPUS Group assumes substantially all of the risks and rewards of ownership are classified as finance lease assets. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis or diminishing value basis over the specific useful life of the developed software.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where OPUS Group has an intention and ability to use the asset.

(u) Other intangible assets

Trademarks and licences
Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life.

(v) Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The OPUS Group designates its derivatives as hedges of highly probable forecast transactions (cash flow hedges).The OPUS Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The OPUS Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

(w) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within sales. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(x) Cash flow hedges that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss and are included in other income, other expenses or finance costs.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(y) Provisions

Provisions are recognised when the OPUS Group has a present legal or constructive obligation as a result of past events it is probable that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions for legal claims, service warranties and make good obligations are recognised when OPUS Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(z) Performance and financial guarantees

Performance guarantees are considered to be insurance arrangements and are accounted for as such. In this respect performance guarantees are treated as a contingent liability until such a time it becomes probable that the OPUS Group will be required to make a payment under the guarantee.

In respect of financial guarantee contracts, where the guarantor has previously asserted explicitly that is regards its financial guarantee contracts as insurance contracts and has previously accounted for them as such, then the guarantor has an accounting policy choice on a contract by contract basis. This accounting policy choice allows the guarantor to account for the financial guarantee as an insurance contract under AASB 4 *Insurance Contracts* or otherwise to recognise financial guarantee contracts as a financial liability at the time the guarantee is issued in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.*

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

All financial guarantees are intra-group and eliminated on consolidation.

(aa) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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.

Other short-term employee benefit obligations are presented as payables.

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they are due.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and 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. Consideration is given to 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan has been developed and a valid expectation has been raised with those employees affected, that the termination will be carried out. The liabilities for termination benefits are recognised in other creditors unless timing of the payment is uncertain, in which case they are recognised as provisions. Liabilities for termination benefits related to an acquired entity or operation that arises as a consequence of acquisitions are recognised as at the date of acquisition if, at or before acquisition date, the main features of the terminations were planned and a valid expectation had been raised with those employees affected, that the terminations would be carried out and this is supported by a detailed plan.

(ab) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any OPUS Group company purchases the company's equity instruments, for example as the result of a share buy-back or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the owners.

(ac) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ad) 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; and
- 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.

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.

(ae) 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.

(af) Critical accounting estimates and assumptions

The OPUS Group makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Employee benefits provision

As discussed in note 1(aa), the liability for employee benefits expected to be settled more than 12 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 OPUS Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation 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.

During the period, OPUS Group reassessed the useful lives of printing machines. As a result of the changes in technology, some of the machines would be faded out. OPUS Group re-estimated and shortened the useful lives of the machines according to its physical condition and OPUS Group's machines replacement plan.

Estimated recoverable amount of cash-generating units

The OPUS Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 1(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 17 for details of these assumptions.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Recognition of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from 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 forecasted taxable income. Based on current forecasts, no deferred tax assets are recognised.

Share-based payment transaction

The OPUS 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.

(ag) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 and AASB 138 to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 January 2016 will not have a material impact on the OPUS Group.

FRS 15 Revenue from Contracts with Customers

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by Opus Group.

2. Loss per share

	Consolidated	
	Six months ended 31 Dec 2014	Year ended 30 Jun 2014 (Restated)
Basic loss per share (cents ¢)	(21.67)	(401.76)
Diluted loss per share (cents ¢)	(21.67)	(401.76)

	Consolidated	
	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
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. As a result, the basic loss per share and diluted loss per share are restated.

3. Financial risk management

The OPUS Group's activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the OPUS Group, derivative financial instruments, such as interest rate hedge contracts, are used to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or other speculative instruments.

The OPUS Group holds the following financial instruments:

31 December 2014	Financial assets AUD$'000s	Non-derivatives AUD$'000s	Derivatives used for hedge purposes AUD$'000s	Total carrying amount AUD$'000s	Fair value AUD$'000s
Assets					
Trade and other receivables	15,493	-	-	15,493	15,493
Cash	7,119	-	-	7,119	7,119
Total financial assets	22,612	-	-	22,612	22,612
Liabilities (non-current)					
Finance leases	-	979	-	979	979
Total non-current liabilities	-	979	-	979	979
Liabilities (current)					
Loans and borrowings	-	1,900	-	1,900	1,900
Deferred consideration	-	698	-	698	698
Finance leases	-	1,139	-	1,139	1,139
Trade and other payables	-	14,759	-	14,759	14,759
Total current liabilities	-	18,496	-	18,496	18,496
Total financial liabilities	-	19,475	-	19,475	19,475

30 June 2014	Financial assets AUD$'000s	Non-Derivatives AUD$'000s	Derivatives used for hedge purposes AUD$'000s	Total carrying amount AUD$'000s	Fair value AUD$'000s
Assets					
Trade and other receivables	13,640	-	-	13,640	13,640
Cash	3,516	-	-	3,516	3,516
Total financial assets	17,156	-	-	17,156	17,156
Liabilities (non-current)					
Finance leases	-	1,398	-	1,398	1,398
Total non-current liabilities	-	1,398	-	1,398	1,398
Liabilities (current)					
Bank overdrafts	-	1,500	-	1,500	1,500
Loans and borrowings	-	49,782	-	49,782	49,782
Deferred consideration	-	698	-	698	698
Finance leases	-	1,182	-	1,182	1,182
Cash flow hedges	-	-	1,053	1,053	1,053
Trade and other payables	-	14,183	-	14,183	14,183
Total current liabilities	-	67,345	1,053	68,398	68,398
Total financial liabilities	-	68,743	1,053	69,796	69,796

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Derivative financial instruments in the above table, which are used purely for hedging purposes, are measured and recognised at fair value and are included in level 2 of the fair value measurement hierarchy.
The fair value of the derivative financial instruments is determined using valuation techniques. OPUS Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated cash flows and the fair value of forward exchange and option contracts is determined using forward exchange market rates at the end of the reporting period.

(a) Foreign exchange risk

The OPUS Group is exposed to foreign currency risk on 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$') and US Dollars ('US$'). Management evaluates their foreign currency risk using cash flow forecasts with the objective of keeping its exposure to a minimum. The OPUS Group may in certain circumstances use forward exchange contracts to hedge its foreign currency risk. When used, the contracts would normally have maturities or less than one year at reporting date. The OPUS Group does not hold or issue financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	31 Dec 2014 AUD$'000	**30 Jun 2014 AUD$'000**	**31 Dec 2014 AUD$'000**	**30 Jun 2014 AUD$'000**
New Zealand dollars	1,890	1,781	2,849	1,854
Singapore dollars	3,096	2,798	2,911	2,811
US dollars	229	196	-	-
Pound Sterling	27	23	-	-
	5,242	4,798	5,760	4,665

The consolidated entity had net assets denominated in foreign currencies of $3,688,000 (assets $9,449,000 less liabilities $5,761,000) as at 31 December 2014 (30 June 2014: $24,925,000 (assets $29,804,000 less liabilities $4,879,000)).

Sensitivity Analysis

The consolidated entity had net assets denominated in foreign currencies of $3,688,000 (assets $9,449,000 less liabilities $5,761,000) as at 31 December 2014 (30 June 2014: $24,925,000 (assets $29,804,000 less liabilities $4,879,000)). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 5% (30 June 2014: weakened by 10% / strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before income tax for the period / year would have been $410,000 higher / $176,000 lower (FY 30 June 2014: $2,769,000 higher / $1,187,000 lower) and equity would have been $410,000 higher / $176,000 lower (FY 30 June 2014: $2,769,000 higher / $1,187,000 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the six months ended 31 December 2014 was $69,000 (FY 30 June 2014: gain of $32,000).

(b) *Interest rate risk*

Interest rate risk arises both where payments of floating interest are made and where the OPUS Group has fixed interest rate borrowings compared to the market. The OPUS Group monitors the current market rates and evaluates on an ongoing basis whether to borrow at fixed or floating rates with the objective of minimising interest payable.

In July 2014, OPUS Group issued a promissory note of $1,900,000 to Commonwealth Bank of Australia ('CBA') carrying interest at 6% p.a. with a repayment date on 31 July 2015 in accordance to the CBA debt novation deed. This was repaid on 30 January 2015.

At 30 June, 2014, OPUS Group had hedged the interest payments on $41,800,000 of the CBA debt as required by the terms of the debt facility agreement. On 31 July 2014, the hedging agreement was cancelled without charges.

Sensitivity Analysis

In managing interest rate and currency risks the OPUS Group aims to reduce the impact of short-term fluctuations on OPUS Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit or loss. At 31 December 2014 it is estimated that an increase of one percentage point in interest rates would increase OPUS Group's loss before income tax for the period by approximately $45,000 (FY 30 June 2014: $72,000).

(c) Credit risk

Credit risk arises on financial assets where customers are given credit terms. In order to minimise credit exposure, management has a credit policy in place under which each new customer is individually analysed for credit worthiness before services are offered. The OPUS Group's exposure to credit risk is mainly influenced by its customer base. Credit risk is measured by estimating losses incurred at each reporting date based on historical experience.

The carrying amount of financial assets represents the OPUS Group's maximum credit exposure.

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

	Carrying Amount	
	Six months ended 31 Dec 2014 AUD$'000s	**Year ended 30 Jun 2014 AUD$'000s**
New Zealand	1,132	1,175
Australia	12,253	10,883
Singapore	2,342	1,762
Trade receivables (gross)	15,727	13,820
Provision against receivables	(234)	(180)
Net trade receivables	15,493	13,640

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

	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Neither past due, nor impaired		
Current	9,720	7,810
Past due, but not impaired		
1-30 days over standard terms	4,131	5,316
31-60 days over standard terms	1,101	214
61+ days over standard terms	541	300
Net trade receivables	15,493	13,640

(d) Liquidity risk

Liquidity risk represents the OPUS Group's ability to meet its contractual obligations. The OPUS Group evaluates its liquidity requirements on an ongoing basis using cash flow forecasting. In general, the OPUS Group generates sufficient cash flows from its operating activities and holds and retains cash to meet its obligations arising from its financial liabilities.

The following table sets out the contractual cash flows for all financial liabilities at the reporting date:

	Statement of financial position AUD$'000s	Contractual cash flows AUD$'000s	0-1 years AUD$'000s	1-5 years AUD$'000s	More than 5 years AUD$'000s
31 Dec 2014					
Finance lease liabilities	2,118	2,284	1,259	1,025	-
Secured loans	1,900	1,957	1,957	-	-
Amount due to fellow subsidiary	4	4	4	-	-
Trade and other payables	14,759	14,759	14,759	-	-
Total financial liabilities	18,781	19,004	17,979	1,025	-
30 Jun 2014					
Finance lease liabilities	2,580	2,846	1,347	1,499	-
Secured loans	49,782	51,150	51,150	-	-
Bank overdraft	1,500	1,510	1,510	-	
Cash flow hedges	1,053	1,112	1,112	-	-
Trade and other payables	14,183	14,183	14,183	-	-
Total financial liabilities	69,098	70,801	69,302	1,499	-

(e) Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(f) Capital management

The OPUS Group's capital employed includes share capital, reserves and retained earnings, bank debt and borrowings, finance lease liabilities and bank overdrafts net of cash.

The OPUS Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the OPUS Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The OPUS Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments' operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The OPUS Group's policies in respect of capital management and allocation are reviewed regularly by the Directors and did not change during the current period.

Asset and capital structure (as at the reporting date)

	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)
Total capital employed	13,166	40,806
Gearing (net debt / net debt + equity)	N/A	123%

* Net cash/(debt) excludes off balance sheet bank guarantees and letters of credit. For bank covenant purposes the convertible notes are excluded from net debt.

As at 31 December 2014, OPUS Group had cash of $7,119,000 (30 June 2014: $3,516,000) and an unsecured promissory note of $1,900,000 and $2,118,000 of finance leases. At 30 June 2014, the CBA secured bank loan was classified as a current liability because OPUS Group could not meet several covenants attached to the CBA loan facilities. On 31 July 2014, the loan was novated to 1010 Group. 1010 Group converted part of the loan into equity and forgave the rest of the loan.

4. Segment reporting

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

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 Profit or Loss and Other Comprehensive Income.

The revenue by geographic location is not used by the chief operating decision maker in reviewing the performance of the CGU. The board considered the cost to develop it would be excessive.

(c) Adjusted EBITDA as monitored by the Board and Senior Management

The chief operating decision makers assess the performance of the operating segments based on a measure of Adjusted EBITDA as monitored by the Board and Senior Management ('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 income tax per the Consolidated 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 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 income tax 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.

During the current year 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 out of the Outdoor Media and Publishing Division respectively.

(d) Segment information

	Consolidated	
	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Publishing	46,384	95,491
Outdoor Media	11,585	21,382
Total revenue	57,969	116,873

Six months ended 31 Dec 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

Year ended 30 Jun 2014	**Publishing**	**Outdoor Media**	**Others**	**Total**
	AUD$'000s	**AUD$'000s**	**AUD$'000s**	**AUD$'000s**
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

During the current period impairment charge of $6,445,000 and $10,625,000 were recognised against the goodwill relating to Outdoor Media and Publishing segments (FY 2014:$nil and $38,088,000) respectively.

(e) Others

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.

5. Other income and debt forgiveness

	Consolidated	
	Six months ended 31 Dec 2014 AUD$'000s	**Year ended 30 Jun 2014 AUD$'000s**
Scrap recoveries	373	666
Other	88	479
Total other income	461	1,145
Gain on debt forgiven by 1010 Group	28,502	-
Share options issued to 1010 Group	(4,810)	-
Debt forgiveness (net)	23,692	-

6. Employee benefits expense

	Consolidated	
	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Salaries, wages and other staff costs	20,013	37,709
Superannuation	1,235	2,790
Total employee benefits expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	21,248	40,499

OPUS Group Limited and its controlled entities contribute to a number of superannuation funds. The funds provide benefits on a cash accumulation basis for employees or their dependants on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. OPUS Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to OPUS Group contributions, as specified by the rules of the fund. OPUS Group contributions to employee superannuation funds within continuing operations during the period totalled $1,235,000 (FY 2014: $2,790,000).

7. Expenses

Loss before income tax for continuing operations includes the following items which require specific disclosure:

	Consolidated	
	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Bad debts expense	82	15
Minimum lease payments related to operating leases	1,871	4,086
Realised foreign exchange loss	69	52

8. Income tax

(a) Income tax expense

	Consolidated	
	Six months ended 30 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s
Current tax expense	579	891
Deferred tax (benefit) / expense	(494)	3,953
Under / (over) provision in previous years	833	(79)
Total income tax expense	918	4,765
Deferred income tax included in income tax expense comprises:		
Decrease in deferred tax assets	-	(4,139)
Decrease in deferred tax liabilities – Note 18	494	186
	494	(3,953)

(b) Reconciliation of current income tax expense

	Consolidated	
	Six months ended 30 Dec 2014 AUD$'000s	**Year ended 30 Jun 2014 AUD$'000s**
Operating loss before income tax	(7,853)	(42,308)
Income tax using the OPUS Group's domestic rate of tax (30%)	(2,356)	(12,693)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit in associate	(6)	(3)
Current period / year tax losses not recognised	1,139	2,303
Tax rate difference in overseas entities	327	608
De-recognition of deferred tax assets previously recognised	-	4,139
Current period / year deferred tax assets not recognised	2,729	-
Non-deductible impairment losses	5,024	10,368
Non-assessable debt forgiveness	(7,108)	-
Foreign exchange differences on consolidation of NZ entities	343	-
Under / (Over) provision in prior years	833	(79)
Other	(7)	122
Total income tax expense	918	4,765

(c) Tax benefit relating to items of other comprehensive income

Cash flow hedges	-	(301)

(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	3,796	29,713
Potential tax benefit @ 28% *	-	3,479
Potential tax benefit @ 30%	1,139	5,186
Potential tax benefit at jurisdiction tax rates	1,139	8,665

* New Zealand jurisdiction tax rate

Tax losses for which no deferred tax asset has been recognised relate to the Australian tax jurisdiction (30 June 2014: related to both Australian and New Zealand tax jurisdictions). The tax expense includes the write-off of previously recognised deferred tax assets to the value of $Nil (2014: $4,139,000). The tax losses in New Zealand are not likely to be carried forward post recapitalisation transaction and hence have been excluded from current period amount. The reduction in Australian tax losses is caused by applying the gain from the bank debt forgiven against tax losses, as prescribed by Australian tax legislation.

(e) Franking credits

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Franking credits available for subsequent financial years based on a tax rate of 30%	24,133	24,133

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

9. Auditors' remuneration

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	Six months ended 31 Dec 2014 AUD$	**Year ended 30 Jun 2014 AUD$**
Audit services		
BDO East Coast Partnership (FY 2014: PricewaterhouseCoopers Australia) - Audit and review of financial reports of OPUS Group	97,500	329,500
Other BDO (FY 2014: PricewaterhouseCoopers) network firms-Audit and review of financial reports and other audit work for OPUS Group's New Zealand and Singapore businesses	58,804	86,000
Total BDO (FY 2014 : PricewaterhouseCoopers) remuneration for audit services	156,304	415,500
Tax services		
BDO East Coast Partnership	40,000	-
Other BDO network firms-Tax services for OPUS Group's Singapore business	-	-
Total BDO remuneration for tax services	40,000	-

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

10. Current assets – cash and cash equivalents

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Cash on hand and at bank	7,119	3,516
The above figures are reconciled to cash at the reporting date as shown in the Consolidated Statement of Cash Flows as follows:		
Balances as above	7,119	3,516
Less: bank overdrafts	-	(1,500)
Balances per the Consolidated Statement of Cash Flows	7,119	2,016
Reconciliation of net cash provided by operating activities to operating loss after income tax:		
Operating loss after income tax	(8,771)	(47,073)
Share of profit of associate	(21)	(11)
Bank overdraft transferred to holding company	1,500	-
Unrealised foreign exchange loss	644	-
Depreciation and impairment of property, plant and equipment	14,871	7,070
Impairment of goodwill	17,070	38,088
Impairment of investment in associate	-	182
Impairment of receivables	82	-
Impairment of inventories	2	-
Loss on disposal of assets	12	43
Debt forgiveness (net)	(23,692)	-
Operating assets and liabilities		
Increase in trade and other payables	4	111
Increase / (decrease) in employee entitlements	(706)	7
Increase / (decrease) in tax payable	1,145	(179)
(Increase) / decrease in deferred tax balances	(504)	3,256
(Increase) / decrease in receivables	(1,933)	2,774
(Increase) / decrease in inventories	(667)	1,269
Net cash (outflows) / inflows from operating activities	(964)	5,537

11. Current assets – trade and other receivables

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Trade receivables	15,727	13,820
Less: Allowance for doubtful debts	(234)	(180)
Total trade and other receivables	15,493	13,640

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

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Opening balance	180	184
Additional provisions recognised	54	-
Receivables written off during the period / year as uncollectable	-	(4)
Closing balance	234	180

12. Current assets – inventories

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Raw materials	3,631	3,246
Spare parts	456	542
Work in progress	1,127	482
Finished goods	994	1,271
Less: Provision for inventory obsolescence	(808)	(806)
Total inventories	5,400	4,735

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

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Opening balance	806	699
Additional provisions recognised	2	107
Closing balance	808	806

13. Current assets – other

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Sundry debtors	332	170
Prepayments	645	970
Deposits	936	820
Total other current assets	1,913	1,960

14. Non-current assets – investments accounted for using the equity method

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Shares in associate	333	611

OPUS Group has a 33⅓% shareholding in an associate company Denward Court Pty Limited which is incorporated in Australia and whose principal activity is trade print finishing. The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised at cost.

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
(i) Movements in carrying amount		
Carrying amount at the beginning of the financial period / year	611	782
Share of profit after income tax	21	11
Dividends received	(299)	-
Less: Impairment loss	-	(182)
Carrying amount at the end of the financial period / year	333	611
(ii) Share of associate's profit		
Profit before tax	21	16
Income tax credit	-	(5)
Profit after income tax	21	11

(iii) Summarised financial information of associate

Group's share of:

	Assets AUD$'000s	Liabilities AUD$'000s	Revenues AUD$'000s	Profits AUD$'000s
PE 31/12/2014	405	31	499	21
FY 30/6/2014	2,027	1,094	1,877	11

15. Particulars in relation to controlled entities

	Country of Incorporation
OPUS Group Limited	Australia
Wholly owned subsidiaries of OPUS Group Limited	
Cactus Imaging Holdings Pty Limited *	Australia
Cactus Imaging Pty Limited *	Australia
OPUS Group (Australia) Pty Limited *	Australia
Ligare Pty Limited *	Australia
CanPrint Holdings Pty Limited *	Australia
Union Offset Co. Pty Limited *	Australia
CanPrint Communications Pty Limited *	Australia
Integrated Print And Logistics Management Pty Limited *	Australia
McPherson's Printing Pty Limited *	Australia
OPUS Group NZ Holdings Limited	New Zealand
Omnigraphics Limited	New Zealand
Cactus Imaging Limited	New Zealand
F'Digital Limited	New Zealand
F'Displays Limited	New Zealand
Ligare Limited	New Zealand
C.O.S. Printers Pte Limited	Singapore

* These subsidiaries have been granted relief from the necessity to prepare Financial Reports and Directors' Reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to Note 29.

All investments represent 100% ownership interest.

16. Non-current assets – property, plant and equipment

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Freehold land and buildings		
At cost	2,633	2,633
Accumulated depreciation and impairment losses	(657)	(478)
Total Freehold land and buildings	1,976	2,155
Leasehold improvements		
At cost	2,097	2,064
Accumulated depreciation and impairment losses	(1,764)	(1,374)
Total leasehold improvements	333	690
Total property assets	2,309	2,845
Plant and equipment		
At cost	71,558	70,707
Accumulated depreciation and impairment losses	(63,166)	(50,258)
Total plant and equipment	8,392	20,449
Office furniture and equipment		
At cost	951	911
Accumulated depreciation and impairment losses	(849)	(630)
Total office furniture and equipment	102	281
Motor vehicles		
At cost	858	789
Accumulated depreciation and impairment losses	(734)	(693)
Total motor vehicles	124	96
Computer equipment		
At cost	5,074	4,939
Accumulated depreciation and impairment losses	(4,707)	(3,719)
Total computer equipment	367	1,220
Total property, plant and equipment	11,294	24,891

(a) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial period / year are set out below:

	Land and buildings AUD$'000s	Plant and equipment AUD$'000s	Office furniture and equipment AUD$'000s	Motor Vehicles AUD$'000s	Leasehold improvements AUD$'000s	Computer equipment AUD$'000s	Total AUD$'000s
Carrying amount							
Balance at 1 Jul 2014	2,155	20,449	281	96	690	1,220	24,891
Other additions	-	766	16	58	15	79	934
Disposals	-	(10)	(2)	-	-	-	(12)
Effect of movements in exchange rates	-	322	8	7	5	10	352
Depreciation for the period	(94)	(2,390)	(27)	(24)	(63)	(250)	(2,848)
Impairment loss	(85)	(10,745)	(174)	(13)	(314)	(692)	(12,023)
Balance at 31 Dec 2014	1,976	8,392	102	124	333	367	11,294

	Land and buildings AUD$'000s	Plant and equipment AUD$'000s	Office furniture and equipment AUD$'000s	Motor Vehicles AUD$'000s	Leasehold improvements AUD$'000s	Computer equipment AUD$'000s	Total AUD$'000s
Carrying amount							
Balance at 1 Jul 2013	2,353	23,511	253	110	524	1,381	28,132
Reclassified from discontinued operations	-	1,514	64	17	221	139	1,955
Other additions	-	1,287	66	15	35	547	1,950
Disposals	-	(106)	-	(1)	-	(6)	(113)
Effect of movements in exchange rates	-	84	(34)	-	19	(32)	37
Depreciation for the year	(198)	(5,841)	(68)	(45)	(109)	(809)	(7,070)
Balance at 30 Jun 2014	2,155	20,449	281	96	690	1,220	24,891

(b) Impairment

During the period, impairment losses of $12,023,000 (FY 30 June 2014: Nil) were recognised. The impairment was a result of changing technology of the machines and conditions of the machines which indicate that the carrying amount may not be recoverable. The useful lives of existing machines were also reassessed based on their physical condition and OPUS Group's capital replacement plan.

(c) Finance Leases

The OPUS Group leases certain printing assets under finance lease agreements. The net carrying amount of these assets at 31 December 2014 is $561,000 (FY 30 June 2014: $2,580,000). The leased printing assets secure the subgroups lease obligation.

(d) Non-current assets pledged as security

Refer to Note 26 for information on non-current assets pledged as security by the parent entity and its controlled entities.

17. 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	55,158
Accumulated amortisation and impairment losses	(55,158)
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$'000s	30 Jun 2014 AUD$'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 $7.9m 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 using a discounted cash flow model. 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.

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
Period ended 31 December 2014				
C.O.S. Printers Pte Limited	2%	1%	25%	10%
Cactus Australia	2%	0%	27%	10%
Year ended 30 June 2014				
C.O.S. Printers Pte Limited	3%	2%	15%	10%
Cactus Australia	3%	0%	17%	10%

The discount rates of 25% and 27% pre-tax reflect the Board's estimate of the time value of money and OPUS Group's weighted average cost of capital adjusted for COS and Cactus and the risk free rate. The discount rates used at 31 December 2014 are higher when compared with the rates used at 30 June 2014. Due to size and marketability of COS and Cactus and the intense market competition, more prudent rates are used to reflect the current market risk and the risks of COS and Cactus.

The Board believes the projected 2% revenue growth rate is prudent and justified, based on the general market conditions. Compared with prior year, the Board reduced their estimation of the growth rate by 1% due to the intense market competition faced by COS and Cactus.

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.

Based on the above, the recoverable amount of COS and Cactus are $4,800,000 and $2,200,000 respectively.

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 carrying amounts of the goodwill largely exceeded the recoverable amounts. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, the recoverable amount would further reduce. 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.

18. Non-current – deferred tax balances

Deferred tax assets

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Deferred tax assets are attributable to the following:	-	-
Net deferred tax assets	-	-

Movements

	Plant and Equipment AUD$'000s	Employee Benefits AUD$'000s	Cash flow hedges AUD$'000s	Other AUD$'000s	Total AUD$'000s
Opening balance 1 July 2013	1,538	1,452	469	649	4,108
Reinstated disposal group	-	216	-	72	288
- charge to profit or loss note 8(a)	(1,538)	(1,668)	(212)	(721)	(4,139)
- charge to equity note 8(c)	-	-	(301)	-	(301)
Under/ (over) provision in prior years	-	-	44	-	44
Closing balance 30 June 2014	-	-	-	-	-
Opening balance 1 July 2014	-	-	-	-	-
Closing balance 31 December 2014	-	-	-	-	-

Recognition of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from 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 OPUS 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 to expense the deferred tax asset as they are not deemed recoverable in the near future.

Deferred tax liabilities

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	104	683
Inventories	-	122
Other	(4)	72
Total deferred tax liabilities	100	877
Set off deferred tax assets	-	(273)
Net deferred tax liabilities	100	604

Movements

	Plant and equipment AUD$'000s	Others AUD$'000s	Total AUD$'000s
Closing balance 30 June 2013	730	-	730
Charged to profit or loss - Note 8(a)	(186)	-	(186)
Effect of movements in exchange rates	(4)	64	60
Closing balance 30 June 2014	540	64	604
Charged to profit or loss - Note 8(a)	(484)	(10)	(494)
Effect of movements in exchange rates	48	(58)	(10)
Closing balance 31 December 2014	104	(4)	100

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after more than 12 months	100	604
Net deferred tax liabilities	100	604

19. Current liabilities – trade and other payables

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Trade creditors	10,617	7,169
Other creditors	565	578
Sundry provision and accruals	3,178	6011
Provision for PAYE/PAYG	55	164
GST payable	344	261
Total trade and other payables	14,759	14,183

20. Derivative financial instruments

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Current Liabilities		
Interest rate swaps – cash flow hedges	-	1,053
Total *current* derivative liabilities	-	1,053
Non-Current Liabilities		
Interest rate swaps – cash flow hedges	-	-
Total non-current derivative liabilities	-	-
Total derivative liabilities	-	1,053

At 30 June 2014, the interest rate swaps covered $41,800,000 of the OPUS Group's floating debt exposure and were timed to expire over the debt facility term in line with the specified repayment schedule of the facility. The fixed rates ranged between 4.54% and 4.61%. The floating rate component tracks BBSY. The contracts require settlement of net interest on a quarterly basis. The settlement dates coincide with the dates when interest is payable on the debt facility. On 31 July 2014, the hedging agreement was cancelled without charges.

The gain or loss from re-measuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve to the extent that the hedge is effective. There was no material hedge ineffectiveness in the current period or prior year.

21. 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 promissory note	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

CBA debt financing

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.

Unused facilities

In September 2014, 1010 Group granted a working capital facility of $7,000,000 at an interest rate of 6% p.a. for two years. During the period, OPUS Group had utilised up to $4,500,000 of the facility and the whole amount together with interest was repaid before 31 December 2014.

22. Provisions

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Employee benefit liability for annual leave and time in lieu	2,364	2,603
Employee benefit liability for long service leave – current	2,025	2,553
Deferred consideration for BlueStar acquisition – current	698	698
Total current provisions	5,087	5,854
Employee benefit liability for long service leave – non-current	614	553
Total non-current provisions	614	553
Total provisions	5,701	6,407

The current provision for employee benefits includes accrued annual leave, time in lieu and long service leave. For long service leave 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 entire amount is classified as current, since the OPUS Group does not have an unconditional right to defer settlement. Based on past experience the OPUS Group does not expect all employees to take the full amount of leave or require payment within 12 months. At 31 December 2014 management estimate that approximately $1,625,000 (FY 30 June 2014: $1,870,000) of the above employee entitlement provision will not be taken within 12 months.

The deferred consideration is contingent on revenues generated from Blue Star customers using a contractual formula to assess the contribution of customers which were shared by the two entities. Settlement of the consideration for the acquisition will occur on a deferred basis over a two year period, based on the actual revenue contribution with minimum thresholds in place.

23. Share capital

	Consolidated		Consolidated	
	31 Dec 2014 Shares	**30 Jun 2014 Shares**	**31 Dec 2014 AUD$'000s**	**30 Jun 2014 AUD$'000s**
Ordinary shares				
Fully paid	151,122,255	53,678,177	43,130	39,353
Share consolidation 10:1	(136,008,626)	-	-	-
Issued and fully paid during the period / year	81,299,967	97,444,078	27,464	3,777
Fully paid	96,413,596	151,122,255	70,594	43,130

Movements in ordinary share capital

Details	Consolidated Number of Shares	AUD$'000s
Opening balance 1 July 2013	53,678,177	39,353
Convertion of convertible loan note @$0.0390	68,527,794	2,672
Convertion of convertible loan note @$0.0387	28,916,284	1,119
	151,122,255	43,144
Less: Transaction costs arising on shares issued	-	(14)
Balance 30 June 2014	151,122,255	43,130
Share consolidation 10 to 1	(136,008,626)	-
Issued and fully paid @$0.35	81,299,967	28,456
Less: Transaction costs arising on shares issued	-	(992)
Balance at 31 December 2014	96,413,596	70,594

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, OPUS 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 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.

Set out below are summaries of options granted:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	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.

24. Reserves and accumulated losses

	Consolidated 31 Dec 2014 AUD$'000s	Consolidated 30 Jun 2014 AUD$'000s
(a) Reserves		
Hedging reserve – cash flow hedges	-	(922)
Foreign currency translation reserve	3,699	2,317
Share option reserve	4,810	-
	8,509	1,395
Hedging reserve – cash flow hedges		
Balance at beginning	(922)	(834)
Changes in fair value of cash flow hedges net of tax	922	(88)
Balance at period end	-	(922)
Foreign currency translation reserve		
Balance at beginning	2,317	519
Exchange differences on the translation of internal borrowings	6,610	4,319
Exchange differences on the translation of foreign operations	(5,228)	(2,521)
Balance at period end	3,699	2,317
Share option reserve		
Balance at beginning	-	-
Movement during period	4,810	-
Balance at period end	4,810	-
(b) Accumulated losses		
Balance at beginning	(54,065)	(6,992)
Loss after income tax	(8,771)	(47,073)
Balance at period end	(62,836)	(54,065)

(c) Nature and purpose of reserves

(i) Hedging reserve – cash flow hedges

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation on consolidation of the financial statements of the subsidiaries, which do not have an Australian Dollar functional currency.

The OPUS Group funds its foreign operations through the use of internal borrowings between the OPUS Group businesses. These borrowings which are taken out to provide additional equity to the New Zealand operations have been designated as a net investment in the subsidiary. The foreign exchange loss of $498,000 (FY 30 June 2014: $4,319,000) on translation of the loans to Australian Dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(iii) Share option reserve

The share option reserve comprises the fair value of the share option in issue. On 24 October 2014, the OPUS Group granted 20 million options to 1010 Group to subscribe for 20 million shares of OPUS Group at a total exercise price of $7,000,000 ($0.35 each), exercisable at any time up to and including 30 September 2017.

25. Contractual commitments for expenditure

(a) Capital commitments

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Aggregate capital expenditure contracted for at reporting date, but not provided for in the accounts due:		
Not later than one year	176	-
Total capital commitments	176	-

(b) Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Not later than one year	3,544	4,074
Later than one year but not later than five years	7,967	9,773
More than five years	3,087	2,384
Total lease commitments	14,598	16,231

The OPUS Group leases land, printing assets, warehouses and general office equipment. Certain of the properties are leased from related parties. Refer to Note 27 for details of these related party leases.

(c) Finance lease commitments

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Commitments in relation to finance lease payments are payable as follows:		
Not later than one year	1,259	1,347
Later than one year but not later than five years	1,025	1,499
	2,284	2,846
Future finance charges	(166)	(266)
Recognised as a liability	2,118	2,580
Representing finance lease		
Current - Note 21	1,139	1,182
Non-current - Note 21	979	1,398
Total finance leases	2,118	2,580

The OPUS Group leases offices, warehouses, plant and machinery and motor vehicles under non-cancellable operating leases and finance lease arrangements expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are generally re-negotiated.

26. Contingent liabilities

The obligations of the controlled entities under an operating lease agreement are partly secured by a bank guarantee secured by the holding company.

At 30 June 2014, the terms of the CBA facilities require OPUS Group and each of its subsidiaries to be guarantors in respect of the debt. Each guarantor grants security over its assets (including a fixed and floating charge) in favour of CBA to support that guarantee in the form of a General Security Deed containing a specific security over shares or units in any unit trust held by that guarantor. On 31 July 2014, the guarantee deed together with the CBA loan was novated to 1010 Group. 1010 Group has arranged to release all the securities.

27. Related parties

Parent entity

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

Below are Group transactions with related parties

Entity	Relationship with Company	Nature of Transaction	Period ended 31 Dec 2014		As at 31 Dec 2014
			AUD'000s		AUD'000s
1010 Printing International Ltd	Fellow subsidiary	Outwork	20	Payable	4
Bookbuilders BVI Limited	Immediate holding	Interest paid	31	Payable	-

OPUS group also incurred outwork and interest expenses to 1010 Printing International Ltd and Bookbuilders BVI Ltd of $26,000 and $798,000 for the period from 1 July 2014 to 3 November 2014.

Key management personnel compensation

	Consolidated	
	31 Dec 2014 AUD$'000s	30 Jun 2014 AUD$'000s
Short-term employee benefits	507	1,248
Post-employment benefits	31	77
Long-term benefits	26	10
Total key management personnel compensation	564	1,335

Details of above remuneration disclosures are provided in the Remuneration Report on pages 12 to 18.

Lease costs

Ligare Pty Limited occupies a property in Riverwood, Sydney under a lease agreement with D.M.R.A Property Pty Limited a company controlled by Mr Celarc, who is a shareholder and Director of OPUS Group Limited. The lease agreement expires in December 2016. Lease fees paid for the period total $321,756 (FY 30 June 2014: $688,885). $NIL was outstanding at 31 December 2014 (FY 30 June 2014: $58,989).

Consulting fees

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited Consulting for the six months ended 31 December 2014 amounted to $137,500 (FY 30 June 2014: $150,000).

Consulting fees of $919,000 paid to Baron Partners Limited of which Mr Young (Director) is a director and substantial shareholder for the debt restructuring and recapitalisation of the OPUS Group before he was appointed as Non-Executive Director. No outstanding due as of 31 December 2014.

Issue of shares and options with loan conversion and forgiveness

On 3 November 2014, OPUS Group issued and allotted 59,657,143 fully paid ordinary shares and 20 million options to 1010 Group in accordance to the recapitalisation. 1010 Group forgave the balance of the loan. OPUS Group also issued 8,571,429 shares to Mr Celarc, 11,428,571 shares to professional investors and 1,642,824 shares to existing shareholders and raised a total of $7,576,000, as detailed in Note 23.

During the year 30 June 2014, OPUS Group issued and allotted total of 97,444,078 fully paid ordinary shares to the convertible loan notes holders as detailed in Note 23.

Working capital facility

In September 2014, 1010 Group granted a working capital facility of $7,000,000 at an interest rate of 6% p.a. for two years. During the period, OPUS Group had utilised up to $4,500,000 of the facility and the whole amount together with interest was repaid before 31 December 2014.

28. Parent entity financial information

Summary financial information

As at the six month ended 31 December 2014, the legal parent company of the OPUS Group was 1010 Printing Group Limited.

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

	Consolidated	
	31 Dec 2014 AUD$'000s	**30 Jun 2014 AUD$'000s**
Statement of Financial Position		
Current assets	1,280	735
Non-current assets	4,429	45,811
Total assets	**5,709**	**46,546**
Current liabilities	1,960	52,976
Non-current liabilities	19,827	-
Total liabilities	**21,787**	**52,976**
Shareholders' equity		
Issued capital	84,928	57,465
Reserves		
Cash flow hedges	-	(922)
Share option reserve	4,810	-
Accumulated losses	(105,816)	(62,973)
Total shareholders' deficiency	**(16,078)**	**(6,430)**
Loss for the period / year	(42,843)	(49,578)
Share option reserve	4,810	-
Other comprehensive income – movement in cash flow hedges	(922)	(88)
Total comprehensive income	**(38,955)**	**(49,666)**

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

At 31 December 2014 OPUS Group Limited had issued bank guarantees in relation to subsidiary entities to the value of $nil (FY 30 June 2014: $186,000). At 30 June 2014, there are cross guarantees given by OPUS Group Limited as described in Note 29.

(b) *Contingent liabilities of the parent entity*

The parent entity did not have any contingent liabilities as at 31 December 2014 (FY 30 June 2014: $nil). For information about guarantees given by the parent entity, please see above.

(c) *Impairment*

OPUS Group Limited recognised a cumulative impairment of non-current assets of $132,860,000 as at 31 December 2014 (FY 30 June2014: $68,335,000), comprising impairments in subsidiary investments of $64,634,000 (FY 30 June 2014: $56,103,000) and impairment of intercompany receivables of $68,226,000 (FY 30 June 2014: $12,232,000).

29. Deed of Cross Guarantee

OPUS Group Limited, and the following controlled entities, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Entities	ACN
McPherson's Printing Pty Limited	004 911 308
Ligare Pty Limited	001 787 275
CanPrint Communications Pty Limited	079 915 932
Cactus Imaging Holdings Pty Limited	129 630 539
CanPrint Holdings Pty Limited	123 477 377
OPUS Group (Australia) Pty Limited	125 553 497
Cactus Imaging Pty Limited	072 625 720
Union Offset Co. Pty Limited	008 458 099
Integrated Print And Logistics Management Pty Limited	086 158 894

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order and as there are no other parties to the Deed of Cross Guarantee that are controlled by OPUS Group Limited, they also represent the 'Extended Closed Group'.

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income and summary of movements in consolidated accumulated losses

Set out below is a Consolidated Statement of Profit or Loss and Comprehensive Income and a summary of movements in consolidated accumulated losses for the six months ended 31 December 2014 of the Closed Group.

	Six months ended 31 Dec 2014 AUD$'000s	**Year ended 30 Jun 2014 (restated) AUD$'000s**
Revenue	46,533	94,245
Other Income	285	728
Debt forgiveness (net)	23,692	-
Changes in inventories of finished goods, materials and work in progress	(13,307)	(26,920)
Other production costs and freight	(9,115)	(16,225)
Employee benefits expense	(17,551)	(34,572)
Occupancy costs	(1,890)	(3,846)
Depreciation and amortisation expense	(1,993)	(5,350)
Impairment of goodwill	(6,445)	(30,334)
Impairment of property, plant and equipment	(9,366)	-
Impairment of receivable	(13,200)	-
(Loss) / gain on disposal of assets	(7)	42
Other expenses	(4,755)	(6,977)
Operating loss before finance costs	(7,119)	(29,209)
Finance revenue	54	960
Finance expenses	(1,274)	(7,684)
Net finance costs	(1,220)	(6,724)
Share of net profit of associate	21	11
Loss before income tax	(8,318)	(35,922)
Income tax expense	-	(4,139)
Loss after income tax	**(8,318)**	**(40,061)**
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)
Other comprehensive income for the period / year, net of tax	**(922)**	**(88)**
Total comprehensive income	**(9,240)**	**(40,149)**
Summary of movement in accumulated losses		
Accumulated losses at the beginning of the financial period / year	(54,176)	(14,115)
Loss after income tax for the period / year	(8,318)	(40,061)
Accumulated losses at the end of the financial period / year	**(62,494)**	**(54,176)**

(b) Consolidated Statement of Financial Position

Set out below is a Consolidated Statement of Financial Position as at 31 December 2014 of the Closed Group:

	31 Dec 2014 AUD$'000s	30 Jun 2014 (restated) AUD$'000s
Current assets		
Cash and cash equivalents	4,876	2,167
Trade and other receivables	12,129	10,797
Inventories	4,538	3,712
Other current assets	743	876
Total current assets	22,287	17,552
Non-current assets		
Receivables	-	14,163
Investments accounted for using the equity method	333	611
Intangibles	-	6,445
Property, plant and equipment	10,245	20,806
Total non-current assets	10,578	42,025
Total assets	32,864	59,577
Current liabilities		
Bank overdraft and other short-term loans	-	1,500
Trade and other payables	11,139	11,047
Finance leases	933	948
Borrowings	1,900	49,782
Derivative financial instruments	-	1,053
Provisions	5,079	5,843
Total current liabilities	19,051	70,173
Non-current liabilities		
Payables	-	66
Finance leases	947	1,398
Provisions	614	554
Total non-current liabilities	1,561	2,018
Total liabilities	20,612	72,191
Net assets / (liabilities)	**12,252**	**(12,614)**
Equity		
Contributed equity	70,594	43,130
Reserves	4,152	(1,568)
Accumulated losses	(62,494)	(54,176)
Total equity / (deficiency)	**12,252**	**(12,614)**

(c) Contingent liabilities and guarantees

At 31 December 2014, the subsidiaries have guaranteed the repayment of borrowings of the OPUS Group.

(d) Impairment

The Closed Group recognised the following cumulative impairment of assets as at 31 December 2014.

	As at 31 Dec 2014 AUD$'000s	**As at 30 Jun 2014 AUD$'000s**
Impairment of goodwill	36,597	30,152
Impairment of investment in associate	182	182
Impairment of investment subsidiary	5,376	5,376
Impairment of intercompany receivable	21,682	8,482

Directors' Declaration

In the Directors' opinion:

(a) the consolidated financial statements and Notes set out on pages 30 to 78 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the six months ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 29.

Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer required by 295A of the Corporations Act 2001.

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

Richard Celarc
Chairman
6 March 2015, Sydney

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INDEPENDENT AUDITOR'S REPORT

To the members of OPUS Group Limited

Report on the Financial Report

We have audited the accompanying financial report of OPUS Group Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes 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 financial report.

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

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OPUS Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of OPUS Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the period ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of OPUS Group Limited for the period ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Craig Maxwell

Craig Maxwell
Partner

Sydney, 6 March 2015

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholder Information

As at 28 February 2015 the OPUS Group had 3,888 holders of Fully Paid Ordinary Shares.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

Distribution of Shares (as at 28 February 2015)

Number of Shares	Fully Paid Ordinary Shares	Number of Holders
1-1,000	298,803	3493
1,001-5,000	422,890	167
5,001-10,000	605,296	89
10,001-100,000	3,748,763	97
100,001-over	91,337,844	42
	96,413,596	**3,888**

The number of shareholders holding less than a marketable parcel is 3,511.

Substantial Shareholders

The following shareholders are recorded as substantial shareholders:

Holder	Number of Shares	Last Notified	% of Issued Capital
1010 Printing Group Ltd	59,657,143	5 December 2014	61.8%
Richard Francis Celarc & his associates	12,273,002	3 November 2014	12.7%
	71,930,145		**74.5%**

Twenty Largest Shareholders (as at 28 February 2015)

Rank	Name	Units	% of Units
1	BOOKBUILDERS BVI LIMITED	59,657,143	61.88
2	MR RICHARD FRANCIS CELARC	8,571,429	8.89
3	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	6,862,377	7.12
4	DMRA PROPERTY PTY LIMITED	2,918,408	3.03
5	CVC LIMITED	1,428,580	1.48
6	PICTON COVE PTY LTD	979,357	1.02
7	KNOX INVESTMENT PARTNERS FUND III AUD 5 LIMITED	834,766	0.87
8	KNOX INVESTMENT PARTNERS FUND III AUD 4 LIMITED	810,079	0.84
9	BFA SUPER PTY LTD <GDN SUPER FUND A/C>	776,660	0.81
10	M & A PARTNERS PTY LTD	580,000	0.6
11	MR RICHARD CELARC <RICHARD CELARC FAMILY A/C>	525,385	0.54
12	AGRICO PTY LTD <PALM SUPER FUND A/C>	500,000	0.52
13	CLAPSY PTY LTD <BARON SUPER FUND A/C>	500,000	0.52
14	J C O`SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	500,000	0.52
15	KAZAKCO PTY LTD <KENT FAMILY A/C>	500,000	0.52
16	N SHARP SUPERANNUATION PTY LTD <N SHARP SUPER FUND A/C>	350,000	0.36
17	HAKUNA MATATA INVESTMENTS PTY LIMITED <C & G RICHARDSON S/F A/C>	300,000	0.31
18	MR PETER ROBERT LEMON	300,000	0.31
19	MRS ALISON LORD PURVES	300,000	0.31
20	NATIONAL NOMINEES LIMITED	291,035	0.30

Share Buy-Backs

There is no current on-market buy-back scheme.

Other Information

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