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/OPUS* **GROUP** **ANNUAL** **REPORT** **2012/**



**CONTENT
FASTER
SMARTER**

**OPUS GROUP LIMITED
(FORMERLY MPG PRINTING LIMITED)
AND CONTROLLED ENTITIES
A.C.N. 006 162 876**

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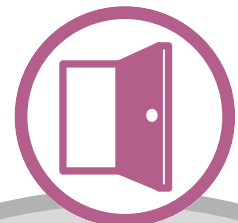


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*The OPUS Group's competitive advantage is our ability to **deliver** time sensitive, innovative, customised solutions for customers across multiple, specialist divisions*

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IPALM™

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IPALM™

e-volve
and
grow



Chairman's letter //

CONTENT
FASTER
SMARTER



Chairman's Letter

Dear shareholders,

On behalf of the Board of OPUS Group Limited (OPUS Group), I am pleased to present the first Annual Report of the OPUS Group on what has been a year of evolution but one that has positioned the Group well for the future.

OPUS Group Limited was listed on the ASX on 10 April 2012 following:

- (i) The demerger of MPG Printing Limited (MPG) from McPherson's Limited; and
- (ii) The merger with the OPUS Group of Companies.

The achievements of these milestones were critical steps in the strategic direction of the OPUS Group.

The new combined entity is an Asia-Pacific, technology based business services and communication group headquartered in Australia. As one of the leading specialist players in the Asia-Pacific region, OPUS Group holds leading market positions that benefit from the many long-term relationships we have with customers. We have the distinct competitive advantage of being able to deliver time sensitive, innovative, customised solutions across our specialist divisions, and are well positioned to continue as a leading specialist player in the Publishing and Outdoor Media sectors within the Asia-Pacific region.

The OPUS Group employs a flexible technology platform to produce and distribute published content to meet the time, scale and specialisation requirements of our customers. In addition to our significant global capability, we offer an end-to-end value chain through modern facilities in Singapore, Sydney, Melbourne, Maryborough, Canberra and Auckland and have established strategic content distribution alliances in North America, the United Kingdom, Europe, Philippines and China.

The OPUS Group produced a sound financial result in FY2012 despite difficult market conditions and pricing pressures in the Publishing sector and is well placed to build on these results as the Group benefits from the substantial upside that will be delivered from the continuing integration of MPG with the OPUS group of companies. With limited overlap between existing customers and market segments we will gain improved access to new customers and markets for each business as well as cross-selling opportunities. In particular, the MPG's business stands to benefit significantly from the ability to leverage the OPUS Group's diversified offer as well as the latest in digital asset management, specifically electronic content management and delivery.

The Board of Directors of the OPUS Group possess a blend of skills and experience and I would like to thank my fellow directors for their enthusiasm and support throughout the past year. I must also acknowledge the hard work and dedication of the management and staff and would like to pay particular tribute to Cliff Brigstocke, our Chief Executive Officer and Robert Alexander, our Chief Financial Officer, both of whom shouldered a substantial load in affecting the transition arrangements outlined above. Cliff has extensive experience in senior management, particularly in the publishing and printing industries, while Robert is a highly qualified and experienced finance professional having been in senior finance roles in Australia and internationally in the related industries such as outdoor advertising, media and entertainment.

Our tagline **Content Faster Smarter** emphasises how well OPUS Group is positioned to generate shareholder value in both the short and long term.

We look forward to your ongoing support.

A handwritten signature in dark ink, appearing to read "W. Mackarell".

William J. Mackarell

Chairman

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Who is OPUS Group?



PUBLISHING

Multi channel local and regional production and distribution of educational, professional, trade and government published content along with a complementary business services offering.



McPHERSON'S
PRINTING GROUP

OUTDOOR MEDIA

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



Omni
graphics
New Zealand

The OPUS Group is a provider of innovative e-publishing, printing and content management solutions. Headquartered in Australia, but with an Asia-Pacific footprint, the Group has established a global presence and positioning to capture opportunities across a global multi-billion dollar market.

The OPUS Group is an Asia-Pacific technology based business services and communication Group, distributing published content and delivering innovative, customised solutions.

Our product offering reflects the industry trends in both Publishing and Outdoor Media. Our key success factors are based on being adaptive, quick to market and working closely with customers by delivering a full suite of complementary services.

In Publishing, we can deliver a suite of services that includes e-publishing, print-on-demand, traditional print and multi channel delivery.

In Outdoor Media, we produce the 'big stuff'. Our products include most of the outdoor advertising you see – billboards, building wraps,

banners, advertising in and on buses, bus shelters, airports and the backs of taxis.

Our service offering extends to the provision of IT services, web design, storefront build, secure ecommerce and mobile content delivery. Our digital asset management system IPALM™ and our experienced IT Services team manage this.

Through our IPALM™ platform we have integrated a range of complementary services that are of high value to our customers.

Our significant regional capability in Singapore, Sydney, Melbourne, Maryborough, Canberra and Auckland is complemented by our strategic content distribution alliances in North America, the United Kingdom, Europe, Philippines and China to provide an end to-end value chain for global customers.



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New wins and achievements

Group achievements

- Successful merger with McPherson's Printing Group (MPG) and listing on the ASX
- Continuing to deliver a solid financial performance
- Strong operating cash flow conversion
- Integration benefits tracking ahead of plan
- Delivering further services across the value chain of our customers
- Proven business model in an evolving market

Financial highlights

- Revenue of \$96.1m (21% increase on FY2011)
- Pro-forma Revenue of \$133m
- Pro-forma Adjusted EBITDA of \$20.6m
- Merger benefits tracking ahead of plan with the business having already secured annualised cost savings of \$2.3m, with further savings expected in FY 2013

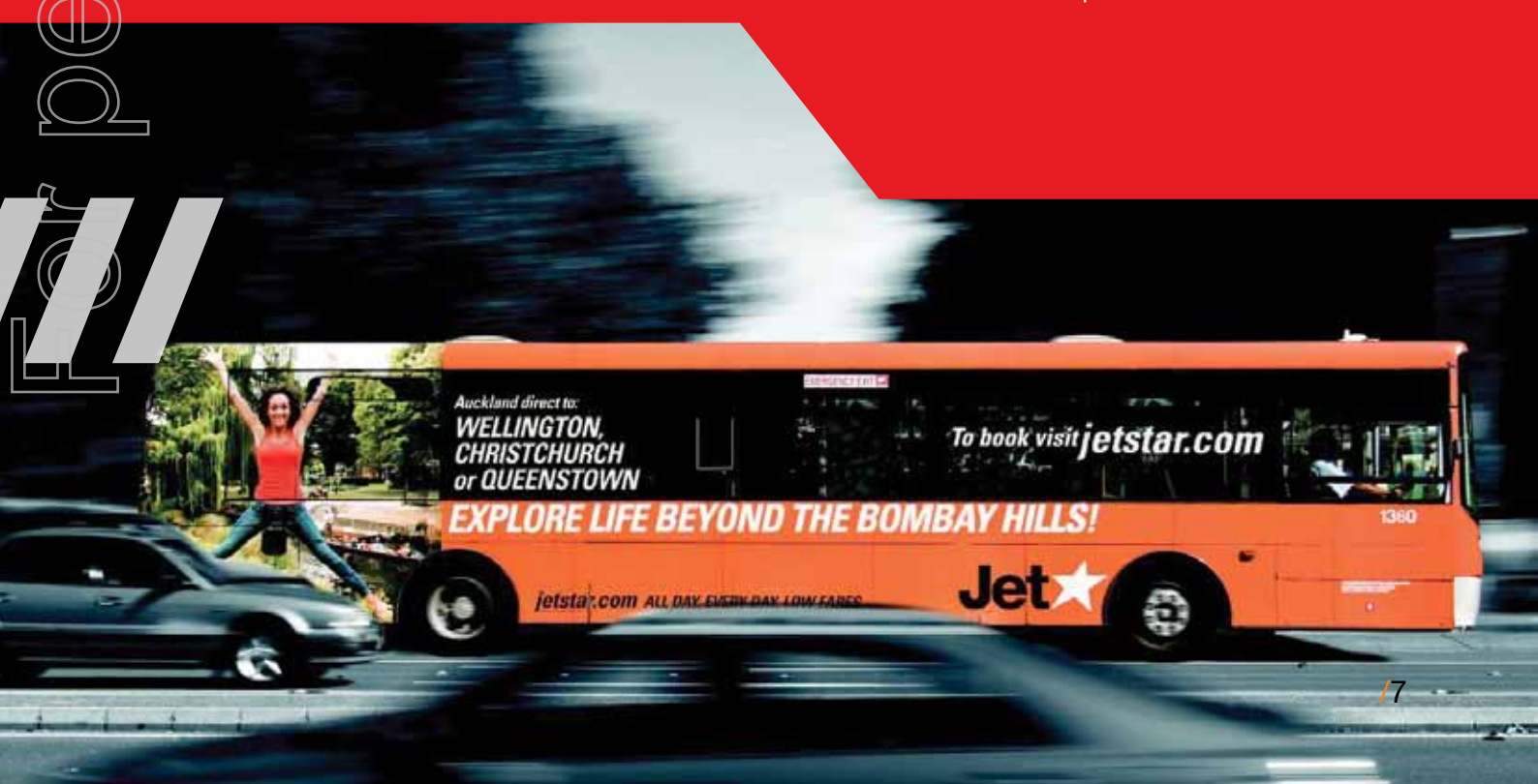
Publishing division

- Successful merger with MPG
- Major contract renewals and new account wins based on capability and quality of service
- The establishment of a global Content Delivery Alliance (CDA)
- Investment in the most advanced digitally integrated print-on-demand production facility in the Southern Hemisphere
- Increased revenues from IPALM™, OPUS Group's proprietary content, e-commerce and content management system

Outdoor Media division

- Significant account wins based on quality and speed to market
- First in both Australia and New Zealand to implement the latest in billboard production digital technology
- Awarded the International title for the 'Best Building Wrap' category at the 2011 International Wrap Artists Awards

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CEO's report

“Our vision is to be the partner of choice, who will provide new and innovative ways to deliver published content and a full service offering across the value chain.”



The last twelve months have been transformative for the OPUS Group with the merger of McPherson's Printing Pty Limited and the OPUS Group of Companies completed in March 2012 and the listing of the OPUS Group on the Australian Securities Exchange in April 2012.

Operating in two divisions, Publishing and Outdoor Media, the OPUS Group has expanded to become one of the leading specialist players in the Asia-Pacific region. Our two divisions have a broad array of customers encompassing global and local professional, educational and trade publishers, government departments and agencies, global media companies, advertising agencies, large corporate enterprises and small-to-medium sized businesses.

Our Publishing division companies have been operating collectively for over 245 years, and it

is with this collective experience and long history that we have become the Asia Pacific print and services hub for global publishers. Based on the highest levels of service and long-term customer relationships held by the each of our Publishing division companies, the OPUS Group is today delivering published content for the worlds best known publishers across the Asia-Pacific region and increasingly, to global customers.

Our second division, Outdoor Media, has a similar heritage, operating for over 50 years, and is based on working closely with our partners and delivering a quality product on time.

	FY2012 \$m	FY2011 \$m	Favourable/ (unfavourable) %	Pro-forma ⁽¹⁾ (unaudited) FY2012 \$m
OPUS Group of Companies	86.0	79.6	8%	86.0
MPG	10.1	-	-	47.0
Revenue	96.1	79.6	21%	133.0
OPUS Group of Companies	18.6	17.5	6%	18.6
MPG	0.5	-	n/a	4.9
Corporate and unallocated	(2.9)	(2.6)	(12%)	(2.9)
Adjusted EBITDA⁽²⁾	16.2	14.9	9%	20.6
(Loss) before tax	(0.8)	(5.7)	86%	
(Loss) after tax	(1.8)	(5.2)	65%	
Net cash	4.4	1.2	267%	
Operating cash flows	4.7	3.3	42%	
Net debt	62.8	54.4	(15%)	

Due to rounding of figures small discrepancies may exist

(1) Pro-forma financial information is prepared on the basis that McPherson's Printing Pty Limited ('MPG') results are included for the full year ended 30 June 2012. This is a non IFRS measure and has not been audited.

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

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We are proud of our heritage and deep and successful partnerships. These partnerships are founded on trust and the OPUS Group's ability to deliver advanced solutions using the latest technology including our proprietary content and digital asset management system, IPALM™.

We are excited by our future prospects. OPUS Group is well positioned to add significant value to our customers. We continue to add new services to our offering and develop integrated solutions that facilitate greater speed to market in multiple formats. One example of this is our extended IPALM™ offer to deliver content to mobile devices such as iPads, e-readers and mobile phones.

Our processes and technologies are aligned to meet our customer's needs as their requirements evolve towards shorter runs with shorter lead times. We are evolving with our customers through new digital technology, workflow automation and integrated multi-platform content management and fulfillment via IPALM™. With a passion and commitment to customer service, OPUS Group employees thrive on fulfilling complex, time sensitive requirements everyday.

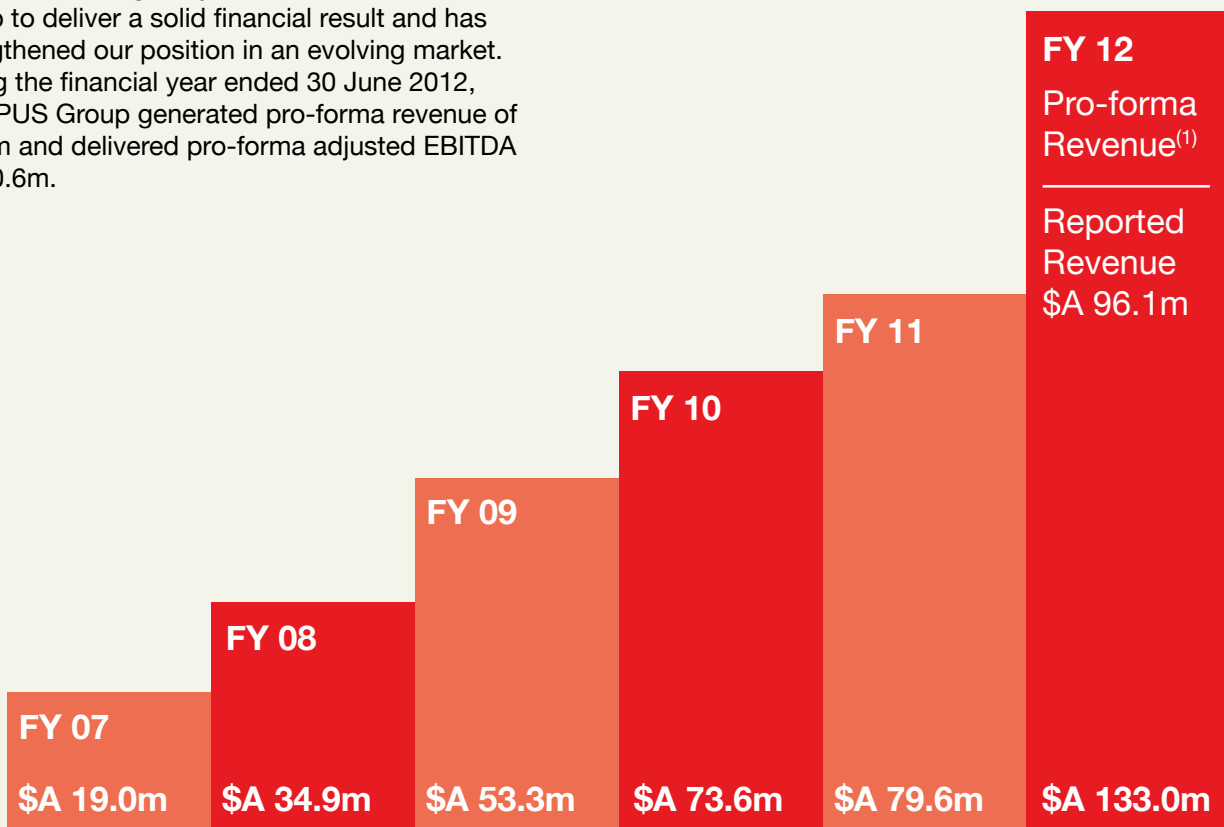
The merger with MPG and the repositioning undertaken during the year has enabled the OPUS Group to deliver a solid financial result and has strengthened our position in an evolving market. During the financial year ended 30 June 2012, the OPUS Group generated pro-forma revenue of \$133m and delivered pro-forma adjusted EBITDA of \$20.6m.

Further information with respect to the OPUS Group's financial and operational performance is disclosed in the Operating and Financial Review on page 22.

Over the next year, management's focus will be on reducing the OPUS Group's gearing by utilising its strong operating cash flows and continue the business integration activities.

The potential integration benefits of the MPG merger outlined in the Merger Prospectus were assessed as providing significant benefits, with an estimated annual EBITDA improvement of \$4.9m per annum before one off costs estimated to be \$2.6m. The benefits were anticipated to be realised over a two year period post integration, with no significant merger benefits impacting the financial year ended 30 June 2012 result.

The process of integrating the two businesses is on track and we are starting to already see the synergy benefits from being a larger group. These benefits derive from both cost savings and market share growth and reflect the significant integration activities which have occurred since the completion of the merger.



(1) Pro-forma financial information is prepared on the basis that McPherson's Printing Pty Limited ('MPG') results are included for the full year ended 30 June 2012. This is a non IFRS measure and has not been audited.

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Winner of the International title for the 'Best Building Wrap' category at the 2011 International Wrap Artist Awards



During the three months to 30 June 2012, the OPUS Group has implemented restructuring and efficiencies to deliver annualised cost savings of \$2.3m. The cost of implementing this restructuring was \$1.2m. Further initiatives are planned in the next twelve months and we are confident that our integration activities will continue to deliver ongoing cost savings and revenue opportunities.

Key activities which have been undertaken have included:

- Implementation of a new management structure with Robert Alexander joining the OPUS Group as Chief Financial Officer and Richard Celarc taking on the role as General Manager of the Publishing division
- Refinancing of the OPUS Group Debt Facility with the Commonwealth Bank of Australia Limited
- Negotiating with key trading partners and suppliers as a single integrated group
- Through our integrated network we have been able to optimise our business capabilities by consolidating production into the most efficient and available facility within the OPUS Group network; and
- The merger has expanded our market reach to maximise sales opportunities. The combined entity now has access to new customers and markets.

Outlook

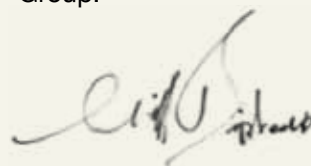
The merger with MPG has resulted in a significant step change to the OPUS Group's scale and diversity and the integration has created a significant number of new opportunities. Our enlarged scale has allowed us to extend our business services offering to major publishers operating in the \$109* billion global publishing market.

We are winning significant mandates as a result of the OPUS Group strategy, a key element of which is utilising our Asia-Pacific network.

Our focus is unashamedly on technology, as a specialised niche full service business.

Our vision is to be the partner of choice, who will provide new and innovative ways to deliver published content and a full service offering across the value chain.

We welcome you as a shareholder of the OPUS Group.



Clifford D.J. Brigstocke

Chief Executive Officer

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Our divisions

Publishing division



Competitive edge through network alignment to customers' evolving needs

The OPUS Group Publishing division is responsible for the production and distribution of published content including electronic delivery of online material, regional production of professional, educational and trade books, journals, loose leaf publications and manuals.

Our operations are flexible to suit both short and medium run titles with rapid turnaround available for local customers; as well as providing print and fulfill-on-demand services. Our Maryborough and Singapore facilities are also capable of producing medium to long run titles, with Singapore predominantly aimed at export customers.

Our Publishing Division provides digital and offset printing as well as ancillary business services and communication solutions including digital asset management, content management, back-catalogue fulfillment, direct to consumer distribution and warehousing, variable data and intelligent mailing. Our offer spans the entire

book printing spectrum, from mono to full colour and short-run to long-run requirements.

The OPUS Group has established strategic alliance partnerships with a number of printers in complementary geographies. These partnerships allow the OPUS Group to offer print-on-demand and distribute and print services in these countries and to surrounding regions. Singapore is also able to fulfill larger and less time sensitive orders. OPUS Group has a strategic alliance agreement with Hung Hing Printers, a large publicly listed print company headquartered in Hong Kong with several print facilities in China. This enables the OPUS Group to quote competitively on very large run projects.

Our innovative regional solution provides OPUS Group with the ability to handle all business services and communication solutions for the Asia-Pacific region, from on-demand digital printing in Australia and New Zealand to long run offshore printing in Asia where lead times allow.

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Outdoor Media division

Market leadership through quality and speed to market

The OPUS Group Outdoor Media division is the largest provider of grand and large format printing for outdoor advertising in Australasia. We are the largest Trans-Tasman outdoor media digital printer with leading positions in both Australia and New Zealand. Our production facilities can operate 24 hours a day, 7 days a week to rapidly produce nationwide rollouts of advertising campaigns.

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.

Outdoor advertising has traditionally been located outdoors, although increasingly it is also located inside high traffic buildings such as shopping centres and airports. The innovative nature of large format printing means the division prints on a wide variety of flexible and rigid materials including vinyl, mesh, paper, canvas, cloth, wood, glass and plastic. OPUS Group's

Outdoor Media division also offers a full range of in-house finishing services including joining, rope edging, hemming, eyeletting, sleeve finishing, installation and removal.

Successful outdoor advertising relies on innovation and creativity. OPUS Group remains at the forefront of industry development to offer new and exciting products and technologies. The OPUS Group is a member of the Hewlett Packard global advisory board on technology and innovation and had the first turbo-jet in Australia. Our Outdoor Media division was the first to offer both recyclable and bio-friendly substrates for mass billboard production, as well as developing innovative solutions for vehicle graphics, floor graphics and building wraps.

Over the last 10 years, outdoor advertising has experienced significant growth and has become a powerful advertising medium to reach targeted audiences.



OPUS Group wrapped a giant photograph of Olympic swimmer James Magnussen around the entire George Street facade and front of the Queen Victoria Building

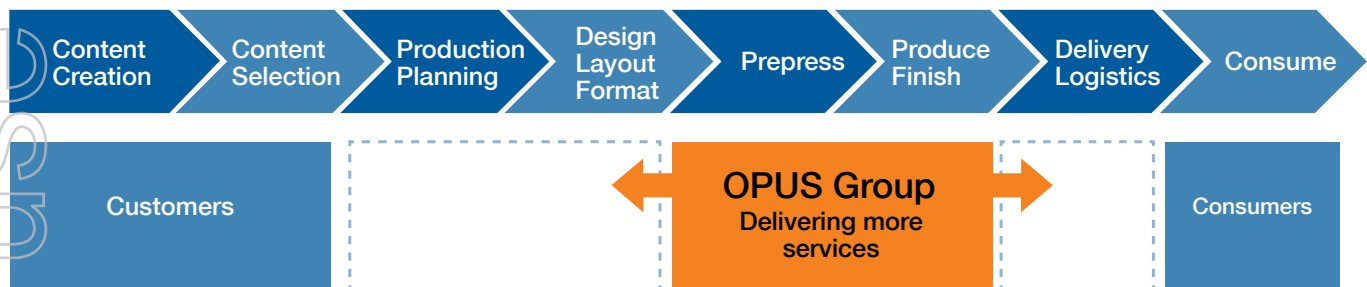
Why is the OPUS Group different?

OPUS Group is a specialised niche full service business

OPUS Group provides an integrated, full service value chain for Publishing and Outdoor Media markets across a range of delivery platforms including traditional print and online electronic delivery. With a competitive advantage driven by specialisation, speed and scale the OPUS

Group businesses hold leading positions in their respective markets and long term relationships with their customers. Our proprietary IPALM™ solution facilitates efficient and seamless content creation, production and consumption.

Customers want OPUS Group to deliver more specialist services as the value chain digitally evolves



IPALM™



The IPALM™ system is the OPUS Group's proprietary online supply chain services platform, which has been developed as a strategic initiative focused on transforming the communication solutions supply chain and CRM system (customer relationship management system).

management tools from one integrated platform. The software is hosted by OPUS Group but is designed as an integrated extension of the customer's supply chain.

IPALM™ reduces inventory costs, increases speed to market, rationalises supplier lists, maintains backlist catalogues and reduces forecast risk. The system gives customers the ability to support the content publishing life cycle from start to finish.



The system is an enabling technology that provides a customised suite of supply chain and print

**THE IPALM™ PLATFORM
MOVES TRADITIONAL
PRODUCTION, WAREHOUSING,
AND FULFILLMENT
CAPABILITIES ONLINE**

Our focus is unashamedly on technology

The growth in 'on-demand' printing, ebooks and digital media is creating challenges for traditional print media and opportunities for groups like OPUS capable of evolving and adapting to these changes.

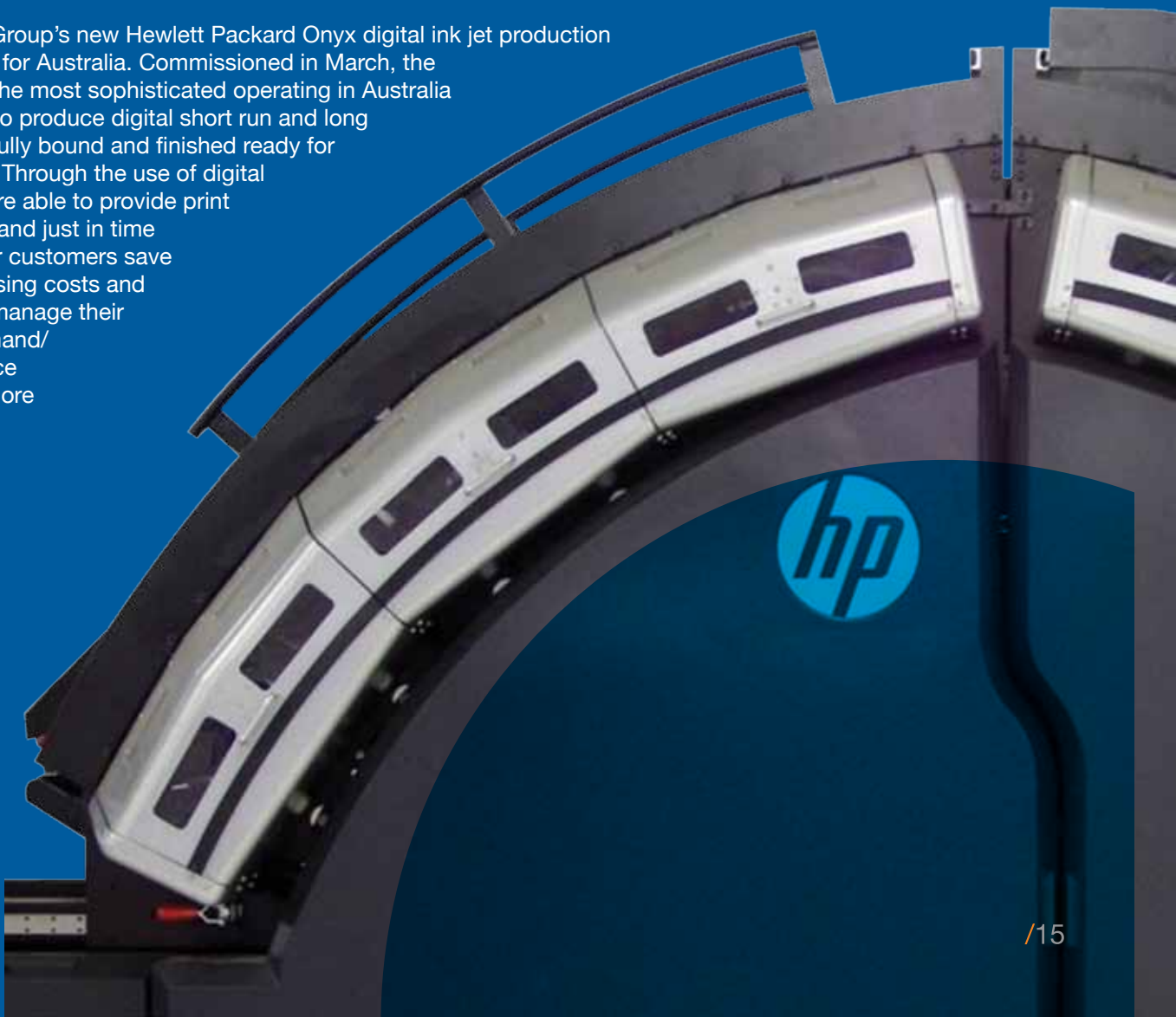
The OPUS Group has invested \$35 million in new capital equipment over the past seven years and developed strategic alliances to keep abreast of the market changes in the publishing sector.

OPUS Group is the leader in short run, time sensitive printing and business services. Our processes and technologies are aligned to meet buyer behaviour as it evolves towards shorter runs with shorter lead times through new digital technology, workflow automation and integrated multi format content management and fulfillment. With a passion and commitment to customer service, our employees thrive on fulfilling complex, time sensitive requirements everyday.

Digital Inkjet



The OPUS Group's new Hewlett Packard Onyx digital ink jet production line is a first for Australia. Commissioned in March, the machine is the most sophisticated operating in Australia and is able to produce digital short run and long run books, fully bound and finished ready for distribution. Through the use of digital ink jet, we are able to provide print on demand and just in time delivery. Our customers save on warehousing costs and are able to manage their supply/ demand/ obsolescence equations more effectively.



Servicing the Government sector

The OPUS Group service the Government sector with our Publishing division



The Publishing division has significant, key contracts servicing the Government sector. Secure Government communication requirements including document production, web hosting, electronic fulfillment, call centre, warehousing and logistics for the Australian Federal Government, State Governments and Local Councils are core to the OPUS Group.

An integral part of servicing the Australian Federal Government and related Departments is to ensure security, confidentiality and a fast turnaround service, OPUS Group produces a broad array of items using digital and offset printing. Division capability includes the largest digital print facility in the Canberra region combining both reel fed mono and sheet colour. OPUS Group also offers a comprehensive range of finishing options, undertaken in-house, including perfect binding, comb binding, section sewing, wiro binding and plastic coil binding.

Operating the largest digital print facility in Canberra, Canberra-based OPUS Group staff are security screened by the Australian Security Vetting Service and the Department of Defence.

To be a major supplier to the Australian Government, a full scale operation and proven systems are critical as contracts are often awarded as a result of a supplier's reputation and track record. In the Canberra region, OPUS Group has one of the most impressive production capabilities and warehousing operations, ISO 9001 certification for print production, ISO 14001 certification for environmental management systems, and our companies have been servicing government clients for over 50 years.



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Reach and capabilities

OPUS GROUP HAS UNIQUE LOCAL, REGIONAL AND GLOBAL CAPABILITIES



OPUS Group is uniquely positioned to offer a range of complementary services across multiple geographies to provide customers with regional solutions. The OPUS Group divisions cross sell a range of products and services to ensure a full service is provided to major customers. They also provide a range of related support and business services to complement the core print offering (e.g. warehousing logistics, content and data management and intelligent mailing).

Customers utilise multiple content and service delivery options across traditional print, distribute and print, digital print-on-demand and online electronic delivery through a full service value chain. Our regional

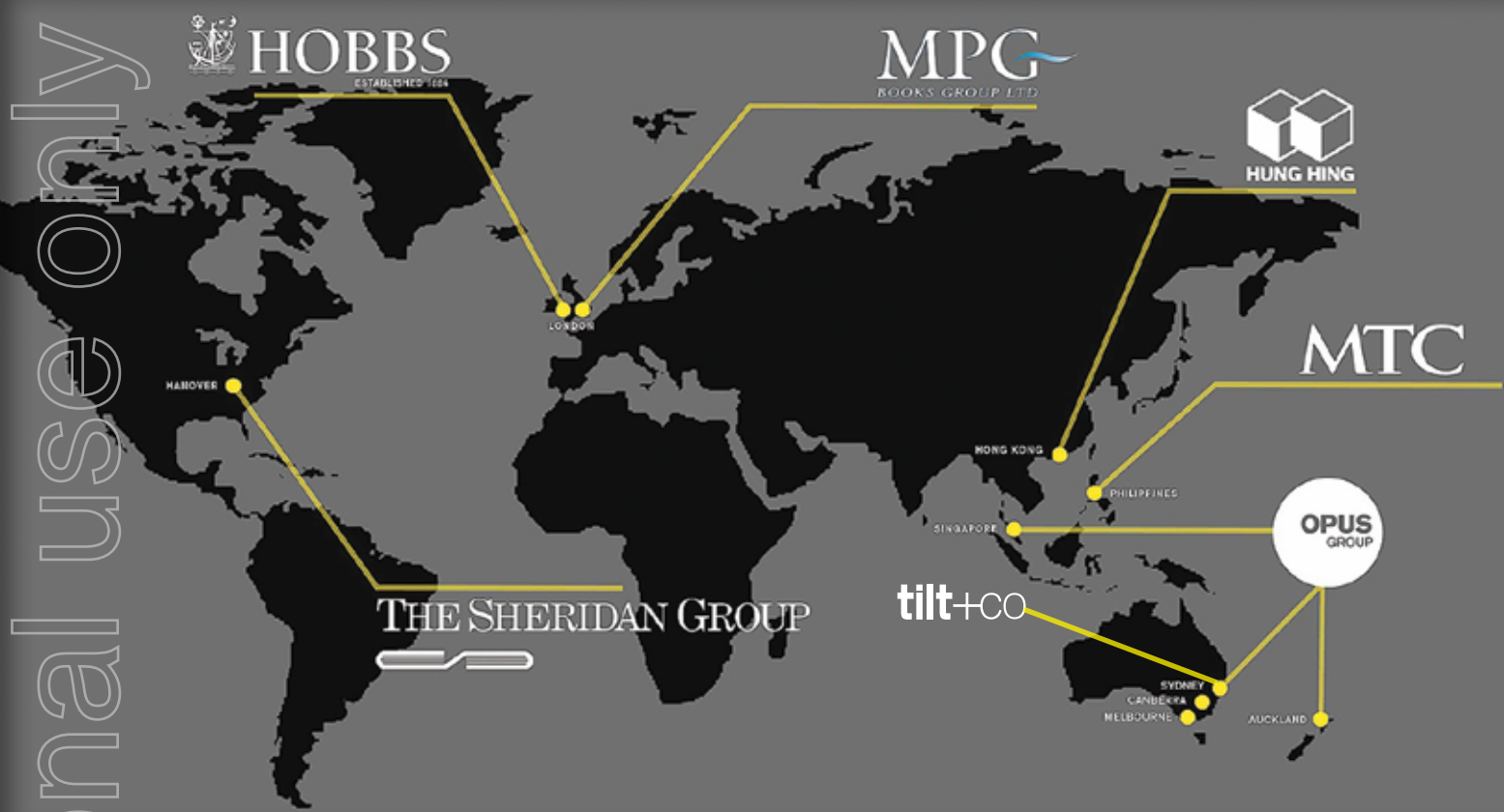
capability encompasses facilities in Singapore, Sydney, Canberra, Maryborough, Melbourne and Auckland and further global reach via strategic alliances in the USA, United Kingdom, China and the Philippines.

All businesses work closely together to ensure:

- Aligned quality and colour consistency across all technologies
- Full disaster recovery / business continuity planning
- Full scale warehousing logistics, storage and backlist management capability
- Domestic production and drop shipment across multiple cities and countries



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STRATEGIC ALLIANCES - WITH THE FUTURE IN MIND



OPUS Group has established strategic alliances with partners in the USA, United Kingdom, China and the Philippines.

Under a Content Delivery Alliance, The Sheridan Group services North and South America, Hobbs the Printer and MPG Books Group services the United Kingdom and Europe and the OPUS Group service the Asia-Pacific region. The Content Deliver Alliance provides global solutions to our customers.

The OPUS Group also has a strategic alliance with MTC, a Philippines based content management company. MTC is a leader in the field of content solutions who will provide a range of electronic content services to OPUS Group customers including the

conversion of traditional products, electronic versioning, eBook/ ePub creation as well as app solutions.

In addition, the OPUS Group has recently entered into a strategic alliance with Tilt & Co, an Australian company specialising in design and technology for mobile touchscreens. This partnership will allow OPUS Group to provide mobile touchscreen content design and delivery services to customers across the Asia Pacific market. This alliance enhances OPUS Group's proprietary digital content delivery offering via IPALM™ to professional, educational and trade publishers and government departments.

OPUS Group also has a strategic partnership with the Hung Hing Group in China.

Content faster smarter

e-**evolve** and grow from products to services

TRADITIONAL PRINT PRODUCTS		CONTENT FASTER SMARTER
Predominantly offset production		Predominantly digital production
Books		Distribute and print
Journals		Distributed printing
Government docs		Digital asset distributor
Billboards		E-commerce platforms
Transit		Digital Asset management
Street furniture		Customer relationship management
Exhibition		Drop Shipment
Vehicle		3rd Party logistics
Interior		Custom design
Exterior		Customise publications
Captive		Geographical consistency
Warehousing		Communication logistics
Mail house		Inventory Management
Call centre		
Fulfilment		OPUS Group customers are looking for solutions to supply chain efficiency, not just products.
Asset archiving		

Our processes and technologies are aligned to meet our customer's needs as their requirements evolve towards shorter runs with shorter lead times. We are evolving with our customers through new digital technology, workflow automation and integrated multi-platform content management and fulfilment via IPALM™. We utilise a flexible technology platform to produce and distribute published content to meet the time, scale and specialisation requirements of our customers.

At OPUS Group, we employ our hearts and minds to provide innovative business services and communication solutions across multi-channel platforms, delivering 'content faster smarter'.

Community and environment

Community

Our business units are dedicated to supporting a number of worthwhile causes both through financial contributions and pro-bono services. We support a number of organisations including:

- Humpty Dumpty Foundation
- Camp Quality
- George Gregan Foundation
- St Vincent de Paul CEO Sleepout
- Snowy Hydro SouthCare
- Starlight Foundation
- Diabetes Australia
- Eden Monaro Cancer Support Group
- ASX -Thomson Reuters charity foundation
- Aussie Deaf Kids
- Australian Lung Foundation
- Cystic Fibrosis Australia
- The Duke of Edinburgh's Award in Australia
- Dymocks Children's Charities
- Financial Markets Foundation for Children
- Foodbank
- FSHD Global Research Foundation
- Garvan Research Foundation
- Heart Research Institute
- Kolling Foundation
- The Leukemia Foundation
- Lifeline Northern Beaches
- Meniere's Australia
- Multiple Sclerosis Australia
- Neuroscience Research Institute
- Odyssey House
- Pain Management Research Institute
- Shepherd Centre
- Still Birth Foundation
- Sunnyfield
- Wheelchair, Sports Australia NSW
- Youngcare

Omnigraphics New Zealand are also a long time sponsor the Silo Theatre. The Silo puts on approximately 5 to 6 plays a year at the Herald Theatre in Auckland City. Omnigraphics New Zealand co sponsors with iSite Media with the provision of free of charge billboards and transit advertising material.

Environment

Engaging with the OPUS Group they have a business partner committed to minimising the impacts of the production process on the environment.

The OPUS Group Australian Outdoor Media business, Cactus Imaging has recently introduced an Industry first light weight black backed vinyl. This vinyl provides significant occupational health and safety benefits, is recyclable and is cost effective for customers.

Omnigraphics New Zealand has invested in both UV printing and Latex technology with both machines being installed in August of 2011. This meant Omnigraphics New Zealand was able to decommission two solvent printers over the course of 2011 with newer "greener" technology.

The HP XP2500 UV Printer uses low VOC (volatile organic chemical) inks that are less harmful to the environment. The machine is 4 times faster than the solvent printers previously used and draws less power overall.

The HP LX850 Latex Printer uses new technology environmentally friendly latex inks that meet the chemical requirements of the Nordic Ecolabel for printing companies.

The Publishing Division is certified to the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification Scheme (PEFC).

Our ACT and Victorian facilities are certified as operating an Environmental Management System which complies with the requirements of AS/NZS ISO14001:2004.

Publishing Division printers use soy-based inks (commonly referred to as vegetable based inks).



Overview

OPUS Group Limited ('OPUS Group') is an Asia-Pacific technology based business services and communication Group, distributing published content with the speed, scale and technology to deliver innovative, customised solutions for customers across multiple specialist divisions.

The OPUS Group holds leading positions in its respective markets and has long term relationships with its customers. Operating in two divisions, Publishing and Outdoor Media, the OPUS Group has expanded to become a leading specialist player in the Asia-Pacific region.

The OPUS Group has significant global capability offering an end-to-end value chain through modern facilities in Singapore, Sydney, Melbourne, Maryborough, Canberra and Auckland and further global reach via strategic content distribution alliances in North America, the United Kingdom, Europe, Philippines and China.

The OPUS Group was formed through the demerger of OPUS Group Limited (formerly MPG Printing Limited) and its subsidiary McPherson's Printing Pty Limited from the ASX Listed Consumer Products Group, McPherson's Limited on 31 January 2012.

OPUS Group Limited subsequently acquired the OPUS Group of Companies on 30 March 2012 which has been accounted for as a reverse acquisition. The OPUS Group of Companies was an aggregation of four subgroups (collectively referred to as the 'OPUS Group of Companies') which were all subject to common control by a consistent group of shareholders.

Although the Financial Report is issued under the name of OPUS Group Limited (the legal parent company), the OPUS Group of Companies are deemed to be the parent company for accounting purposes. The 30 June 2012 financial information represents the results of the OPUS Group of Companies for the period to 30 March 2012 and the consolidated financial information of the OPUS Group of Companies, OPUS Group Limited and McPherson's Printing Pty Limited for the period 31 March 2012 to 30 June 2012.

OPUS Group Limited was subsequently listed on the Australian Securities Exchange ('ASX') with the first date of quotation being 10 April 2012.

Reported Financial Performance

	30 June 2012 AUD\$'000s As reported	30 June 2011 AUD\$'000s As reported	% Change Favourable / (unfavourable)
Revenue	96,068	79,650	21%
(Loss) before tax	(841)	(5,651)	85%
(Loss) after tax	(1,794)	(5,229)	66%
(Loss) per share (cents)	(4.47)c	(14.70)c	70%

Due to the rounding of figures small discrepancies may exist

Revenue amounted to \$96,068,000, 21% up on the corresponding period of \$79,650,000. This uplift reflects the revenue growth in the OPUS Group of Companies businesses and the inclusion of three months trading of the McPherson's Printing Pty Limited operations in Victoria (\$10,110,000).

The OPUS Group's loss after tax was \$1,794,000 (2011: loss after tax of \$5,229,000).

The OPUS Group's financial performance for the year has been significantly impacted by the restructuring activities and one off costs related to the integration and merger. The reported result includes restructuring costs, material merger transaction costs and legal expenses.



The 2012 tax expense included a \$1,149,000 expensing of New Zealand tax balances as at 30 June 2012. Given the recent changes to the Group structure there is uncertainty around the ability to utilise the New Zealand Group tax losses in the immediate future.

Pro-Forma Financial Performance

Given the complexity of the merger transaction, the Board and Senior Management of the OPUS Group assess the performance of the operating segments and the business as a whole based on measures of Adjusted EBITDA as monitored by the Board and Senior Management ('Adjusted EBITDA') and Revenue on an 'Always Owned' basis as defined below. These measures are disclosed in Note 6 of this Financial Report and are consistent with the presentation of financial information internally for management accounts purposes. Both are non-IFRS measures of financial performance and are not principles contemplated by Australian Accounting Standards. These measures are unaudited.

	30 June 2012 AUD\$'000s Always owned	30 June 2011 AUD\$'000s Always owned*	% Change Favourable / (unfavourable)
Revenue on an 'Always Owned' basis	133,009	81,629	63%
Comprising:			
Revenue (excluding MPG)	85,958	81,629	5%
Revenue MPG	47,051	n/a*	n/a*
Adjusted EBITDA	20,600	15,821	30%
Comprising:			
Adjusted EBITDA (excluding MPG)	15,712	15,821	1%
Adjusted EBITDA MPG	4,888	n/a*	n/a*

Due to the rounding of figures small discrepancies may exist

* The 30 June 2011 financial information excludes the trading of McPherson's Printing Pty Limited as the financial information is not available on a like for like basis.

Reconciliation of Pro-Forma Financial Performance and Reported Financial Performance

(i) Revenue on an 'Always Owned' basis

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Revenue on an 'Always Owned' basis	133,009	81,629
Adjusted for:		
Pre-acquisition trading for entities acquired during the year ⁽¹⁾	(36,941)	(1,979)
Total revenue per the Consolidated Statement of Comprehensive Income	96,068	79,650

(1) The 2012 revenue on an 'Always Owned' basis includes 9 months of trading for McPherson's Printing Pty Limited which is excluded from the reported result as being pre-acquisition revenue. The 2011 comparative includes 2 months of trading for C.O.S. Printers Pte Limited which is excluded from the reported result as being pre-acquisition revenue. The 2011 reported Revenue on an 'Always Owned' basis does not include the revenue of the McPherson's Printing Pty Limited business for the financial year ended 30 June 2011. These reported measures are consistent with the Operating Segment disclosures presented in Note 6.

OPUS Group Limited and Controlled Entities Operating and Financial Review



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

Adjusted EBITDA as monitored by the Board and Senior Management ('Adjusted EBITDA') excludes the effects of certain items such as restructuring costs, material merger transaction costs, legal expenses and goodwill impairment where these items are not deemed to be part of the underlying performance of the business.

Adjusted EBITDA is presented on an 'Always Owned' basis where the full year results of each legal entity are included regardless of when they joined the OPUS Group during the year. These costs form part of the Items excluded from Adjusted EBITDA in the table below.

A reconciliation of Adjusted EBITDA to the (Loss) before taxation per the Consolidated Statement of Comprehensive Income is as follows:

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Adjusted EBITDA on an 'Always Owned' basis	20,600	15,821
Adjusted for:		
Pre-acquisition trading for entities acquired during the year ⁽²⁾	(4,434)	(893)
Attributable Adjusted EBITDA ⁽³⁾	16,166	14,928
Depreciation, amortisation and impairment of property, plant and equipment	(7,313)	(5,684)
Items excluded from Adjusted EBITDA ⁽⁴⁾	(4,594)	(9,348)
Finance revenue	78	65
Finance costs	(5,178)	(5,612)
(Loss) before taxation per the Consolidated Statement of Comprehensive Income	(841)	(5,651)

(2) As set out in Note 4, as a result of the reverse acquisition accounting applied, the Financial Report for the year ended 30 June 2012 represents the results for OPUS Group Limited and McPherson's Printing Pty Limited for the period 31 March 2012 to 30 June 2012 and the OPUS Group of Companies for the full year. The 2012 Adjusted EBITDA includes 9 months of trading for McPherson's Printing Pty Limited which is excluded from the reported result as being pre-acquisition trading. The 2011 comparative includes 2 months of trading for C.O.S. Printers Pte Limited which is excluded from the reported result as being pre-acquisition trading. The 2011 reported Adjusted EBITDA does not include the trading of the McPherson's Printing Pty Limited business for the financial year ended 30 June 2011. These reported measures are consistent with the Operating Segment disclosures presented in Note 6.

(3) 'Attributable Adjusted EBITDA' reflects the Adjusted EBITDA contribution of OPUS Group entities during the period of legal ownership consistent with their contribution to the reported financial result.

(4) 'Items excluded from Adjusted EBITDA' is an adjustment to reflect the effects of certain items 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 business.

Items excluded from Adjusted EBITDA are summarised as follows:

OPUS Group Limited and Controlled Entities Operating and Financial Review



	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Transaction and listing related costs ⁽ⁱ⁾	1,484	2,611
Integration and restructuring costs ⁽ⁱⁱ⁾	2,525	1,556
Impairment of goodwill ⁽ⁱⁱⁱ⁾	-	4,839
Closure of interest rate swaps ^(iv)	515	-
Other	70	342
Total items excluded from Adjusted EBITDA	4,594	9,348

- (i) Costs related to the merger transaction including advisory, legal, accounting and taxation professional fees and the costs of the ASX initial listing. The 2011 comparative includes costs related to the proposed listing on the New Zealand Stock Exchange which did not proceed.
- (ii) Costs related to the activities being undertaken to realise the synergy benefits available to the OPUS Group and over the transition phase as the businesses become integrated.
- (iii) Impairment of goodwill related to the New Zealand Group expensed in the 2011 financial year.
- (iv) Cost of the closure of the interest rate swaps related to the OPUS Group of Companies Debt Facility. These costs have been expensed during the 2012 financial year.

Publishing Division

	30 June 2012 AUD\$'000s Always owned	30 June 2011 AUD\$'000s Always owned*	% Change Favourable / (unfavourable)
Revenue on an 'Always Owned' basis	112,243	61,923	81%
Comprising:			
Revenue (excluding MPG)	65,192	61,923	5%
Revenue MPG	47,051	n/a*	n/a*
Adjusted EBITDA	19,869	14,495	37%
Comprising:			
Adjusted EBITDA (excluding MPG)	14,981	14,495	3%
Adjusted EBITDA MPG	4,888	n/a*	n/a*

Due to the rounding of figures small discrepancies may exist

* The 30 June 2011 financial information excludes the trading of McPherson's Printing Pty Limited ('MPG') as the financial information is not available on a like for like basis.

The Publishing division is integral to the publishing cycle of professional, educational, trade and government publishers. It 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 operates with the brands of Ligare in Sydney and Auckland, CanPrint and Union Offset in Canberra, McPherson's Printing ('MPG') in Victoria and C.O.S. Printers in Singapore.

On an 'Always Owned' basis (as defined above), the Publishing division generated revenue of \$112,243,000 which was primarily driven by the inclusion of McPherson's Printing Pty Limited in the 2012 result for the full year as presented.

The pro-forma revenue and the Adjusted EBITDA of the Publishing division (excluding McPherson's Printing Pty Limited) increased by 5% and 3% respectively, reflecting continued growth and increased market share in this sector.



Outdoor Media Division

	30 June 2012 AUD\$'000s Always owned	30 June 2011 AUD\$'000s Always owned	% Change Favourable / (unfavourable)
Revenue on an 'Always Owned' basis	20,766	19,706	5%
Adjusted EBITDA	3,618	3,873	(7%)

Due to the rounding of figures small discrepancies may exist

The Outdoor Media division produces and distributes outdoor advertising material and corporate signage for the outdoor advertising industry and corporate signage market. This market encompasses a wide range of 'out-of-home' advertising formats to reach consumers where they live, work, play, drive, shop and commute.

The division operates a multi-brand strategy across Australasia through Cactus Imaging and Omnigraphics New Zealand.

Total Outdoor Media revenue of \$20,766,000 was 5% above the prior year revenues. Adjusted EBITDA of \$3,618,000 was 7% below the prior year. There was a slowing of the market in the June 2012 quarter as a result of the uncertain economic and advertising markets which has resulted in price competition.

Asset and Capital Structure (as at Balance Date)

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Interest bearing liabilities		
External interest bearing debt	63,500	55,432
Finance leases	3,781	186
Net cash and cash equivalents	(4,443)	(1,234)
Net debt *	62,838	54,384
Total equity	34,548	22,086
Total capital employed	97,386	76,470
Gearing (net debt/ net debt + equity)	65%	71%

Due to the rounding of figures small discrepancies may exist

* Net debt disclosed above excludes off balance sheet bank guarantees and letters of credit.

Net debt (interest bearing liabilities and overdrafts less cash) increased by \$8,454,000 to \$62,838,000 primarily as a result of the merger.

Over the next year, OPUS management's focus will be on reducing the OPUS Group's gearing and the further integration of the merged businesses. The OPUS Group has \$4,443,000 in cash at 30 June 2012 and a working capital facility of \$4,000,000.

During June 2012, \$1,500,000 was repaid voluntarily by the OPUS Group. The first scheduled debt repayment under the debt facility is due 30 September 2012.

The OPUS Group has hedged the interest payments on \$48,800,000 of the \$63,500,000 Commonwealth Bank of Australia Limited ('CBA') debt owing at 30 June 2012 as required by the terms of the Debt Facility Agreement.



The external debt disclosed as at 30 June 2011 relates to a Debt Facility and former shareholder loan. These amounts were refinanced during the year.

Acquisition of the OPUS Group of Companies

On 18 November 2011, McPherson's Limited (the former ultimate holding company of OPUS Group Limited) announced that MPG Printing Limited (subsequently renamed OPUS Group Limited) had entered into a conditional agreement to acquire the OPUS Group of Companies. OPUS Group Limited was demerged from McPherson's Limited on 31 January 2012.

The acquisition was implemented by the transfer to OPUS Group Limited of all of the issued shares in the capital of each entity comprising the OPUS Group of Companies in consideration for a cash payment of \$12 million and the issue of 35,576,563 ordinary shares to the OPUS Group of Companies shareholders.

On 21 March 2012, a general meeting was held which approved this transaction and the transaction was completed on 30 March 2012.

Under the terms of the transaction OPUS Group Limited became the legal parent company of the OPUS Group of Companies. The merger of the businesses is expected to generate significant future synergies. These benefits include the following:

- The transaction represents a significant increase in the size and scale of the OPUS Group. The increased size of the OPUS Group will allow for improved access to capital;
- Cost savings may eventuate from the elimination of duplicated administration structures, improved procurement power and shared service functions;
- The merger achieves diversification across market sectors and regions which may reduce risk and volatility;
- The combined Group may be able to optimise productive capacity by consolidating production into the most efficient available facility within the OPUS Group's network; and
- The merger expands the market reach of the OPUS Group and may maximise sales opportunities. The transaction provides access to new customers and markets for each of the OPUS Group businesses.

Integration activities and synergy savings

During the three months to 30 June 2012, OPUS Group implemented restructuring and efficiencies that will deliver annualised cost savings in the coming year. Costs relating to the restructuring and integration activities post 30 March 2012 were \$1,164,000 relating to restructuring, synergy and integration activities. Further synergy initiatives are planned in the next 12 months and the OPUS Group is confident that its integration activity will continue to deliver ongoing cost savings and accretive revenue synergies.



The Board of Directors issues the following report on the consolidated financial statements of OPUS Group Limited (formerly MPG Printing Limited) and its controlled entities (referred to hereafter as the OPUS Group) at the end of, and for the year ended 30 June 2012.

(a) Directors

The names of the Directors of OPUS Group who were in office from the beginning of the financial year to the date of this report are as follows:

Chairman (Non-executive)

William J. Mackarell (appointed 30 March 2012)

Executive Directors

Richard F. Celarc (appointed 30 March 2012)

Alan E. Fahy (appointed 21 November 2011 and resigned 30 March 2012)

Paul Witheridge (resigned 30 March 2012)

Paul Maguire (resigned 13 December 2011)

Brett Owers (appointed 1 September 2011 and resigned 29 November 2011)

Ian J. Laird (resigned 1 September 2011)

Philip R. Bennett (resigned 1 September 2011)

Non-executive Directors

Bret P. Jackson (appointed 30 March 2012)

James M. Sclater (appointed 30 March 2012)

Matthew J. McGrath (appointed 30 March 2012)

Simon A. Rowell (appointed 21 November 2011)

Information on Current Directors



William J. Mackarell MEd, FAICD, FAIM (Chairman and Non-executive Director)

Mr Mackarell brings considerable experience in publishing and senior executive development to the Board, including over 40 years experience in the international publishing industry. He has served as the CEO of Law Book Company and its affiliates (Australian subsidiaries of Thomson Reuters) and CEO of Associated Book Publishers (Aust). Mr Mackarell was a board member of the Australian Publishers Association, including serving as Chairman.

For 12 years Mr Mackarell was a Group Chair of The Executive Connection and acted as a mentor to CEOs from a wide variety of industries. Recently, he jointly founded Coraggio Pty Limited, an organisation committed to improving CEO performance and leadership skills. Mr

Mackarell currently serves as a Director of Coraggio Pty Limited and Device Technologies Australia Pty Limited. He was formerly a Director of Murdoch Books Pty Limited and resigned from this position in May 2012.

Mr Mackarell is a graduate of the University of Sydney and holds a Masters Degree in Education. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

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



Richard F. Celarc (Executive Director)

Mr Celarc co-founded Ligare Australia in 1979 and is a shareholder of the OPUS Group. Mr Celarc is currently the OPUS Group's General Manager of the Publishing Division. 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 programme, working with the OPUS Group businesses to further develop operating efficiencies and ensure industry leading practice. This includes executing the 'lean manufacturing' programme. 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 'greenfield' Ligare NZ operation.

Having been a print business owner for over 30 years, Mr Celarc has a wealth of industry knowledge and operational experience.



Simon A. Rowell BA (honours), CA, FAICD (Non-executive Director)

Pre-merger with the OPUS Group of Companies, Mr Rowell was the Chairman of McPherson's Limited. Mr Rowell was appointed director of McPherson's Limited in 2003 and was Chairman from 31 August 2007 until his retirement as a director on 19 November 2011. He is the former Chief Executive Officer of Snack Foods Limited, Australia's largest listed snackfood company, which was acquired by Arnott's Biscuits in 2002. Prior to Snack Foods, he spent 12 years as the CEO of the Jack Chia Group, a diversified business including consumer products, engineering, textiles, property and finance. He was formerly Chairman of Savcor Group Limited, Greens Foods Limited and MMC Contrarian Limited. Mr Rowell is a Chartered Accountant and has an Honours Degree in Arts.

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



Bret P. Jackson BCom (honours), MBA (Non-executive Director)

Mr Jackson is a co-founder of Knox Investment Partners, a Managing Director of the firm and the Chairman of Knox Funds I – V (subsidiaries of Fund III are OPUS Group shareholders). Mr Jackson is experienced in all aspects of private equity including strategic value creation, fund raising, deal origination and portfolio management and realisation.

Further experience was with the Boston Consulting Group in Sydney and London including projects across Australia, Asia and Europe in multiple industries.

Mr Jackson has a MBA from Harvard Business School and an Honours Degree in Commerce from Otago University. He is the past President of the Harvard Business School Association of New Zealand alumni.

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



Matthew J. McGrath BA (Non-executive Director)

Mr McGrath is a highly respected media figure, having been executive Chairman and CEO of Y&R Brands, one of Australasia's largest advertising groups comprising of 10 agency businesses. He brings significant marketing and strategic business development experience to the Board. Mr McGrath has 20 years of experience as a creative director for George Patterson and Y&R Australia and New Zealand, and as Chief Creative Officer for Y&R Brands. He currently sits on the board of Transaction Media, a joint venture company with ASX listed Customers Limited. Mr McGrath has served on the Global Management Board at Y&R Brands and on the Global Creative Board at Bates worldwide and Y&R Brands.

Mr McGrath holds a Bachelor of Arts in Media Studies from RMIT in Melbourne.

Mr McGrath is a member of the Nomination and Remuneration Committee.



James M. Sclater BCom, CA (Non-executive Director)

Mr Sclater is a professional director and trustee acting for a number of companies and investment trusts including the New Zealand listed public company Hellaby Holdings Limited and large private entities ProCare Health and Damar Industries.

Mr Sclater is a Chartered Accountant and a member of the New Zealand Institute of Chartered Accountants and Institute of Directors. Prior to 2009, Mr Sclater was Chairman of Grant Thornton Auckland, where he was a business advisory services director for 18 years, specialising in SME accounting, taxation and management advice.

Mr Sclater has a Bachelor of Commerce Degree from the University of Auckland.

Mr Sclater is the Chairman of the Audit Risk Management and Compliance Committee.

(b) Key Management Personnel



Philip R. Bennett BCom, CA (Company Secretary)

Mr Bennett was appointed as Company Secretary of OPUS Group Limited on 31 January 2012. Prior to joining OPUS Group Limited, Mr Bennett was the Chief Financial Officer and Company Secretary of McPherson's Limited and after stepping down from those positions was recently re-appointed as Company Secretary of McPherson's Limited. Previously Mr Bennett held senior financial and company secretarial positions with another listed company and was a senior manager with a major Australian chartered accounting firm.

Mr Bennett is a Chartered Accountant and has a Commerce degree from the University of Melbourne.



Clifford D.J. Brigstocke MA, Dip Logistics, MAICD (Chief Executive Officer)

Mr Brigstocke is the Group's Chief Executive Officer and a foundation shareholder 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 and 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.



Robert I. Alexander BCom, CA (Chief Financial Officer)

Mr Alexander is a highly qualified and experienced finance professional with experience gained in the media, out of home advertising and entertainment industries both domestically and internationally.

Before joining the OPUS Group he was the Global Chief Financial Officer of Network Ten Limited's out of home media division, EYE. Previous roles also included senior positions with major organisations, including Universal Music Publishing in Australia and Europe and Hoyts Entertainment Ltd. Mr Alexander commenced his career with Ernst & Young, Sydney.

Mr Alexander has considerable finance, reporting, governance and mergers & acquisitions experience and is a Chartered Accountant. He also holds a Bachelor of Commerce degree from the University of New South Wales.



Mark R. Heron MBA, ACIS (Chief Operating Officer)

Mr Heron is an experienced and qualified manager with a proven track record of achievement, commercialising two mid-tier B2B service companies, with leadership roles as general manager and operations management. In addition Mr Heron, worked in Asia consulting to the United Nations, leveraging his skills in business analysis, investigation, risk and performance management highlighting his senior management experience in both the public and private sectors.

Mr Heron holds an MBA from Otago University, is a current member of the Institute of Directors and a qualified Company Secretary.



(c) Directors Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Director	Eligible to attend/ Attended
William J. Mackarell (Chairman)	3/2
Richard F. Celarc	3/3
Bret P. Jackson	3/3
Simon A. Rowell	10/10
James M. Sclater	3/3
Matthew J. McGrath	3/3
Alan E. Fahy	6/6
Paul Witheridge	10/10
Paul Maguire	5/5
Brett Owers	3/3
Ian J. Laird	1/1
Philip R. Bennett	1/1

(d) Committee Membership

As at the date of this report, the Group had an Audit Risk Management and Compliance Committee and a Nomination and Remuneration Committee of the Board. These committees were formed in April 2012.

Members acting on the committees of the Board during the year and their attendance at meetings was as follows:

Committee Meetings	Audit Risk Management and Compliance Eligible to attend/ Attended	Nomination and Remuneration Eligible to attend/ Attended
R.F Celarc	n/a	n/a
B.P. Jackson	1/1	-/-
W.J. Mackarell	1/1	-/-
S.A. Rowell	1/1	-/-
J.M. Sclater	1/1	n/a
M.J. McGrath	n/a	-/-

There were no Nomination and Remuneration Committee meetings held during the financial year as the Committee was formed in April 2012.

(e) Principal Activities

The principal activities of the OPUS Group was the distribution of published content, operating within the following two divisions:



(i) Publishing

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 year.

(g) Consolidated Results

The consolidated loss after tax from operations of OPUS Group for the year ended 30 June 2012 was \$1,794,000 (2011: \$5,229,000 loss after tax).

(h) Review of Operations

The review of operations of the OPUS Group is the Review of Operations on pages 22 to 27 of the Financial Report and forms part of this report.

(i) Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the OPUS Group which have not been disclosed elsewhere in the Financial Report.

(j) Events Subsequent to Balance Date

No matters have arisen since 30 June 2012 that have significantly affected or may significantly affect the operations of the OPUS Group, the results of those operations or the state of the affairs of the OPUS Group in financial periods subsequent to 30 June 2012.

(k) Likely Developments and Expected Results of Operations

In the opinion of the Directors, it would prejudice the interests of the OPUS Group to include additional information, except as reported in this Directors' Report and the Financial Report, which relates to likely developments in the operations of the OPUS Group and the expected results of those operations in financial periods subsequent to 30 June 2012.

(l) Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director as at the date of this report are set out on pages 28 to 30 of the Financial Report and form part of this Directors' Report.

Particulars as to the number of Directors' meetings (including meetings of the Audit Risk Management and Compliance and the Nomination and Remuneration Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the year are set out on page 32 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 39 of the Financial Report and form part of this Directors' Report.



(m) Company Secretary

Particulars of the qualifications and experience of the Company Secretary are set out on page 30 of the Annual Financial Report and form part of this Directors' Report.

(n) 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.

(o) Remuneration Report

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

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

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

Key management personnel identification

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

Name	Position	Employer
Philip R. Bennett	Company Secretary	Consultant contract with OPUS Group Limited
Clifford D.J. Brigstocke	Chief Executive Officer	OPUS Group Australia Pty Limited
Mark R. Heron	Chief Operating Officer	OPUS Group New Zealand Holdings Limited
Robert I. Alexander	Chief Financial Officer	OPUS Group Australia Pty Limited

In the prior year only Mr Brigstocke and Mr Heron were identified as key management personnel of the OPUS Group of Companies.

Principles used to determine the nature and amount of remuneration

The objective of the OPUS Group's executive reward framework is to ensure 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 practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / 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.

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 the Group over a number of years, with greater emphasis given to the current year.

Use of Remuneration Consultants

The Group is working with accounting firm, KPMG, to review and structure the remuneration plan for Key Management Personnel. At the date of this report this work is still in progress. No remuneration has been paid to KPMG in respect of this work to date.

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:

- 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;
- 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

Non-executive Directors' fees are determined within an aggregate non-executive Directors' fee pool limit. For the financial year ended 30 June 2012 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 non-executive 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 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	Notice Period by Executive	Notice Period by OPUS Group	Termination Payment
Clifford D.J. Brigstocke	Open	\$395,500*	12 months	12 months	12 months
Mark R. Heron	Open	NZ\$250,000	3 months	3 months	3 months
Robert I. Alexander	Open	\$300,000*	6 months	9 months	6 months
Philip R. Bennett	Open	\$150 per hour	N/A	N/A	N/A

*Inclusive of superannuation



Mr Bennett provides services to the OPUS Group through a consultancy agreement. The consultancy agreement has no fixed term.

In addition, key management personnel (other than Non-executive Directors), will be eligible for discretionary at risk incentives in circumstances where pre-determined performance targets are exceeded. The quantum of these incentives is determined annually in conjunction with annual performance and remuneration reviews.

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.

The Chairman and other Non-executive Directors receive 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.

(Short-term performance incentives (STI))

Short-term incentives in the form of cash bonuses are available to senior executives providing the OPUS Group, operating division or business most closely aligned with the executive's area or areas of responsibility achieve or exceed pre-determined profit and/or other financial targets and achieve key personal performance objectives. Adjusted EBITDA performance targets consistent with those disclosed in the segment reporting note of this Annual 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.

Non-financial targets related to the integration of the OPUS Group of Companies, the success of the ASX listing and completion of the merger was in place for the financial year ended 30 June 2012.

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.

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.

(Long-term performance incentives (LTI))

The OPUS Group is in the process of establishing a long term incentive plan for key management personnel. This is not in place at the date of this Financial Report.

(Link of historical financial performance to performance incentives)

Historically there has not been a direct link between financial performance and performance incentives due to the way the Group has been structured. As noted above financial performance specifically linked to Adjusted EBITDA will be a key element of the quantification of performance incentives on a go forward basis.

(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

OPUS Group Limited and Controlled Entities

Directors' Report



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 Rowell, a Non-executive Director. The other members of the Committee are Mr Celarc, Mr Jackson, Mr Mackarell, and Mr McGrath all of whom are Non-executive Directors. All Committee members are independent Directors.

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.

2012	Short-term Benefits			Post-employment Benefits	Long-term Benefits	Share-based Payments		% of remuneration linked to performance	
Name	Cash Salary & Fees ⁽¹⁾	Cash Bonus	Non-monetary Benefits ⁽²⁾	Super-annuation	Long-Service Leave	Termination Benefits	Options	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Directors of OPUS Group Limited</i>									
William J. Mackarell (Chairman)	76,125	-	-	2,295	-	-	-	78,420	0%
Richard F. Celarc ⁽³⁾	341,250	-	-	1,013	-	-	-	342,263	0%
Bret P. Jackson	89,254	-	-	-	-	-	-	89,254	0%
Simon A. Rowell	29,000	-	-	2,610	-	-	-	31,610	0%
James M. Sclater	54,274	-	-	-	-	-	-	54,274	0%
Matthew J. McGrath	49,250	-	-	1,350	-	-	-	50,600	0%
<i>Other Group Key Management Personnel</i>									
Robert I. Alexander	148,077	55,000	-	14,625	-	-	-	217,702	25%
Clifford D.J. Brigstocke	357,840	48,400	100,157	36,090	2,733	-	-	545,220	9%
Mark R. Heron	195,126	23,415	-	-	-	-	-	218,541	11%
Philip R. Bennett	37,125	-	-	-	-	-	-	37,125	0%
Total Remuneration	1,377,321	126,815	100,157	57,983	2,733	-	-	1,665,009	

(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. This amount includes interest waived on the shareholder loan to Mr Brigstocke of \$84,000.

(3) Remuneration disclosed above includes \$300,000 of consulting fees related to Mr Celarc's role as the General Manager of Publishing for the OPUS Group. These fees are excluded from the limit of Director remuneration as disclosed on page 35.

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As a result of the reverse acquisition accounting, the remuneration of Directors and other key management personnel remuneration disclosed are for services provided to the OPUS Group of Companies for the full year and for OPUS Group Limited for the period 31 March 2012 to 30 June 2012. Remuneration disclosed above is for the period which the above individuals provided services to the OPUS Group.

2011 Name	Short-term Benefits		Post-employment Benefits	Long-term Benefits	Share-based Payments		% of remuneration linked to performance		
	Cash Salary & Fees ⁽¹⁾	Cash Bonus	Non-monetary Benefits ⁽²⁾	Super-annuation	Long-Service Leave	Termination Benefits		Options	Total
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Directors of OPUS Group Limited</i>									
William J. Mackarell (Chairman)	86,250	-	-	-	-	-	-	86,250	0%
Richard F. Celarc ⁽³⁾	330,700	-	-	-	-	-	-	330,700	0%
Bret P. Jackson	192,562	-	-	-	-	-	-	192,562	0%
James M. Sclater	54,611	-	-	-	-	-	-	54,611	0%
Matthew J. McGrath	59,000	-	-	-	-	-	-	59,000	0%
<i>Other Group Key Management Personnel</i>									
Clifford D.J. Brigstocke	361,409	57,500	16,372	30,000	2,023	-	-	467,304	12%
Mark R. Heron	173,543	-	-	-	-	-	-	173,543	0%
Total Remuneration	1,258,075	57,500	16,372	30,000	2,023	-	-	1,363,970	

(1) Cash salary and fees includes movements in the annual leave provision relating to the Chief Executive Officer and other key management personnel.

(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 above includes \$273,000 of consulting fees related to Mr Celarc's role as General Manager of Ligare Pty Limited. These fees are excluded from the limit of Director remuneration as disclosed on page 35.

As a result of the reverse acquisition accounting, the remuneration of Directors and other key management personnel remuneration disclosed is for services provided to the OPUS Group of Companies for the year. Remuneration disclosed above is for the period which the above individuals provided services to the OPUS Group.

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 40.

Share holdings

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

OPUS Group Limited and Controlled Entities

Directors' Report



2012

Name	Balance at the start of the year	Changes during the year	Balance at the end of the year	Balance at the date of this report
Directors of OPUS Group Limited				
William J. Mackarell (Chairman)	-	60,000	60,000	60,000
Richard F. Celarc	-	7,826,627	7,826,627	7,826,627
Bret P. Jackson ¹	-	18,772,623	18,772,623	18,772,623
Simon A. Rowell	-	54,381	54,381	54,381
James M. Sclater	-	50,000	50,000	66,730
Matthew J. McGrath	-	25,025	25,025	25,025
Other key management personnel of the Group				
Robert I. Alexander	-	-	-	-
Mark R. Heron	-	50,250	50,250	50,250
Clifford D.J. Brigstocke	-	1,704,117	1,704,117	1,704,117
Philip R. Bennett	-	2,694	2,694	2,694

Shareholdings held by the above key management personnel in the share capital of OPUS Group Limited at 30 June 2011 were nil.

¹ Mr Jackson is a director of OPUS Group Limited and a director of the following entities which hold securities in OPUS Group: Knox Investment Partners Fund III AUD 1 Limited, Knox Investment Partners Fund III AUD 3 Limited, Knox Investment Partners Fund III AUD 4 Limited and Knox Investment Partners Fund III AUD 5 Limited.

At 30 June 2011 and up to the date of the merger transaction Knox Investment Funds, an associated entity of Mr Jackson held 17,533,600 shares, Mr Celarc held 5,310,075 shares and Mr Brigstocke held 1,209,475 shares in the OPUS Group of Companies aggregated share capital.

Other transactions with key management personnel

Director fees are paid to Knox Investment Partners Limited in respect of services provided by Mr Jackson. Total fees paid for the year were \$89,000 (2011: \$193,000). Consulting fees of \$29,894 were paid to Knox Investment Partners during the year in addition to Director fees (2011: \$43,000).

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 year total \$612,000 (2011: \$595,000). No amounts are outstanding at the reporting date (2011: Nil).

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited Consulting for the year ended 30 June 2012 amounted to \$300,000 (2011: \$273,000). These amounts are disclosed as part of Mr Celarc's remuneration noted above.

Consulting fees paid to Mr McGrath (Director) through JBD Investments Pty Limited for marketing and promotional activities amounted to \$56,000 (2011: Nil).

OPUS Group Limited and Controlled Entities Directors' Report



As part of the merger between the OPUS Group of Companies and OPUS Group Limited the following cash payments were made to the OPUS Foundation Shareholders (listed below) as part of the acquisition consideration:

	\$AUD
Knox Investment Partners Fund III AUD 1 Limited*	8,333,000
Richard F. Celarc	2,524,000
Clifford D.J. Brigstocke**	574,000
Other	569,000
	12,000,000

*Mr Jackson is a Director and Manager of this fund.

** \$344,000 of the amount paid to Mr Brigstocke was used to repay his loan balance with the Group.

An unsecured loan has been advanced by the OPUS Group to Mr Brigstocke amounting to \$1,070,000 (2011:\$1,394,000). Details of the movements in this loan are as follows:

Name	Balance at the start of the year AUD\$'000s	Net Interest paid and payable for the year AUD\$'000s	Loan repaid AUD\$'000s	Balance at the end of the year AUD\$'000s	Highest indebtedness during the year AUD\$'000s
Clifford D.J. Brigstocke	1,394	20	(344)	1,070	1,394

The above loan outstanding is unsecured and interest is payable on this loan at the rate of 7.8% per annum. Interest on the loan was waived until 30 March 2012 as agreed between the Board and Mr Brigstocke. The amount of the interest waived totalled \$84,000. The loan is payable on demand and 60% of any distributions received by Mr Brigstocke in relation to shares held in the Opus Group must be firstly applied to any interest owing and secondly as a permanent repayment of a portion of the loan.

Indemnification and insurance of officers

The OPUS Group has agreed to indemnify the current Directors and certain current executive 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 Secretary 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. As the insurance policy operates on a claims made basis, former Directors and officers of the OPUS Group are also covered.

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 insurance policy prohibits disclosure of the premium paid.

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.



(p) Environmental regulation

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

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

(q) Non-audit services

The auditor of the OPUS Group was PricewaterhouseCoopers for the year ended 30 June 2012.

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 auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below. The Board of Directors has considered the position and, in accordance with the advice received from the Audit Risk Management and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Risk Management and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year 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	
	30 June 2012 AUD\$	30 June 2011* AUD\$
Audit Services		
PricewaterhouseCoopers - Audit and review of financial reports and other audit work under the <i>Corporations Act 2011</i>	182,860	-
Non PricewaterhouseCoopers audit and review of financial reports	112,624	186,000
Other services		
PricewaterhouseCoopers – non-audit	30,500	-
Non PricewaterhouseCoopers – non-audit	210,245	106,000
Total remuneration for audit services and other services	536,229	292,000

Non-audit services received from PricewaterhouseCoopers related to tax consulting, hedge accounting and general accounting advice. KPMG non-audit services related to tax compliance and consulting, transaction related services and general accounting advice.

* OPUS Group Limited was not subject to audit in the year ended 30 June 2011. The 30 June 2011 fees disclosed related to those payable to KPMG for the OPUS Group of Companies audit. During the year ended 30 June 2012, KPMG also completed the jurisdictional audits for the New Zealand and Singapore businesses within the OPUS Group.



A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 43.

This report is made in accordance with a resolution of directors.

William J. Mackarell
Chairman
Singapore
25 September 2012

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Auditor's Independence Declaration

As lead auditor for the audit of OPUS Group Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'P.J. Carney'.

Paddy Carney
Partner
PricewaterhouseCoopers

25 September 2012

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The OPUS Group is committed to implementing the ASX Corporate Governance Council's ("Council") second edition 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 year. Directors' attendance at meetings this year is set out on page 32 of this Annual 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 consists of a majority of independent Directors, is chaired by an independent 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.
- Salary, benefits, and total remuneration packages of the Chief Executive Officer and senior staff reporting to the Chief Executive Officer.
- 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 Rowell, a Non-Executive Director. The other members of the Committee are Mr Mackarell, Mr Jackson and Mr McGrath who are Non-executive Directors. All Committee members are independent Directors.

Principle 2: The Board is structured to add value

Board composition

The Board currently comprises six Directors one of whom is Mr Celarc who is an Executive Director and the General Manager of the Publishing Division. The remaining five Directors are independent Non-executive Directors. Further details about the Directors including skills, experience and term of office are set out on pages 28 to 30 of this Annual Financial Report.

The OPUS Group recognises the importance of Non-executive Directors and the external perspective and advice that Non-executive Directors can offer. It is the approach and attitude of each Non-executive Director which determines independence and this must be considered in relation to each Director, while taking into account all other relevant factors including those set out in the Board Charter (available on the OPUS Group's website under "Corporate Governance"). 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 Board is comprised of a majority of independent Directors. All Non-executive Directors are deemed to be independent of the OPUS Group.

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. The Diversity Policy reflects the OPUS Group's commitment to workplace diversity and compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

A diverse workforce is one that recognises and embraces the value that different people can bring to a company through their gender, age, ethnicity, cultural background, marital status, sexual orientation and/or religious beliefs.

The OPUS Group promotes a diverse workforce by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications, abilities and aptitudes without regard to factors that are irrelevant to the person's skill or ability to fulfil the inherent job requirements.

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

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

The OPUS Group believes that promoting a diverse workforce:

- (a) enables the OPUS Group to achieve improved outcomes by benefiting from the differing perspectives and expertise that people from diverse backgrounds bring to their roles;
- (b) better represents the diversity of the OPUS Group's stakeholders; and



(c) is consistent with the OPUS Group’s broader Corporate Governance Principles, specifically the Ethics and Responsible Business Conduct Policy and the OPUS Group’s Equal Employment Opportunity Policy.

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

- (a) the number of women employed throughout the OPUS Group will be maintained at least 40% 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 by 2015 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 30 June 2012 is as follows:

	Male	Female	Total
Board	6	-	6
Senior Management	14	3	17
Operational Staff	362	135	497
Back Office Staff	45	54	99
Total employees	427	192	619

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 4 Non-executive Directors. Mr Sclater is the Chair of the Committee and an independent Non-executive Director. Mr Jackson, Mr Mackarell and Mr Rowell 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 32 of this Annual 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 Financial Officer, 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. A copy of the continuous disclosure policy is available on the OPUS Group's website under "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 strategy which is available on the OPUS Group's website under "Corporate Governance".

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".

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 Risk Management Committee 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 and Chief Financial 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 Chief Financial Officer and in Board reporting at regular Board Meetings. The main focus of these updates is the operational and business risks related to the integration of the OPUS businesses post merger.

Attestations by Chief Executive Officer and Chief Financial Officer

In accordance with recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Chief Executive Officer and Chief Financial 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.

Non-executive 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 Non-Executive 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 the 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 Directors and Senior Executives remuneration are set out in the Remuneration Report of this Annual 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 in the future.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2012



		Consolidated	
	Note	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Revenue from continuing operations		96,068	79,650
Other Income	7	604	340
Changes in inventories of finished goods, materials and work in progress		(25,668)	(19,837)
Other production costs and freight		(15,584)	(11,170)
Employee benefits expense	8	(31,981)	(25,997)
Occupancy costs		(4,192)	(4,339)
Depreciation and amortisation expense	19a	(7,199)	(5,684)
Impairment expense	9	(114)	(4,839)
Cost of closing interest rate swaps		(515)	-
Realised foreign exchange loss		(30)	-
Other expenses		(7,116)	(8,228)
Operating profit/ (loss) before finance costs		4,273	(104)
Finance revenue		78	65
Finance expenses		(5,178)	(5,612)
Net finance costs		(5,100)	(5,547)
Share of net (loss) of associate	17	(14)	-
(Loss) before income tax		(841)	(5,651)
Income tax (expense)/ benefit	10a	(953)	422
(Loss) after income tax		(1,794)	(5,229)
Other comprehensive (loss)			
Changes in fair value of cash flow hedges (net of tax)	27a	(836)	(93)
Exchange differences on translation of foreign operations	27a	315	(563)
Other comprehensive (loss)		(521)	(656)
Total comprehensive (loss)		(2,315)	(5,885)
		Cents	Cents
Basic (loss) per share	2	(4.47)	(14.70)
Diluted (loss) per share	2	(4.47)	(14.70)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

As a result of the reverse acquisition accounting, the Consolidated Statement of Comprehensive Income for the year ended 30 June 2012 includes the results of the OPUS Group of Companies for the full year and the results of OPUS Group Limited and McPherson's Printing Pty Limited for the period from 31 March 2012 to 30 June 2012 only. The comparatives presented are for the OPUS Group of Companies only.

OPUS Group Limited and Controlled Entities
Consolidated Balance Sheet
as at 30 June 2012



		Consolidated		
	Note	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s	1 July 2010 AUD\$'000s
Current assets				
Cash	12	4,443	2,205	5,108
Trade and other receivables	13	16,088	10,941	12,705
Inventories	14	7,270	3,649	2,754
Other current assets	15	2,700	2,644	23
Assets classified as held for sale	16	98	15	74
Income tax receivable		272	964	20
Total current assets		30,871	20,418	20,684
Non-current assets				
Investments accounted for using the equity method	17	1,038	-	-
Property, plant and equipment	19	40,006	24,668	16,085
Deferred tax assets	21	5,741	1,823	1,480
Intangibles	20	50,513	47,828	37,838
Total non-current assets		97,298	74,319	55,403
Total assets		128,169	94,737	76,087
Current liabilities				
Trade and other payables	22	17,145	11,760	11,830
Provision for income tax		848	-	-
Derivative financial instruments	23	1,253	93	-
Interest bearing liabilities	24	6,176	56,462	10,693
Employee benefits	25	5,192	2,746	2,679
Total current liabilities		30,614	71,061	25,202
Non-current liabilities				
Derivative financial instruments	23	543	-	-
Interest bearing liabilities	24	61,105	127	22,300
Employee benefits	25	400	373	376
Deferred tax liabilities	21	959	1,090	238
Total non-current liabilities		63,007	1,590	22,914
Total liabilities		93,621	72,651	48,116
Net assets		34,548	22,086	27,971
Equity				
Share capital	26	39,353	24,576	24,576
Reserves	27	(1,730)	(1,209)	(553)
(Accumulated losses)/ retained profits	27	(3,075)	(1,281)	3,948
Total equity		34,548	22,086	27,971

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Refer to Note 5 regarding the requirement to present an opening Consolidated Balance Sheet at 1 July 2010 as this is the first Annual Financial Report prepared complying with Australian Accounting Standards and International Financial Reporting Standards.

As a result of the reverse acquisition accounting, the Consolidated Balance Sheet for the year ended 30 June 2012 includes the assets and liabilities for the OPUS Group of Companies and OPUS Group Limited and McPherson's Printing Pty Limited. The comparatives presented are for the OPUS Group of Companies only.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Changes in Equity
for the year ended 30 June 2012



Consolidated	Note	Share Capital	Reserves	Retained Profits / (Accumulated losses)	Total
		AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Balance at 1 July 2010		24,576	(553)	3,948	27,971
(Loss) after income tax		-	-	(5,229)	(5,229)
Changes in fair value of cash flow hedges net of tax		-	(93)	-	(93)
Exchange differences on translation of foreign operations and internal borrowings		-	(563)	-	(563)
Total comprehensive (loss)		-	(656)	(5,229)	(5,885)
Balance at 30 June 2011		24,576	(1,209)	(1,281)	22,086

Consolidated	Note	Share Capital	Reserves	Accumulated losses	Total
		AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Balance at 1 July 2011		24,576	(1,209)	(1,281)	22,086
(Loss) after income tax		-	-	(1,794)	(1,794)
Changes in fair value of cash flow hedges net of tax		-	(836)	-	(836)
Exchange differences on translation of foreign operations and internal borrowings		-	315	-	315
Total comprehensive (loss)		-	(521)	(1,794)	(2,315)
<i>Transactions with owners</i>					
Return of capital to OPUS Group of Companies shareholders	4	(12,000)	-	-	(12,000)
Issue of share capital for reverse acquisition	4	26,777	-	-	26,777
Total transactions with owners		14,777	-	-	14,777
Balance at 30 June 2012		39,353	(1,730)	(3,075)	34,548

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

As a result of the reverse acquisition accounting, the Consolidated Statement of Changes in Equity for the year ended 30 June 2012 includes equity movements related to the OPUS Group of Companies for the full year and the movements related to OPUS Group Limited and McPherson's Printing Pty Limited for the period from 31 March 2012 to 30 June 2012 only. The comparatives presented are for the OPUS Group of Companies only.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Cash Flows
for the year ended 30 June 2012



		Consolidated	
	Note	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		106,976	77,463
Payments to suppliers and employees (inclusive of GST)		(95,637)	(67,812)
Interest received		58	65
Interest and borrowing costs paid		(5,206)	(4,246)
Net income tax paid		(1,495)	(2,151)
Net cash inflows from operating activities	12	4,696	3,319
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(2,249)	(2,841)
Proceeds from the disposal of property, plant and equipment		75	237
Acquisition of business net of cash acquired	4	-	(26,452)
Shareholder loan repaid		344	-
Return of capital to OPUS Group of Companies shareholders	4	(12,000)	-
Dividends received		200	-
Cash acquired in reverse acquisition	4	4,276	-
Net cash outflows from investing activities		(9,354)	(29,056)
Cash flows from financing activities			
Proceeds from borrowings		65,000	59,756
Repayment of borrowings		(56,933)	(38,161)
Repayment of finance leases		(218)	-
Net cash inflows from financing activities		7,849	21,595
Net increase/ (decrease) in cash held			
Cash and cash equivalents at beginning of the financial year		1,234	4,970
Net effect of exchange rate changes on cash		18	406
Cash and cash equivalents held at end of financial year		4,443	1,234
Comprising:			
Cash		4,443	2,205
Bank overdrafts		-	(971)
Cash and cash equivalents held at end of financial year	12	4,443	1,234
Non cash financing activities	12		

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

As a result of the reverse acquisition accounting, the Consolidated Statement of Cash Flows for the year ended 30 June 2012 includes the cash flows of the OPUS Group of Companies for the full year and the cash flows of OPUS Group Limited and McPherson's Printing Pty Limited for the period from 31 March 2012 to 30 June 2012 only. The comparatives presented are for the OPUS Group of Companies only.



1. Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared on a going concern basis. The OPUS Group is expected to have sufficient working capital to carry out its business objectives. In the event that the OPUS Group requires additional funding to support its working capital requirements, the Directors would seek appropriate external funding.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001 for the purpose of fulfilling the OPUS Group's obligations under Australian Securities Exchange ('ASX') Listing Rules. OPUS Group Limited is a for profit entity for the purpose of preparing the financial statements.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period and are not likely to materially affect future periods.

Compliance with IFRS

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015)*

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and is likely to affect the OPUS Group's accounting for its financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the OPUS Group's accounting for available-for-sale financial assets if applicable in the future, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the OPUS Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the

OPUS Group Limited and Controlled Entities

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for the year ended 30 June 2012



OPUS Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The OPUS Group has not yet decided when to adopt AASB 9.

- *AASB 13 Fair Value Measurement (effective from 1 January 2013)*

AASB 13 explains how to determine fair value when required by other accounting standards. It does not introduce new fair value measurement requirements nor does it eliminate the practicability exceptions to fair value that currently exist in certain standards. It is expected that there will be no impact to the OPUS Group.

- *AASB 101 Presentation of Financial Statements (effective from 1 July 2012)*

AASB 101 amendments make a number of changes to the presentation of Other Comprehensive Income including presenting those items that would be reclassified to profit or loss in the future and those that would never be reclassified to profit or loss and the impact of tax on those items.

- *AASB 12 Disclosure of interests in other entities (effective 1 January 2013)*

AASB 12 contains disclosure requirements for entities that have interests in subsidiaries.

There are no other standards that are not yet effective and that are expected to have a material impact on the OPUS Group in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

Subsidiaries

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

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

Business combinations (excluding reverse acquisition accounting)

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.

OPUS Group Limited and Controlled Entities

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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.

OPUS Group of Companies aggregation

The OPUS Group of Companies is an aggregation of four subgroups (collectively referred to as the 'OPUS Group of Companies') which were all subject to common control by a consistent group of shareholders until they were acquired by OPUS Group Limited on 30 March 2012.

The OPUS Group of Companies is deemed to be a separately identifiable reporting entity for which a Financial Report can be presented.

The four subgroups are:

- Cactus Imaging Holdings Pty Limited and its subsidiary named Cactus Imaging Pty Limited. These entities are domiciled in Australia.
- CanPrint Holdings Pty Limited and its subsidiaries named Union Offset Co. Pty Limited, CanPrint Communications Pty Limited and Integrated Print and Logistics Management Pty Limited. These entities are domiciled in Australia.
- OPUS Group NZ Holdings Limited and its subsidiaries named Omnigraphics Limited, Cactus Imaging Limited, F'Digital Limited, F'Displays Limited, Ligare Limited and C.O.S. Printers Pte Limited. These entities are domiciled in New Zealand and Singapore.
- OPUS Group (Australia) Pty Limited and its subsidiary named Ligare Pty Limited. These entities are domiciled in Australia.

Financial information related to the OPUS Group of Companies is an aggregation of the separate Financial Reports of each subgroup whilst they were subject to common control. All material transactions, balances and unrealised gains or losses between subgroups are eliminated on aggregation.

Reverse acquisition accounting

On 30 March 2012, OPUS Group Limited completed the acquisition of the OPUS Group of Companies.

In accordance with Australian Accounting Standards, this transaction has been accounted for as a reverse acquisition business combination.

In applying the requirements of AASB 3 Business Combinations to the OPUS Group:

- OPUS Group Limited is the legal parent of the OPUS Group; and
- The OPUS Group of Companies none of which are the legal parent or legal acquirer is deemed to be the accounting acquirer.

The consolidated financial information in this Annual Financial Report incorporates the assets and liabilities of all OPUS Group entities deemed to be acquired by the OPUS Group of Companies and the results of those entities for the period from which they are deemed to be acquired by the OPUS Group of Companies.

The assets and liabilities of OPUS Group Limited and its subsidiary McPherson's Printing Pty Limited are recorded at fair value whilst the assets and liabilities of the OPUS Group of Companies are maintained at book value. The impact of all transactions between entities in the OPUS Group has been eliminated in full.

The impact on equity of treating the formation of the OPUS Group as a reverse acquisition is discussed in more detail in Note 4.

OPUS Group Limited and Controlled Entities

Notes to the Annual Financial Report

for the year ended 30 June 2012



AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements requires that the Consolidated Annual Financial Report prepared following a reverse acquisition shall be issued under the name of the legal parent (OPUS Group Limited), but be a continuation of the Annual Financial Report of the legal subsidiary entities (i.e. the OPUS Group of Companies).

The implications of applying AASB 3 to the above transaction on this Annual Financial Report are as follows:

Consolidated Balance Sheet

The Consolidated Balance Sheet as at 30 June 2011 is an aggregation of the OPUS Group of Companies only. The Consolidated Balance Sheet for 30 June 2012 reflects the combined position of OPUS Group Limited, McPherson's Printing Pty Limited and the OPUS Group of Companies.

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income for the year ended 30 June 2011 represents the aggregated result of the OPUS Group of Companies.

The Consolidated Statement of Comprehensive Income for the year ended 30 June 2012 represents the results of OPUS Group Limited and McPhersons Printing Pty Limited for the period from 31 March 2012 to 30 June 2012 and the result of the OPUS Group of Companies for the full year.

Consolidated Statement of Changes in Equity

The Consolidated Statement of Changes in Equity for the year ended 30 June 2011 comprises the aggregated OPUS Group of Companies for the full year and excludes movements related to OPUS Group Limited and McPhersons Printing Pty Limited.

The 1 July 2010 opening retained profits and 1 July 2011 opening accumulated losses and other equity balances recognised in the consolidated entity are the aggregation of the OPUS Group of Companies before the transaction.

The loss after tax for the year ended 30 June 2012 comprises the results of the OPUS Group of Companies for the full year and the consolidated financial results of OPUS Group Limited and McPhersons Printing Pty Limited for the period 31 March 2012 to 30 June 2012.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows for the year ended 30 June 2011 comprises the aggregated cash flows of the OPUS Group of Companies for the full year and excludes cash flows related to OPUS Group Limited and McPhersons Printing Pty Limited.

The Consolidated Statement of Cash Flows for the year ended 30 June 2012 represents the cash flows of OPUS Group Limited and McPhersons Printing Pty Limited for the period from 31 March 2012 to 30 June 2012 and the cash flows of the OPUS Group of Companies for the full year.

(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.

OPUS Group Limited and Controlled Entities

Notes to the Annual Financial Report

for the year ended 30 June 2012



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 balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement 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 yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, 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 and 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 product 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.

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Grants that compensate for expenses incurred are recognised in profit and 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 and loss on a systematic basis over the useful life of the asset.

Agency and commission arrangements

When presenting revenues in the statement of 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 the 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 is 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 income statement. 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. The 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 and 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 and 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.

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for the year ended 30 June 2012



The 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.

Details relating to shareholding in this associate are set out in Note 17.

The OPUS Group's share of its associate's post-acquisition profits or losses is recognised in the income statement, 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 revenue 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 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 balance sheet 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) Tax consolidation

OPUS Group Limited and its whollyowned Australian controlled entities have implemented the tax consolidation

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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 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.

Operating lease payments are charged to the income statement on a straight-line basis over the period of the lease. 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.

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 and 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.

(I) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

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Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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

(m) 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.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(n) 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.

(o) 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.

(p) 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.

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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.

(q) Investments and other financial assets

The OPUS Group classifies its financial 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, reevaluates 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 noncurrent 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 noncurrent 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

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 nonmonetary 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.

(r) 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 draw down 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 balance sheet 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 noncash 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.

(s) 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.

(t) Trade and other payables

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

(u) 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 income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

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

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

Leasehold factory buildings (Singapore)	31 years
Plant and equipment	2 to 20 years
Office furniture and equipment	2 to 7 years
Motor vehicles	3 to 8 years
Leasehold improvements	5 to 20 years
Computer equipment	1 to 7 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 the group has an intention and ability to use the asset.

(v) 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.



(w) 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 noncurrent 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.

(x) 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.

(y) 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 income statement 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.



(z) 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 the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the 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.

(aa) 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 it 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.

(ab) 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 and 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.

(ac) 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.

(ad) 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.



(ae) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

Impact of reverse acquisition accounting on earnings per share

As the acquisition of the OPUS Group of Companies by OPUS Group Limited was accounted for as a reverse acquisition the weighted average number of shares outstanding for the period in which the combination took place is based on the weighted average number of shares of the legal subsidiary that are outstanding from the beginning of the period to the date of the combination. That number of shares is multiplied by the exchange ratio established in the acquisition agreement and added to the actual number of the shares of the legal parent entity that are outstanding in the period following the transaction.

Comparative earnings per share information is based on the profit of the legal subsidiary and the legal subsidiary's historical weighted average number of shares that are outstanding, multiplied by the exchange ratio established in the acquisition agreement.

(af) 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.

(ag) Critical accounting estimates and assumptions

The OPUS Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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 year are discussed below.

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(m). 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 20 for details of these assumptions.

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Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Balance Sheet. 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 the recognised deferred tax assets will be fully utilised. To the extent that the future estimates differ to what actually eventuates, the ability of the OPUS Group to utilise tax losses may differ.

Assets and liabilities acquired in a business combination

In a business combination the assets and liabilities acquired are recognised at fair value. Fair value is determined based on a number of assumptions related to each specific asset and liability. Management use their knowledge of the industry and experience to determine the value of assets and liabilities acquired.

2. (Loss) per share

	Consolidated	
	30 June 2012	30 June 2011
Basic (loss) per share (cents ¢)	(4.47)¢	(14.70)¢
Diluted (loss) per share (cents ¢)	(4.47)¢	(14.70)¢

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
(Loss) used in calculating basic and diluted earnings per share	(1,794)	(5,229)

	Consolidated	
	30 June 2012 '000s	30 June 2011 '000s
Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted (loss) per share	40,102	35,577

Refer to Note 1(ae) for the accounting policy which outlines the impact of the reverse acquisition accounting applied in this Annual Financial Report to the (loss) per share calculations above.

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.

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The OPUS Group holds the following financial instruments:

30 June 2012	Loans and receivables AUD\$'000s	Other amortised cost AUD\$'000s	Derivatives used for hedge purposes AUD\$'000s	Total carrying amount AUD\$'000s	Fair value AUD\$'000s
Assets					
Trade and other receivables	16,088	-	-	16,088	16,088
Loans to shareholder	1,070	-	-	1,070	1,070
Cash	4,443	-	-	4,443	4,443
Total financial assets	21,601	-	-	21,601	21,601
Liabilities					
Loans and borrowings	-	58,100	-	58,100	58,100
Finance leases	-	3,005	-	3,005	3,005
Cash flow hedges	-	-	543	543	543
Total non-current liabilities	-	61,105	543	61,648	61,648
Loans and borrowings	-	5,400	-	5,400	5,400
Finance leases	-	776	-	776	776
Cash flow hedges	-	-	1,253	1,253	1,253
Trade and other payables	-	17,145	-	17,145	17,145
Total current liabilities	-	23,321	1,253	24,574	24,574
Total financial liabilities	-	84,426	1,796	86,222	86,222

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30 June 2011	Loans and receivables AUD\$'000s	Other amortised cost AUD\$'000s	Derivatives used for hedge purposes AUD\$'000s	Total carrying amount AUD\$'000s	Fair value AUD\$'000s
Assets					
Trade and other receivables	10,941	-	-	10,941	10,941
Loans to shareholder	1,394	-	-	1,394	1,394
Cash	2,205	-	-	2,205	2,205
Total financial assets	14,540	-	-	14,540	14,540
Liabilities					
Finance leases	-	127	-	127	127
Total non-current liabilities	-	127	-	127	127
Bank overdraft	-	971	-	971	971
Loans and borrowings	-	55,432	-	55,432	55,432
Finance Leases	-	59	-	59	59
Cash flow hedges	-	-	93	93	93
Trade and other payables	-	11,760	-	11,760	11,760
Total current liabilities	-	68,222	93	68,315	68,315
Total financial liabilities	-	68,349	93	68,442	68,442

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. The 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

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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.

As at 30 June 2012, the exposure to trade and other payables denominated in USD totalled AUD\$124,000, GBP totalled AUD\$243,000 and EUR totalled AUD\$nil. At 30 June 2011, the exposure to trade and other payables denominated in USD totalled AUD\$108,000, GBP totalled AUD\$nil and EUR totalled AUD\$nil.

Management have assessed the remaining exposure to currencies is not significant.

(b) Interest rate risk

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

The OPUS Group has hedged exposure to changes in interest rate on a percentage of its borrowings in a fixed rate basis, taking into account assets with exposure to changes in interest rates, by entering into interest rate swaps.

(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.

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

	Carrying Amount	
	30 Jun 2012 AUD\$'000s	30 Jun 2011 AUD\$'000s
New Zealand	1,103	1,102
Australia	13,359	8,219
Singapore	1,905	1,861
Trade receivables (gross)	16,367	11,182
Provision against receivable	(279)	(241)
Net trade receivables	16,088	10,941

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

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Neither past due, not impaired		
Current	10,014	7,232
Past due, but not impaired		
0-30 days over standard terms	4,339	2,202
31-60 days over standard terms	1,081	928
61+ days over standard terms	654	579
Net trade receivables	16,088	10,941

As at 30 June 2012 the provision against trade receivables is primarily related to balances which are 61+ days over standard terms (2011: \$14,000 31-60 days and \$227,000 61+ days).

(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 balance sheet 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
30 June 2012					
Finance lease liabilities	3,781	4,473	1,045	3,428	-
Secured loans	63,500	78,473	10,035	68,438	-
Cash flow hedges	1,796	1,913	549	1,364	-
Trade and other payables	17,145	17,145	17,145	-	-
Total financial liabilities	86,222	102,004	28,774	73,230	-
30 June 2011					
Finance lease liabilities	186	292	100	192	-
Secured loans	55,432	55,432	55,432	-	-
Cash flow hedges	93	93	93	-	-
Trade and other payables	11,760	11,760	11,760	-	-
Bank overdraft	971	971	971	-	-
Total financial liabilities	68,442	68,548	68,356	192	-

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(e) Capital Management

The OPUS Group's capital includes share capital, reserves and retained earnings.

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. There have been no material changes in the OPUS Group's management of capital during the year.

Asset and Capital Structure

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Debt:		
Interest bearing loans and borrowings	67,281	55,618
Cash and cash equivalents	(4,443)	(1,234)
Net debt*	62,838	54,384
Total equity	34,548	22,086
Total capital employed	97,386	76,470
Gearing (net debt/ net debt + equity)	65%	71%

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

Net debt (interest bearing liabilities less net cash) increased by \$8,454,000 to \$62,838,000 primarily as a result of the merger.

Over the next year, OPUS Group management's focus will be on reducing the OPUS Group's gearing and the further integration of the merged businesses. The OPUS Group has \$4,443,000 in cash at 30 June 2012 and a working capital facility of \$4,000,000.

During June 2012, \$1,500,000 was repaid voluntarily by the OPUS Group. The first scheduled debt repayment under the debt facility is due 30 September 2012.

The OPUS Group has hedged the interest payments on \$48,800,000 of the \$63,500,000 Commonwealth Bank of Australia Limited ('CBA') debt owing at 30 June 2012 as required by the terms of the Debt Facility Agreement.

The external debt disclosed as at 30 June 2011 relates to a debt facility and former shareholder loan. These amounts were refinanced during the year.

(f) Sensitivity Analysis

In managing interest rate and currency risks the OPUS Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term; however, permanent changes in foreign exchange and interest rates will have an impact on profit.

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At 30 June 2012 it is estimated that an increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately \$155,000 (2011: \$350,000).

Given that OPUS Group has limited exposure to financial assets and financial liabilities denominated in currencies other than their own functional currencies, there is no material sensitivity to foreign exchange fluctuation.

4. Business combinations

(a) Acquisition of the OPUS Group of Companies (reverse acquisition)

On 18 November 2011, McPherson's Limited (the former ultimate holding company of OPUS Group Limited) announced that MPG Printing Limited (subsequently renamed OPUS Group Limited) had entered into a conditional agreement to acquire the OPUS Group of Companies.

OPUS Group Limited was demerged from McPherson's Limited on 31 January 2012 along with its subsidiary McPherson's Printing Pty Limited in preparation for the above acquisition.

The acquisition was implemented by the transfer to OPUS Group Limited of all of the issued shares in the capital of each entity comprising the OPUS Group of Companies in consideration for a cash payment of \$12,000,000 and the issue of 35,576,563 ordinary shares to the OPUS Group of Companies shareholders.

On 21 March 2012 a general meeting was held which approved this transaction and the transaction was completed on 30 March 2012.

The deemed acquisition date for the transaction is 30 March 2012.

Under the terms of the transaction OPUS Group Limited became the legal parent company of McPherson's Printing Pty Limited and the OPUS Group of Companies.

Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a business combination, one of the entities must be deemed to be the accounting acquirer. Given the ongoing Board and management composition and other relevant factors, the OPUS Group of Companies was determined to be the acquirer for accounting purposes. This is known as a reverse acquisition.

The implication of the reverse acquisition is:

- Although the Financial Report is issued under the name of OPUS Group Limited (the legal parent company), the OPUS Group of Companies are deemed to be the parent company for accounting purposes;
- The 30 June 2012 financial information represents the results of the OPUS Group of Companies for the period to 30 March 2012 and the consolidated financial information of the OPUS Group of Companies, OPUS Group Limited and McPherson's Printing Pty Limited for the period 31 March 2012 to 30 June 2012;
- The 30 June 2011 comparative information is an aggregation of the OPUS Group of Companies. The OPUS Group of Companies comparative information is disclosed as they are deemed to be the accounting acquirer; and
- Under the accounting guidance the consideration that the OPUS Group of Companies is deemed to have paid for OPUS Group Limited and McPherson's Printing Pty Limited is the market value of OPUS Group Limited's equity at the date of the transaction which was \$26,777,000. This consideration has been allocated to the fair value of OPUS Group Limited and McPherson's Printing Pty Limited's identifiable assets and liabilities and contingent liabilities.

Under Australian Accounting Standards, the OPUS Group has 12 months from the date of acquisition in which to complete its assessment of the fair value of the assets and liabilities acquired.

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Given the date of the transaction, the OPUS Group has provisionally recognised the fair value of the identifiable assets and liabilities acquired in the transaction based upon the best financial information available at the acquisition date. The fair values are provisional due to the complexity of the transaction. At this point in time the OPUS Group is still in the process of the finalising the tax re-setting exercise which may have an impact on the provisional acquisition accounting.

The consolidated fair value of the identifiable assets and liabilities of OPUS Group Limited and its subsidiary McPherson's Printing Pty Limited as of the date of acquisition were:

	Acquisition date fair value AUD\$'000s
Cash and cash equivalents	4,276
Trade and other receivables	6,448
Inventories	3,905
Other current assets	633
Property, plant and equipment	19,670
Investment in associates	1,252
Deferred tax asset	2,070
Goodwill	2,445
Total assets	40,699
Trade and other payables	7,502
Income tax payable	402
Interest bearing debt and finance leases	3,244
Employee benefits	2,774
Total liabilities	13,922
Identifiable net assets	26,777
Deemed equity consideration	26,777
Total consideration	26,777
The cash outflow was as follows:	
Net cash acquired	4,276
Return of capital to OPUS Group of Companies shareholders – Note 30	(12,000)
Net consolidated cash (outflow)	(7,724)

The fair value of trade and other receivables acquired approximated its carrying amount at the acquisition date.

Transaction costs related to the above transaction reflected in the Statement of Comprehensive Income are not material as all were incurred pre-transaction or by the former parent entity of OPUS Group Limited being McPherson's Limited. The acquired entities contributed revenue of \$10,110,000 and a \$2,250,000 loss after tax to the OPUS Group result for the year ended 30 June 2012.

Had the above transaction occurred at the beginning of the reporting period, the Consolidated Statement of Comprehensive Income would have presented revenue of \$133,009,000 and a loss after tax of \$896,000.

The goodwill recognised on acquisition represented the excess consideration paid above the fair value of

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the assets acquired. Goodwill is not tax deductible. Goodwill relates to the synergies which result from the transaction. These benefits include the following:

- The increased size of the OPUS Group will allow for improved access to capital;
- Cost savings may eventuate from the elimination of duplicated administration structures, improved procurement power and shared service functions;
- The merger achieves diversification across market sectors and regions which may reduce risk and volatility;
- The combined group may be able to optimise productive capacity by consolidating production into the most efficient available facility within the OPUS Group's network; and
- The merger expands the market reach of the OPUS Group and may maximise sales opportunities. The transaction provides access to new customers and markets for each of the OPUS Group's businesses.

No other separately identifiable intangibles had been identified as part of the acquisition.

(b) Acquisition of C.O.S. Printers Pte Limited

On 1 September 2010, OPUS Group NZ Holdings Limited acquired 100% of the share capital in C.O.S. Printers Pte Limited. Total consideration of \$28,244,000 was paid for the acquisition of 100% of the share capital. The carrying value of the acquired assets and liabilities is stated at their fair value. The acquisition has been accounted for using the purchase method. The fair values of the identifiable assets and liabilities of C.O.S. Printers Pte Limited as of the date of acquisition were:

	Acquisition date fair value AUD\$'000s
Cash and cash equivalents	1,792
Trade and other receivables	1,950
Inventories	613
Property, plant and equipment	11,530
Goodwill	15,338
Total assets	31,223
Trade and other payables	985
Provisions	1,994
Total liabilities	2,979
Identifiable net assets	28,244
Deemed equity consideration	
Cash paid	25,326
Consideration paid, advanced back to the OPUS Group of Companies	2,918
Total consideration	28,244
The cash outflow was as follows:	
Total cash consideration (outflow)	(28,244)
Net cash acquired	1,792
Net consolidated cash (outflow)	(26,452)

The goodwill recognised on acquisition represents the excess consideration paid above the fair value of the assets acquired. No other separately identifiable intangibles had been identified as part of the acquisition.



5. First-time adoption of IFRS

Transition to Australian Accounting Standards

For all periods up to and including the year ended 30 June 2011, the OPUS Group prepared financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand equivalents to International Financial Reporting Standards). These financial statements for the year ended 30 June 2012 are the first the OPUS Group is required to prepare in accordance with Australian Accounting Standards.

As the previous financial statements were prepared as pro-forma financial statements representing the aggregation of four OPUS subgroups the previous financial statements did not state compliance with International Financial Reporting Standards (IFRS).

The OPUS Group has prepared financial statements that comply with Australian Accounting Standards applicable for the periods beginning on or after 1 July 2011, and the significant accounting policies meeting those requirements are described in Note 1. In preparing these financial statements, the OPUS Group has started from an opening balance sheet as at 1 July 2010, the OPUS Group of Companies' date of transition to Australian Accounting Standards, and made those changes in accounting policies and other restatements required by AASB 1 'First-time adoption of Australian Accounting Standards'.

This note explains the principal adjustments made by the OPUS Group in restating its balance sheet as at 1 July 2010 and its previously published financial statements for the year ended 30 June 2011.

Exemptions applied

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply Australian Accounting Standards retrospectively. The OPUS Group has taken the following exemptions:

- AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations occurred before the date of transition to Australian Accounting Standards.
- All other exemptions had no material impact to the Group accounts or were not relevant.

Explanations of material adjustments to the primary statements

There are no material differences between the Consolidated Cash Flow Statement, Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet presented under Australian Accounting Standards and the same statements presented under New Zealand equivalents to International Financial Reporting Standards. No restatements were required.



6. 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, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the OPUS Group.

(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 products and service offering perspective and have identified two distinct operating segments being Publishing and Outdoor Media.

Publishing

The Publishing 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 division also has a business services model which enables the efficient and seamless content creation to consumption for government departments and agencies. This includes webhosting, electronic fulfilment, printing on demand and digital asset management. These capabilities are being extended to the commercial sector as well.

Outdoor Media

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

(b) Segment revenue

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

(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. These costs form part of the "Items excluded from Adjusted EBITDA" in the table below. Adjusted EBITDA is presented on an 'Always Owned' basis where the full year results of each legal entity are included regardless of when they joined the OPUS Group during the year. This measure is consistent with the presentation of financial information internally for management accounts purposes.

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	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Adjusted EBITDA	20,600	15,821
Adjusted for: Pre-acquisition trading for entities acquired during the year	(4,434)	(893)
Attributable Adjusted EBITDA	16,166	14,928
Depreciation, amortisation and impairment	(7,313)	(5,684)
Items excluded from Adjusted EBITDA	(4,594)	(9,348)
Finance revenue	78	65
Finance costs	(5,178)	(5,612)
(Loss) before taxation per the Statement of Comprehensive Income	(841)	(5,651)

The 2012 Adjusted EBITDA includes 9 months of trading for McPherson's Printing Pty Limited which is excluded from the reported result as being pre-acquisition trading. The 2011 comparative includes 2 months of trading for C.O.S. Printers Pte Limited which is excluded from the reported result as being pre-acquisition trading. The 2011 reported Adjusted EBITDA basis does not include the trading of the McPherson's Printing Pty Limited business for the financial year ended 30 June 2011.

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.

(d) Segment Information

30 June 2012	Publishing*	Outdoor Media	Other	Inter-Segment Eliminations	Total
	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Total external revenue	112,243	20,766	-	-	133,009
Inter segment revenue	9	-	-	(9)	-
Operating expenses	(92,383)	(17,148)	(2,887)	9	(112,409)
Adjusted EBITDA	19,869	3,618	(2,887)	-	20,600

*Presented on an 'Always Owned' basis and includes the pre-acquisition trading of McPherson's Printing Pty Limited for the period 1 July 2011 to 30 March 2012.

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Total segment revenue is reconciled to total revenue per the Consolidated Statement of Comprehensive Income as follows:

	30 June 2012 AUD\$'000s
Segment revenue (Revenue on an 'Always Owned' basis)	133,009
Pre-acquisition revenue	(36,941)
Total revenue per the Consolidated Statement of Comprehensive Income	96,068

30 June 2011	Publishing** AUD\$'000s	Outdoor Media AUD\$'000s	Other AUD\$'000s	Inter-Segment Eliminations AUD\$'000s	Total AUD\$'000s
Total external revenue	61,923	19,706	-	-	81,629
Inter-segment revenue	8	-	-	(8)	-
Operating expenses	(47,436)	(15,833)	(2,547)	8	(65,808)
Adjusted EBITDA	14,495	3,873	(2,547)	-	15,821

**Presented on an 'Always Owned' basis and includes the pre-acquisition trading of C.O.S. Printers Pte Limited for the period 1 July 2010 to 31 August 2010 but excludes the result of McPherson's Printing Pty Limited for the 2011 financial year.

Total segment revenue is reconciled to total revenue per the Consolidated Statement of Comprehensive Income as follows:

	30 June 2011 AUD\$'000s
Segment revenue (Revenue on an 'Always Owned' basis)	81,629
Pre-acquisition revenue	(1,979)
Total revenue per the Consolidated Statement of Comprehensive Income	79,650

(e) Inter-segment transactions

The inter-segment eliminations column above adjusts for the impact of internal transactions and the "Other" column represents unallocated OPUS Group and Corporate costs. Segment revenues, expenses and results include transactions between segments. Such transactions are priced on an 'arms-length' basis and are eliminated on consolidation.

(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.

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(g) Change in operating segments reported

Following the successful merger transaction and listing of the OPUS Group, management is focused on providing a regional service offering and specific initiatives to deliver the synergies from being a larger group. Key OPUS Group operational initiatives include:

- Leveraging of group wide purchase volumes to deliver cost advantages;
- Establishing cross site production planning; and
- Sharing resources and best practices across the OPUS Group.

In order to drive management focus away from a focus on autonomous business units, the OPUS Group has changed and improved its reporting structures such that all businesses are examined in the two distinct segments identified above being Publishing and Outdoor Media. Senior management teams have also been restructured to facilitate this group focused approach.

Prior year comparatives have been restated to reflect this change in operating segments.

7. Other Income

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Scrap recoveries	376	-
Other	228	340
Total other income	604	340

8. Employee benefits expense

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Salaries and wages	30,204	24,437
Superannuation	1,777	1,560
Total employee benefits expense per the Consolidated Statement of Comprehensive Income	31,981	25,997

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 during the year totalled \$1,777,000 (2011: \$1,560,000).



9. Expenses

Profit before income tax includes the following items which require specific disclosure:

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Bad debts expense	111	95
Minimum lease payments related to operating leases	1,257	198
Net loss on disposal of property, plant and equipment	23	3
Impairment of property, plant and equipment – Note 19a	114	-
Impairment of goodwill – Note 20c	-	4,839
Realised foreign exchange loss	30	-

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10. Income tax

(a) Income tax expense

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Current tax expense	1,519	176
Deferred tax (benefit)	(496)	(613)
(Over)/ under provision in prior years	(70)	15
Total income tax expense/ (benefit)	953	(422)
Deferred income tax (benefit) included in income tax expense comprises :		
Increase in deferred tax assets – Note 21	(427)	(543)
Decrease in deferred tax liabilities – Note 21	(69)	(70)
	(496)	(613)
<i>(b) Reconciliation of current income tax expense/ (benefit)</i>		
Operating (loss) before income tax	(841)	(5,651)
Income tax using the OPUS Group's domestic rate of tax (30%)	(252)	(1,695)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Restructure and transaction costs	-	1,488
Share of net loss of associate	4	-
Debt forgiveness	(8)	-
Tax exempt income	(20)	(20)
Current year tax losses not recognised	633	-
Tax rate difference in overseas entities	(380)	(210)
De-recognition of New Zealand tax losses previously recognised	1,149	-
(Over)/ under provision in prior years	(70)	15
Other	(103)	-
Total income tax expense/ (benefit)	953	(422)
<i>(c) Tax benefit relating to items of other comprehensive income</i>		
Cash flow hedges - Note 21	380	-

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(d) Tax losses

	Consolidated	
	30 Jun 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Unused tax losses for which no deferred tax asset has been recognised	6,132	-
Potential tax benefit @ 28% *	1,717	-

*New Zealand jurisdiction tax rate

Tax losses for which no deferred tax asset has been recognised relate to the New Zealand tax jurisdiction.

The 2012 tax expense included a \$1,149,000 expensing of New Zealand tax balances as at 30 June 2012. Given the recent changes to the OPUS Group structure there is uncertainty around the ability to utilise the New Zealand Group tax losses in the immediate future.

(e) Franking credits

	Consolidated	
	30 Jun 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Franking credits available for subsequent financial years based on a tax rate of 30%	23,742	18,271

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

11. Auditors' Remuneration

During the year 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	
	30 June 2012 AUD\$	30 June 2011* AUD\$
Audit services		
PricewaterhouseCoopers - Audit and review of financial reports and other audit work under the <i>Corporations Act 2011</i>	182,860	-
Non PricewaterhouseCoopers audit and review of financial reports	112,624	186,000
Other services		
PricewaterhouseCoopers – non-audit	30,500	-
Non PricewaterhouseCoopers – non-audit	210,245	106,000
Total remuneration for audit services and other services	536,229	292,000

* OPUS Group Limited was not subject to audit in the year ended 30 June 2011. The 30 June 2011 fees disclosed related to those payable to KPMG for the OPUS Group of Companies audit. During the year ended 30 June 2012, KPMG also completed the jurisdictional audits for the New Zealand and Singapore businesses within the OPUS Group.



12. Current assets – cash and cash equivalents

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 \$ AUD\$'000s
Cash on hand	4,443	2,205
The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:		
Balances as above	4,443	2,205
Less: bank overdrafts	-	(971)
Balances per the Consolidated Statement of Cash Flows	4,443	1,234
Reconciliation of net cash provided by operating activities to operating (loss) after income tax:		
Operating (loss) after income tax	(1,794)	(5,229)
Depreciation, amortisation and impairment	7,313	5,684
Impairment of goodwill	-	4,839
Write off of borrowing costs	-	1,203
Cash flow hedges	515	(93)
Foreign exchange losses / (gains)	30	(563)
Other	(23)	-
<i>Operating assets and liabilities</i>		
Increase/(decrease) in trade and other payables	(2,459)	(663)
Increase/(decrease) in employee entitlements	(330)	(250)
Increase/(decrease) in tax payable	1,136	(2,151)
(Increase)/decrease in deferred tax balances	(1,599)	422
(Increase)/decrease in receivables	1,606	402
(Increase)/decrease in inventories	301	(282)
Net cash inflow provided by operating activities	4,696	3,319

Non-cash financing activities

Refer to Note 4 for details of the non-cash financing of the acquisition of the OPUS Group of Companies effected through the issue of OPUS Group Limited share capital.



13. Current assets – trade and other receivables

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Trade receivables	16,367	11,182
Less: Allowance for doubtful debts	(279)	(241)
Total trade and other receivables	16,088	10,941

14. Current assets – inventories

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Raw materials	4,724	2,595
Spare parts	575	35
Work in progress	1,560	860
Finished goods	674	381
Less: Provision for inventory obsolescence	(263)	(222)
Total inventories	7,270	3,649

15. Current assets – Other

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Sundry debtors and prepayments	1,630	1,250
Loans to shareholders	1,070	1,394
Total other current assets	2,700	2,644

16. Current assets - Held for sale assets

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Assets held for sale at balance date	98	15

Assets held for sale at 30 June 2012 and 30 June 2011 are individual assets deemed to be non-core to the business and are in the process of being sold. These assets have been written down to their recoverable amount at the balance date.



17. Non-current assets – Investments accounted for using the equity method

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Shares in associate	1,038	-

The Group has a 33 $\frac{1}{3}$ % 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	
	30 June 2012 AUD\$'000s	30 June 2012 AUD\$'000s
<i>(i) Movements in carrying amount</i>		
Carrying amount at the beginning of the financial year	1,252	-
Acquired in business combination		
Share of loss after income tax	(14)	-
Dividends received	(200)	-
Carrying amount at the end of the financial year	1,038	-
<i>(ii) Share of associate's (loss)*</i>		
(Loss) before tax	(20)	
Income tax credit	6	-
(Loss) after income tax	(14)	-

*Share of loss since 30 March 2012

(iii) Summarised financial information of associate

Group's share of:				
	Assets AUD\$'000s	Liabilities AUD\$'000s	Revenues AUD\$'000s	Losses AUD\$'000s
2012	2,562	1,351	444	(14)
2011	-	-	-	-



18. 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
McPhersons 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 in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to Note 32.

All investments represent 100% ownership interest.



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

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
<i>Freehold land and buildings:</i>		
At cost	10,246	6,904
Accumulated depreciation	(2,533)	(2,159)
Total Freehold land and buildings	7,713	4,745
<i>Leasehold improvements:</i>		
At cost	1,873	1,845
Accumulated depreciation	(1,085)	(956)
Total leasehold improvements	788	889
Total property assets	8,501	5,634
<i>Plant and equipment</i>		
At cost	72,768	54,651
Accumulated depreciation	(43,309)	(36,817)
Total plant and equipment	29,459	17,834
<i>Office furniture and equipment</i>		
At cost	773	523
Accumulated depreciation	(462)	(416)
Total office furniture and equipment	311	107
<i>Motor vehicles:</i>		
At cost	546	572
Accumulated depreciation	(462)	(444)
Total motor vehicles	84	128
<i>Computer equipment</i>		
At cost	3,769	2,536
Accumulated depreciation	(2,118)	(1,571)
Total computer equipment	1,651	965
Total property, plant and equipment	40,006	24,668

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(a) Reconciliations

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

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor Vehicles	Leasehold improvements	Computer equipment	Total
	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s	AUD\$'000s
Carrying amount							
Balance at 1 July 2010	-	14,581	92	99	1,101	212	16,085
Acquisitions through the business combinations - Note 4	5,098	6,351	27	53	-	1	11,530
Other additions	-	2,729	32	27	31	819	3,638
Disposals	-	(129)	-	-	(46)	-	(175)
Transfers between categories	-	(72)	12	-	(41)	101	-
Transfer to assets held for sale	-	(14)	-	-	-	-	(14)
Effect of movements in exchange rates	(163)	(521)	(4)	(5)	(18)	(1)	(712)
Depreciation for the year	(190)	(5,091)	(52)	(46)	(138)	(167)	(5,684)
Balance at 30 June 2011	4,745	17,834	107	128	889	965	24,668
Carrying amount							
Balance at 1 July 2011	4,745	17,834	107	128	889	965	24,668
Acquisitions through the reverse acquisition - Note 4	3,142	16,105	145	-	3	275	19,670
Other additions	-	1,504	97	-	19	1,197	2,817
Disposals	-	(80)	-	(1)	-	(2)	(83)
Transfers between categories	-	72	13	-	-	(85)	-
Transfer to assets held for sale	-	(98)	-	-	-	-	(98)
Effect of movements in exchange rates	114	228	2	1	2	(2)	345
Impairment during the period	-	(114)	-	-	-	-	(114)
Depreciation for the year	(288)	(5,992)	(53)	(44)	(125)	(697)	(7,199)
Balance at 30 June 2012	7,713	29,459	311	84	788	1,651	40,006

Finance Leases

The OPUS Group leases certain printing assets under finance lease agreements. The net carrying amount of these assets at 30 June 2012 \$3,905,000 (2011: \$221,000). The leased printing assets secure the subgroups lease obligation.

Non-current assets pledged as security

Refer to Note 24 for information on non-current assets pledged as security by the parent entity and its controlled entities.



20. Non-current assets – intangibles

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Goodwill	50,513	47,828
Total intangibles	50,513	47,828

(a) Reconciliations

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

Carrying amount	Goodwill AUD\$'000s
Balance at 1 July 2010	37,838
Acquisitions through business combinations – Note 4	15,338
Impairment expense – Note 20c	(4,839)
Effect of movements in exchange rates	(509)
Balance at 30 June 2011	47,828
Balance at 1 July 2011	47,828
Acquisitions through business combinations – Note 4	2,445
Effect of movements in exchange rates	240
Balance at 30 June 2012	50,513

(b) Impairment testing

Goodwill

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	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Cactus subgroup	6,445	6,445
CanPrint subgroup	17,026	17,026
Ligare subgroup	9,239	9,239
C.O.S. Printers Pte Limited	15,358	15,118
McPherson's Printing Pty Limited	2,445	-
Total goodwill	50,513	47,828

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The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial forecasts covering a 1 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 post-tax discount rate to discount the forecast future attributable post-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)
Cactus subgroup	3%	0%	17%
CanPrint subgroup	3%	2%	17%
Ligare subgroup	3%	2%	17%
C.O.S. Printers Pte Limited	3%	2%	12%
McPherson's Printing Pty Limited	3%	2%	17%

Cash flows of each CGU have been projected based on the actual historical operating results and the approved 2013 forecast which has been extended for 4 years using EBITDA growth assumptions noted above applicable to each CGU.

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

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

Management and 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 the McPherson's Printing Pty Limited forecasted cash flows for year 1 were 12% lower (all other assumptions being the same) the carrying value and recoverable amount of the CGU would be equal.

Based on the review of the sensitivities to the other key assumptions noted above, management and the Board believe that there are no other reasonably possible changes in any of the key assumptions that would cause the carrying amount of an individual CGU to exceed its recoverable amount.

(c) Impairment of goodwill in the prior year

During the year ended 30 June 2011, goodwill related to the New Zealand Group was impaired in full. Total impairment expense related to this write down was \$4,839,000.



21. Non-current – deferred tax balances

Deferred tax assets

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Deferred tax assets are attributable to the following		
Property, plant and equipment	1,353	292
Employee benefits	1,799	934
Other provisions/ accruals	337	106
Restructure costs	445	363
Inventories	65	66
Doubtful debts	60	62
Cash flow hedges	529	-
Tax losses	1,388	-
Total deferred tax assets	5,976	1,823
Set off deferred tax liabilities	(235)	-
Net deferred tax assets	5,741	1,823

Movements

	Plant & Equipment AUD\$'000s	Employee Benefits AUD\$'000s	Restructure costs AUD\$'000s	Cash flow hedges AUD\$'000s	Tax losses AUD\$'000s	Other AUD\$'000s	Total AUD\$'000s
Opening balance 1 July 2010	43	916	38	-	-	245	1,242
(Charged)/ credited to income statement -Note 10a	208	18	325	-	-	(8)	543
Foreign exchange	41	-	-	-	-	(3)	38
Closing balance 30 June 2011	292	934	363	-	-	234	1,823
(Charged)/ credited to income statement - Note 10a	360	65	24	155	-	(177)	427
Acquired in business combination - Note 4	1,029	814	49	(6)	-	184	2,070
Charged to equity - Note 10a	-	-	-	380	-	-	380
Transfer from provision for tax	-	-	-	-	1,388	-	1,388
Transfer from deferred tax liability	(89)	-	-	-	-	(10)	(99)
Under/ (over) provision in prior years	(239)	(14)	9	-	-	(4)	(248)
Closing balance 30 June 2012	1,353	1,799	445	529	1,388	227	5,741

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Consolidated

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Deferred tax assets to be recovered within 12 months	3,609	1,153
Deferred tax assets to be recovered after more than 12 months	2,132	670
Total deferred tax assets	5,741	1,823

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Consolidated Balance Sheet. 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 forecasted taxable income it is expected that the deferred tax assets recognised will be fully utilised. To the extent that the future estimates differ to what actually eventuates, the ability of the OPUS Group to utilise tax losses may differ.

Deferred tax liabilities

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	959	1,080
Prepayments	70	10
Inventories	165	-
Total deferred tax liabilities	1,194	1,090
Set off deferred tax assets	(235)	-
Net deferred tax liabilities	959	1,090

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Movements

	Plant and Equipment AUD\$'000s	Prepayments AUD\$'000s	Total AUD\$'000s
Opening balance 1 July 2010	-	-	-
(Charged)/ credited to income statement - Note 10a	(80)	10	(70)
Acquired in business combination	1,160	-	1,160
Closing balance 30 June 2011	1,080	10	1,090
(Charged)/ credited to income statement - Note 10a	(69)	-	(69)
Transfer to deferred tax asset	(89)	(10)	(99)
Foreign exchange	37	-	37
Closing balance 30 June 2012	959	-	959

Consolidated

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Deferred tax liabilities to be settled within 12 months	-	10
Deferred tax liabilities to be settled after more than 12 months	959	1,080
Net deferred tax liabilities	959	1,090

22. Current liabilities – trade and other payables

Consolidated

	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Trade creditors	10,801	6,767
Other creditors	1,369	2,739
Other payables and accruals	4,975	2,254
Total trade and other payables	17,145	11,760



23. Derivatives

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
<i>Current Liabilities</i>		
Interest rate swaps – cash flow hedges	1,253	93
Total current derivative liabilities	1,253	93
<i>Non-Current Liabilities</i>		
Interest rate swaps – cash flow hedges	543	-
Total non-current derivative liabilities	543	-
Total derivative liabilities	1,796	93

During the year interest rate swaps held as cash flow hedges were closed out as part of the OPUS Group's debt refinancing. A closure cost of \$515,000 (2011: nil) was recognised in relation to the closure. The cost of closure was incorporated into the interest swap margin and no cash outflow was required at the time of refinancing.

The interest rate swaps cover \$48,800,000 of the OPUS Group's floating debt exposure and are timed to expire over the debt facility term in line with the specified repayment schedule of the facility. The fixed rates range between 4.54% and 5.14% (2011: 4.82% to 5.96%). 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.

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 year or prior year.

24. Interest bearing liabilities

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
<i>Non-current liabilities</i>		
Secured bank loans	58,100	-
Finance leases	3,005	127
Total non-current interest bearing liabilities	61,105	127
<i>Current Liabilities</i>		
Secured bank loan	5,400	54,174
Bank overdraft	-	971
Other secured loans	-	1,258
Finance leases	776	59
Total current interest bearing liabilities	6,176	56,462
Total interest bearing liabilities	67,281	56,589

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(a) Current year debt financing

To facilitate the merger of OPUS Group Limited and the OPUS Group of Companies and to provide the OPUS Group with appropriate debt funding post transaction, OPUS Group Limited has entered into the following debt facilities with the Commonwealth Bank of Australia Limited ('CBA'), together, ('CBA Facilities'):

- i. A \$53,000,000 facility to refinance the existing facilities of the OPUS Group of Companies ('Facility A');
- ii. A \$10,500,000 facility to fund the cash component of the purchase consideration payable to the OPUS Group of Companies shareholders on completion of the Acquisition Agreement ('Facility B'); and
- iii. A \$4,000,000 facility for working capital and general corporate purposes ('Working Capital Facility'),

The borrower under each of these CBA Facilities is OPUS Group Limited. The CBA Facilities are due to be repaid or refinanced 4 years from the date of the facility being entered into, other than Facility A being subject to mandatory amortisation on a quarterly basis. The first repayment is due 30 September 2012.

Utilisation of the OPUS Group's debt facilities at 30 June 2012 is as follows:

	Utilised Amount AUD\$'000s	Total Facility AUD\$'000s
30 June 2012		
Secured bank loan – tranche A	53,000	53,000
Secured bank loan – tranche B	10,500	10,500
Working capital facility ⁽¹⁾	1,872	4,000
	65,372	67,500
30 June 2011		
Secured bank loan – Ligare	30,000	30,000
Secured bank loan – Omnigraphics	24,174	24,174
Secured loan – Omnigraphics	1,258	1,258
Bank overdraft	971	2,800
	56,403	58,232

The utilised component of the working capital facility relates to off balance sheet bank guarantees and letters of credit.

The details of each current facility are outlined below:

Facility A and Facility B: These are term facilities which were utilised to assist in funding the OPUS Acquisition and to refinance any existing indebtedness of the OPUS Group of Companies.

In June 2012 \$1,500,000 was repaid on Facility B as a voluntary repayment. This amount cannot be redrawn.

Working Capital Facility: This is a multi-option facility that may be utilised to fund the day to day working capital requirements of the OPUS Group and general corporate purposes such as letters of credit. The amount drawn down under the Working Capital Facility varies according to the needs of the Group. At 30 June 2012 \$1,872,000 was drawn down against this facility related to bank guarantees and letters of credit.

Swap and Hedging Facility: Under the terms of the debt facility, Facility A and B are to be 75% hedged against interest rate movements in the first 3 years and 50% thereafter.

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The agreement under which the CBA facilities are made available contains financial covenants typical for a facility of this nature and are tested quarterly. The facility requires compliance with an interest cover ratio, leverage ratio, debt service ratio and limits on the OPUS Group's capital expenditure. Compliance with covenants is highly dependent on future business performance, working capital management and capital requirements. The OPUS Group has complied with these covenants.

The terms of the CBA facilities require OPUS Group Limited and each of its subsidiaries to be guarantors in respect of the external 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.

The OPUS Group is expected to have sufficient working capital to carry out its business objectives. In the event that the OPUS Group requires additional funding to support its working capital requirements, the Directors would seek appropriate external funding.

Classification of prior year debt

In the prior year, with respect to the financing of the OPUS Group of Companies it is noted that during the year ended 30 June 2011, the OPUS Group of Companies breached its gearing ratio banking covenants associated with its debt facility, resulting in the full amount of the OPUS Group of Companies bank debt (approximately \$54,174,000) being classified as a current liability, as the bank became technically entitled, if it wished to do so, to call or cancel any or all of the financing arrangements.

25. Employee benefits

	Consolidated	
	30 June 2012	30 Jun 2011
	AUD\$'000s	AUD\$'000s
Liability for annual leave and time in lieu	2,418	2,009
Liability for long-service leave	2,774	737
Current portion of employee benefit liability	5,192	2,746
Liability for long-service leave	400	373
Non-current portion of employee benefit liability	400	373
Total employee benefit liability	5,592	3,119

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 30 June 2012 management expect that approximately \$2,450,000 (2011: \$600,000) of the above employee entitlement provision will not be taken within 12 months.



26. Share capital

	Consolidated	
	30 June 2012 AUD\$'000s	30 Jun 2011 AUD\$'000s
Issued and paid up capital:		
53,678,177 (2011: 25,250,000) ordinary shares - fully paid	39,353	24,576
Movements in ordinary share capital		
	Number of shares '000	AUD\$'000s
Opening balance 1 July 2010	25,250	24,576
Closing balance 30 June 2011	25,250	24,576
Opening balance 1 July 2011	25,250	24,576
Elimination of existing shares OPUS Group of Companies	(25,250)	-
Existing shares in OPUS Group Limited at time of transaction	18,102	-
Issue of shares in reverse acquisition ^(a)	35,576	26,777
Return of share capital to OPUS foundation shareholders – Note 30	-	(12,000)
Closing balance 30 June 2012	53,678	39,353

(a) Measured by reference to the combined fair value of OPUS Group Limited and McPherson's Printing Pty Limited at the time of the transaction. Refer to Note 4 for further disclosure related to this transaction.

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



27. Reserves and retained profits

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
<i>(a) Reserves</i>		
Hedging reserve – cash flow hedges	(929)	(93)
Foreign currency translation reserve	(801)	(1,116)
	(1,730)	(1,209)
<i>Hedging reserve – cash flow hedges</i>		
Balance 1 July	(93)	-
Changes in fair value of hedges net of tax	(836)	(93)
Balance 30 June	(929)	(93)
<i>Foreign currency translation reserve</i>		
Balance 1 July	(1,116)	(553)
Exchange differences on the translation of internal borrowings	(235)	-
Exchange differences on the translation of foreign	550	(563)
Balance 30 June	(801)	(1,116)
<i>(b) (Accumulated losses)/ Retained Profits</i>		
Balance 1 July	(1,281)	3,948
(Loss) after tax	(1,794)	(5,229)
Balance 30 June	(3,075)	(1,281)

(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 hedging 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 has been designated as a net investment in the subsidiary. The foreign exchange loss of \$235,000 (2011: \$nil) 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.



28. Contractual commitments for expenditure

(a) Capital commitments

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Aggregate capital expenditure contracted for at balance date, but not provided for in the accounts due:		
Not later than one year	126	-
Total capital commitments	126	-

(b) Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	30 Jun 2012 AUD\$'000s	30 Jun 2011 AUD\$'000s
Less than a year	3,065	2,467
Between one and five years	5,249	6,371
More than five years	1,383	1,552
Total lease commitments	9,697	10,390

The OPUS Group leases land, printing assets, warehouses and general office equipment. Certain of the properties are leased from related parties. Refer to Note 30 for details of these related party leases.

(c) Finance lease commitments

	Consolidated	
	30 Jun 2012 AUD\$'000s	30 Jun 2011 AUD\$'000s
Commitments in relation to Finance lease payments are payable as follows:		
Not later than one year	1,045	100
Later than one year but not later than five years	3,428	192
Future finance charges	4,473 (692)	292 (106)
Recognised as a liability	3,781	186
Representing finance lease		
Current - Note 24	776	59
Non-current - Note 24	3,005	127
Total finance leases	3,781	186

OPUS Group Limited and Controlled Entities
Notes to the Annual Financial Report
for the year ended 30 June 2012



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.

29. Contingent liabilities

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

The terms of the CBA facilities require OPUS Group Limited 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.

30. Related parties

Key management personnel compensation

	Consolidated	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Short-term employee benefits	1,604	1,332
Post-employment benefits	58	30
Long term benefits	3	2
Total key management personnel compensation	1,665	1,364

Details of above remuneration disclosures are provided in the Remuneration Report on pages 37 and 38.

Director fee expense

Director fees are paid to Knox Investment Partners Limited in respect of services provided by Mr Jackson. Total fees paid for the year were \$89,000 (2011: \$193,000). Consulting fees of \$29,894 were paid to Knox Investment Partners during the year in addition to Director fees (2011: \$43,000).

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 year total \$612,000 (2011: \$595,000). No amounts are outstanding at the reporting date (2011: \$nil).

Consulting fees

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited Consulting for the year ended 30 June 2012 amounted to \$300,000 (2011: \$273,000).

Consulting fees paid to Mr McGrath (Director) through JBD Investments Pty Limited for marketing and promotional activities amounted to \$56,000 (2011: \$nil).

OPUS Group Limited and Controlled Entities
Notes to the Annual Financial Report
for the year ended 30 June 2012



Loans to key management personnel

An unsecured loan has been advanced by the OPUS Group to Mr Brigstocke amounting to \$1,070,000 (2011:\$1,394,000). Details of the movements in this loan are as follows:

Details of loans made to key management personnel, including their personally related parties, are set out below:

Name	Balance at the start of the year AUD\$'000s	Net Interest paid and payable for the year AUD\$'000s	Loan repaid AUD\$'000s	Balance at the end of the year AUD\$'000s	Highest indebtedness during the year AUD\$'000s
Clifford D.J. Brigstocke	1,394	20	(344)	1,070	1,394

The above loan outstanding is unsecured and interest is payable on this loan at the rate of 7.8% per annum. Interest on the loan was waived until 30 March 2012 as agreed between the Board and Mr Brigstocke. The amount of the interest waived totalled \$84,000. The loan is payable on demand and 60% of any distributions received by Mr Brigstocke in relation to shares held in the OPUS Group must be firstly applied to any interest owing and secondly as a permanent repayment of a portion of the loan.

Other transactions with key management personnel

As part of the merger between the OPUS Group of Companies and OPUS Group Limited the following cash payments were made to the OPUS Group of Companies shareholders (listed below) as part of the acquisition consideration:

	AUD \$
Knox Investment Partners Fund III AUD 1 Limited*	8,333,000
Richard F. Celarc	2,524,000
Clifford D.J. Brigstocke**	574,000
Other	569,000
	12,000,000

*Mr Jackson is a Director and Manager of this fund.

** \$344,000 of the amount paid to Mr Brigstocke was used to repay his loan balance with the Group.

OPUS Group Limited and Controlled Entities
Notes to the Annual Financial Report
for the year ended 30 June 2012



Share holdings

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

2012

Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Directors of OPUS Group Limited			
William J. Mackarell (Chairman)	-	60,000	60,000
Richard F. Celarc	-	7,826,627	7,826,627
Bret P. Jackson ¹	-	18,772,623	18,772,623
Simon A. Rowell	-	54,381	54,381
James M. Sclater	-	50,000	50,000
Matthew J. McGrath	-	25,025	25,025
Other key management personnel of the Group			
Robert I. Alexander	-	-	-
Mark R. Heron	-	50,250	50,250
Clifford D.J. Brigstocke	-	1,704,117	1,704,117
Philip R. Bennett	-	2,694	2,694

Shareholdings held by the above key management personnel in the share capital of OPUS Group Limited at 30 June 2011 were nil.

At 30 June 2011 and up to the date of the merger transaction Knox Investment Funds, an associated entity of Mr Jackson held 17,533,600 shares, Mr Celarc held 5,310,075 shares and Mr Brigstocke held 1,209,475 shares in the OPUS Group of Companies aggregated share capital.

31. Events occurring after balance date

No matters have arisen since 30 June 2012 that have significantly affected or may significantly affect the operations of the OPUS Group, the results or those operations or the state of the affairs of the OPUS Group in financial periods subsequent to 30 June 2012.



32. Parent entity financial information

(a) Summary financial information

As at and throughout the financial year ended 30 June 2012, the legal parent company of the OPUS Group was OPUS Group Limited.

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

	Company	
	30 June 2012 AUD\$'000s	30 June 2011 AUD\$'000s
Balance sheet		
Current assets	2,020	-
Non-current assets	138,321	24,866
Total assets	140,341	24,866
Current liabilities	1,510	-
Non-current liabilities	64,043	24,790
Total liabilities	65,553	24,790
Shareholders' equity		
Issued capital	53,687	1,060
Reserves		
Cash flow hedges	(897)	2
Retained earnings	21,998	(986)
Total shareholders' equity	74,788	76
Profit for the year*	22,983	-
Total comprehensive income*	22,085	-

*Includes debt forgiveness by the former parent entity of OPUS Group Limited of \$24,791,000.

OPUS Group Limited is the legal owner of the OPUS Group. However under Australian Accounting Standards a reverse acquisition by the OPUS Group of Companies is deemed to have occurred at the time of the transaction between the two entities.

(b) Guarantees entered into by the parent entity

There are cross guarantees given by OPUS Group Limited as described in Note 33. At 30 June 2012 OPUS Group Limited had issued bank guarantees in relation to subsidiary entities to the value of \$186,000 (2011: \$nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2012 (2011: \$nil). For information about guarantees given by the parent entity, please see above.



33. 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.

Entity	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 whollyowned entities have been relieved from the requirement to prepare a financial report and Director's 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'.

OPUS Group Limited and Controlled Entities
Notes to the Annual Financial Report
for the year ended 30 June 2012



(a) *Consolidated Statement of Comprehensive Income and summary of movements in consolidated retained profits*

Set out below is a Consolidated Statement of Comprehensive Income and a summary of movements in consolidated retained profits for the year ended 30 June 2012 of the Closed Group.

	30 June 2012 AUD\$'000s
Consolidated Statement of Comprehensive Income	
Revenue from continuing operations	76,577
Other Income	354
Changes in inventories of finished goods, materials and work in progress	(19,330)
Other production costs and freight	(13,639)
Employee benefits expense	(25,250)
Occupancy costs	(3,641)
Depreciation and amortisation expense	(5,211)
Cost of closing interest rate swaps	(515)
Realised foreign exchange gain/ loss	(6)
Other expenses	(7,380)
Operating (loss) before finance costs	1,959
Finance revenue	986
Finance expenses	(4,681)
Net finance costs	(3,695)
Share of net loss of associate	(14)
(Loss) before income tax	(1,750)
Income tax benefit	608
(Loss) after income tax	(1,142)
<i>Other comprehensive income/ (loss)</i>	
Changes in fair value of cash flow hedges	(1,216)
Income tax relating to components of other comprehensive income	380
Other comprehensive (loss)	(836)
Total comprehensive (loss)	(1,978)
<i>Summary of movements in consolidated retained earnings</i>	
Retained profits at the beginning of the financial year	8,721
(Loss) after income tax for the year	(1,142)
Retained profits at the end of the financial year	7,579

OPUS Group Limited and Controlled Entities
Notes to the Annual Financial Report
for the year ended 30 June 2012



(b) Consolidated Balance Sheet

Set out below is a Consolidated Balance Sheet as at 30 June 2012 of the Closed Group:

	30 June 2012 AUD\$'000s
Current assets	
Cash and cash equivalents	3,680
Trade and other receivables	13,158
Inventories	6,424
Other current assets	2,556
Total current assets	25,818
Non-current assets	
Receivables	32,029
Other financial assets	6,414
Property, plant and equipment	29,220
Deferred tax assets	5,741
Intangible assets	35,164
Total noncurrent assets	108,568
Total assets	134,386
Current liabilities	
Trade and other payables	14,076
Finance leases	714
Borrowings	5,400
Derivative financial instruments	1,253
Current tax liabilities	46
Provisions	5,131
Total current liabilities	26,620
Non-current liabilities	
Borrowings	58,100
Derivative financial instruments	543
Provisions	311
Finance leases	2,809
Total non-current liabilities	61,763
Total liabilities	88,383
Net assets	46,003
Equity	
Contributed equity	39,353
Reserves	(929)
Retained earnings	7,579
Total equity	46,003



(c) Contingent liabilities and guarantees

The subsidiaries have guaranteed the repayment of borrowings of the OPUS Group. The cross guarantee given by those entities listed may give rise to liabilities in each entity if the subsidiaries do not meet their obligations under the terms of the overdrafts, loans, leases, or other liabilities subject to the guarantee.

For personal use only

OPUS Group Limited and Controlled Entities Directors' Declaration



In the Directors' opinion:

- (a) the financial statements and notes set out on pages 50 to 113 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 30 June 2012 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 33 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 33.

Note 1(a) confirms that the 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 and Chief Financial Officer required by 295A of the Corporations Act 2001.

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

William J. Mackarell
Chairman
Singapore
25 September 2012



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 (the company), which comprises the balance sheet as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the OPUS Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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 is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's 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 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 34 to 40 of the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion

In our opinion, the remuneration report of OPUS Group Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of OPUS Group Limited (the company) for the year ended 30 June 2012 included on OPUS Group Limited's web site. The company's directors are responsible for the integrity of the OPUS Group Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Paddy Carney
Partner

Sydney
25 September 2012

OPUS Group Limited and Controlled Entities ASX Additional Information (Unaudited)



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 31 August 2012 the OPUS Group had 4,321 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 31 August 2012)

Number of Shares	Fully Paid Ordinary Shares	Number of Holders
1-1,000	952,520	3,003
1,001-5,000	2,094,602	953
5,001-10,000	888,494	125
10,001-100,000	6,599,680	202
100,001-over	43,142,881	38
	53,678,177	4,321

The number of shareholders holding less than a marketable parcel is 2,932.

Substantial Shareholders

The following shareholders are recorded as substantial shareholders:

Holder	Number of Shares	Last Notified	% of Issued Capital
Knox Investment Partners & Associates	16,627,954	7 May 2012	31%
Richard Francis Celarc	7,826,627	10 April 2012	15%
Thistle Custodians Pty Limited	2,996,500	12 April 2012	5%
	27,451,081		51%

OPUS Group Limited and Controlled Entities
ASX Additional Information (Unaudited)



Twenty Largest Shareholders (as at 31 August 2012)

Rank	Name	Units	% of Issued Capital
1.	KNOX INVESTMENT PARTNERS FUND III AUD 5 LIMITED	8,347,647	15.55
2.	KNOX INVESTMENT PARTNERS FUND III AUD 4 LIMITED	8,100,784	15.09
3.	MR RICHARD FRANCIS CELARC	7,481,751	13.94
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,724,206	8.80
5.	TAKATIMU INVESTMENTS LIMITED <TAKATIMU INVESTMENT A/C>	1,755,029	3.27
6.	MR CLIFFORD DOUGLAS JOHN BRIGSTOCKE	1,704,117	3.17
7.	MR DAVID JOHN DANIEL + MRS DEBRA MARGARET DANIEL	1,686,329	3.14
8.	CITICORP NOMINEES PTY LIMITED	1,357,419	2.53
9.	NATIONAL NOMINEES LIMITED	986,172	1.84
10.	AUST EXECUTOR TRUSTEES SA LIMITED <TEA CUSTODIANS LIMITED>	694,904	1.29
11.	FORSYTH BARR CUSTODIANS LIMITED <FORSYTH BARR LIMITED-NOMINEE A/C>	621,953	1.16
12.	TAKATIMU INVESTMENTS LIMITED <TAKATIMU INVESTMENT A/C>	547,817	1.02
13.	J P MORGAN NOMINEES AUSTRALIA LIMITED	534,323	1.00
14.	SINCLAIR LONG TERM HOLDINGS LIMITED	336,976	0.63
15.	EQUITAS NOMINEES PTY LIMITED <PB-600762 A/C>	319,001	0.59
16.	PROVAL HOLDINGS LIMITED	288,907	0.54
17.	MR RICHARD CELARC <RICHARD CELARC FAMILY A/C>	266,003	0.50
18.	MR PETER JOHN STIRLING + MRS ROSALIND VERENA STIRLING	257,618	0.48
19.	CLAPSY PTY LIMITED <BARON SUPER FUND A/C>	250,610	0.47
20.	PENN CORPORATION PTY LIMITED	228,207	0.43

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.

OPUS Group Limited and Controlled Entities ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information



In December 2011, ASIC issued Regulatory Guide 230. To comply with this Guide, OPUS Group is required to make a clear statement about the non-IFRS information included in this release. In addition to statutory reported amounts, non-IFRS measures are used by Senior Management and the Directors' as the primary measures of assessing financial performance of the Group and individual operating segments.

Non-IFRS measures used in describing financial performance include:

- Pro-forma financial information

Pro-forma financial information is prepared on the basis that McPherson's Printing Pty Limited (MPG) results are included for the full year ended 30 June 2012 as compared to the reported result which includes the trading of MPG for the period 31 March 2012 to 30 June 2012 only.

- Adjusted EBITDA

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

- Items excluded from Adjusted EBITDA

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

- Operating cash flow pre interest, tax and items excluded from Adjusted EBITDA

Operating cash flow pre interest, tax and items excluded from Adjusted EBITDA represents the operating cash flows from trading activities excluding net tax payments, net interest and cash flows related to the items excluded from Adjusted EBITDA.

- Net debt

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

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



DIRECTORS

William J. Mackarell
Non-Executive Chairman

Richard F. Celarc
Executive Director

Bret P. Jackson
Non-Executive Director

James M. Sclater
Non-Executive Director

Matthew J. McGrath
Non-Executive Director

Simon A. Rowell
Non-Executive Director

COMPANY SECRETARY

Philip R. Bennett

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AND POSTAL ADDRESS**

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STOCK EXCHANGE

Listed on the Australian Securities Exchange ('ASX')

ASX CODE

OPG (Fully Paid Ordinary Shares)

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