LEFT FIELD

Left Field Printing Group Limited
Stock Code : 1540

INTERIM REPORT 2019

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Left Field Printing Group Limited (the "Company", together with its subsidiaries, the "Group") is an investment holding company while its subsidiaries are principally engaged in the provision of printing solutions and services in Australia.

In the first six months of 2019, the management continued to operate the Company with a hands-on approach and a focus on managing costs across all of its subsidiaries. In the 2nd quarter of 2019, all sectors of the market were slowed down due to the successive public holidays in April (Easter, school holidays and ANZAC holiday) for around three weeks, followed by the Australian federal election in May which prompted significant stagnation in both business and government activities around this period.

With these challenging conditions, our revenue for the six months ended 30 June 2019 was marginally lower than that for the prior period, finishing at approximately AUD38.8 million, representing a period-over-period decrease of approximately 0.2%. Direct operating costs increased by approximately 0.5% to approximately AUD29.5 million due to rising input and manufacturing costs. Earnings before tax declined by approximately 33.2% as compared to the prior period to approximately AUD4.6 million for the six months ended 30 June 2019, which was mainly attributable to the one-off gain of approximately AUD4.8 million on the deregistration of a foreign subsidiary in prior period not having recurred for the six months ended 30 June 2019.

PROSPECTS

Looking to the 2nd half of 2019, the management team is confident that the capital investment decisions made in both 2018 and 2019 and the ongoing cost management focus will assist the Group to sustain positive results. The read-for-pleasure and education books market sectors are holding steady and we are continuing to collaborate with publishers on streamlining the supply chain from order placement to end user delivery. We expect the government printed matters sector to remain flat for the remainder of the year given the election results in May and have strategies in place to maintain operational efficiency to suit these conditions.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2019 was approximately AUD38.8 million, representing a drop of approximately 0.2% from that for the prior period (six months ended 30 June 2018: approximately AUD38.9 million). The slight decrease in revenue was driven by the net effect of the growth of sales from a quick turnaround time education book customer which pulled back some printing orders from offshore to onshore, however, such growth was offset by a decline in printing spending from various government agencies.

Gross profit and gross profit margin

Our gross profit decreased by approximately AUD0.2 million, or approximately 2.5%, from approximately AUD9.5 million for the six months ended 30 June 2018 to approximately AUD9.3 million for the six months ended 30 June 2019. In spite of the reduction in subcontracting costs through the sharing of printing capacity among the factories within the Group, direct operating costs increased by approximately AUD0.1 million or 0.5% as a result of the increase in raw material costs, in particular, paper costs, as well as the increase in direct labour costs due to various wages adjustment in accordance with legal and union requirements.

FINANCIAL REVIEW – continued

Other income

Other income significantly reduced from approximately AUD5.7 million for the six months ended 30 June 2018 to approximately AUD0.9 million for the six months ended 30 June 2019 which was attributable to the recognition of the one-off gain of approximately AUD4.8 million on the deregistration of OPUS Group NZ Holdings Limited, a foreign subsidiary, in May 2018 not having recurred for the six months ended 30 June 2019. Due to such deregistration, a balance of approximately AUD4.8 million has been reclassified from foreign currency translation reserve to profit or loss, resulting in a gain recorded under other income in the six months ended 30 June 2018.

Selling and distribution costs

Selling and distribution costs decreased by approximately AUD0.1 million or 3.8% from approximately AUD2.7 million for the six months ended 30 June 2018 to approximately AUD2.6 million for the six months ended 30 June 2019. The decrease was mainly driven by the lower freight costs incurred during the period as a result of the decrease in volume of read-for-pleasure books which required more frequent inter-state deliveries. Such savings was partly offset by various salary incentive adjustments to sales and customer service staff.

Administrative expenses

Administrative expenses increased by approximately AUD0.1 million from approximately AUD2.9 million for the six months ended 30 June 2018 to approximately AUD3.0 million for the six months ended 30 June 2019, representing a period-on-period increase of approximately 1.3%. The reduction in administrative staff salaries was offset by increase in various compliance costs as a result of the Hong Kong listing.

Other expenses

In relation to the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"), a portion of the listing expenses of approximately AUD2.7 million, which represented professional fees and other related expenses were recognised to profit or loss in the prior period. As a result of the absence of such costs for the six months ended 30 June 2019, no other expenses were incurred for the period.

Income tax expense

Income tax expense increased from approximately AUD0.6 million (effective income tax rate: 8.3%) for the six months ended 30 June 2018 to approximately AUD1.3 million (effective income tax rate: 28.6%) for the six months ended 30 June 2019. Such increase was mainly attributable to the reclassification of the gain of approximately AUD4.8 million from foreign currency translation reserve to profit or loss in the prior period as a result of the deregistration of OPUS Group NZ Holdings Limited, which was a non-assessable income in the prior period and not having recurred for the six months ended 30 June 2019.

Net profit and adjusted net profit

During the current period, the Group reported a net profit of approximately AUD3.3 million (six months ended 30 June 2018: approximately AUD6.3 million), which represented a drop of approximately AUD3.0 million or 48.0%. If the non-recurring listing expenses (net of tax effect) and gain on deregistration of a foreign subsidiary were excluded, the Group's adjusted net profit in the prior period would be approximately AUD3.3 million, and remained relatively stable across two periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – continued

Liquidity and financial resources

As at 30 June 2019, the Group had net current assets of approximately AUD39.1 million (31 December 2018: approximately AUD40.8 million), among which, cash and bank balances together with the pledged deposit, were approximately AUD27.0 million in aggregate (31 December 2018: AUD30.7 million) which were denominated in Australian Dollars ("AUD"), New Zealand Dollars ("NZD"), US Dollars ("USD") and Hong Kong Dollars ("HKD").

The Group's current ratio was approximately 4.2 times (31 December 2018: approximately 4.7 times). The only interest bearing liabilities were lease liabilities of approximately AUD2.1 million (31 December 2018: finance lease liabilities approximately AUD0.5 million) which were denominated in AUD. The Group's gearing ratio as at 30 June 2019 was approximately 4.1% (31 December 2018: approximately 0.9%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The Group maintained net cash position and healthy current and gearing ratios, reflecting its healthy financial position.

The Group adopts centralised financing and treasury policies in order to ensure that Group funding is utilised efficiently. The Group also regularly monitors its liquidity requirements and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in both the short and long term.

Working capital management

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

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

Foreign currency management

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies. The currencies in which transactions primarily denominated are AUD, NZD, USD, Euros and HKD. As at 30 June 2019 and 31 December 2018, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group.

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

FINANCIAL REVIEW – continued

Capital expenditure

During the period, the Group acquired property, plant and equipment at approximately AUD0.9 million (30 June 2018: approximately AUD0.7 million). The purchases during the period were financed by internal resources of the Group, including the Net Proceeds from the Share Offer (as defined in the paragraph headed "Use of proceeds" below).

Material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course during the period. As set out in the section headed "History and corporate structure" in the Company's prospectus dated 20 September 2018 (the "Prospectus"), the Group has undergone a Reorganisation in preparation for the listing of the Company's shares on the SEHK, where the Company became the holding company of the companies now comprising the Group on 8 October 2018.

Capital Commitments and Contingent Liabilities

As at 30 June 2019, the Group had no capital commitment (31 December 2018: committed to acquire a machinery of approximately AUD4,000).

The Group did not have any significant contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

Charge of assets

As at 30 June 2019, the pledged deposit of approximately AUD1.1 million (31 December 2018: approximately AUD1.1 million) was pledged to banking facilities of AUD820,000 (31 December 2018: AUD820,000).

Use of proceeds

On 8 October 2018 (the "Listing Date"), the Company's issued shares were listed on the Main Board of the SEHK. A total of 105,000,000 shares with nominal value of HKD0.01 each were issued to the public and placees at the final offer price of HKD1.00 per share for total gross proceeds of HKD105.0 million (the "Share Offer"). The total net proceeds raised from the Share Offer (the "Net Proceeds") were approximately HKD66.5 million after the deduction of related listing expenses.

With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HKD1.05 per share, being the mid-point of the then indicative offer price range of HKD1.00 to HKD1.10 per share, net of the estimated listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

Up to the date of this report, the amount of the Net Proceeds which has been utilised amounted to approximately HKD27.5 million, including:

- approximately HKD6.4 million has been utilised to purchase two digital printing presses, two binding machines and one pre-press machine to replace certain existing machines;
- approximately HKD7.6 million has been utilised to purchase two binding machines to expand capacity;
- approximately HKD6.8 million has been utilised for upgrading the ERP and IPALM system, of which approximately HKD0.9 million and HKD5.9 million was utilised to purchase equipment, such as server, and development and purchase of software, respectively; and
- approximately HKD6.7 million has been utilised as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – continued

Use of proceeds – continued

Set out below are details of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and unutilised amount of the Net Proceeds as at the date of this report:

		Original allocation of Net Proceeds as disclosed in the Prospectus	Revised allocation based on the actual Net Proceeds	Amount utilised as at the date of this report	Unutilised Net Proceeds as at the date of this report
	Allocation percentage	Approximate HKD million	Approximate HKD million	Approximate HKD million	Approximate HKD million
Purchasing machinery	57.2%	41.9	38.0	14.0	24.0
Upgrading ERP system and IPALM platform	24.1%	17.7	16.0	6.8	9.2
Expansion of the warehousing facilities and/ or streamlining the printing facilities	8.7%	6.4	5.8	–	5.8
General working capital of the Group	10.0%	7.3	6.7	6.7	–
	100.0%	73.3	66.5	27.5	39.0

The Group has commenced the upgrading of ERP system and IPALM platform since the Listing Date in order to improve their general functionality production and operations as well as enhancing product offerings to the customers. The Group is in the progress of sourcing two digital printing presses to replace the existing machines to expand production capacity. The management expects that such purchases will be completed no later than June 2020. Furthermore, the plan of expanding of our warehousing facilities and/or streamlining of our printing facilities is expected to commence in first quarter of 2020. To the practicable extent which is in the best interests of the Group, the Directors intend to continue to apply the remaining Net Proceeds in accordance with the uses and in the proportions as stated in the Prospectus.

Events subsequent to the end of financial period

The Group has no significant events after the reporting period up to the date of this interim report.

The board (the "Board") of directors (the "Directors") of the Company presents the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	(Unaudited) Six months ended 30 June 2019	2018
		AUD'000	AUD'000
Revenue	3	38,787	38,880
Direct operating costs		(29,489)	(29,339)
Gross profit		9,298	9,541
Other income	5	913	5,676
Selling and distribution costs		(2,624)	(2,729)
Administrative expenses		(2,969)	(2,930)
Other expenses		–	(2,674)
Finance costs	4	(38)	(27)
Profit before income tax	6	4,580	6,857
Income tax expense	7	(1,310)	(566)
Profit for the period		3,270	6,291
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Recognition to profit or loss on deregistration of a subsidiary		–	(4,840)
Other comprehensive income for the period, net of tax		–	(4,840)
Total comprehensive income for the period		3,270	1,451
Profit for the period attributable to:			
Owners of the Company		3,270	6,291
Total comprehensive income attributable to:			
Owners of the Company		3,270	1,451
Earnings per share for profit attributable to owners of the Company during the period	8	AUD	AUD
Basic and diluted		0.65 cents	1.57 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	(Unaudited) At 30 June 2019	(Audited) At 31 December 2018
		AUD'000	AUD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	9,161	9,744
Right-of-use assets	10	2,049	–
Deferred tax assets		2,712	3,006
Deposits for acquisition of property, plant and equipment		10	518
		13,932	13,268
Current assets			
Inventories		9,634	7,921
Trade receivables	12	13,755	11,891
Other receivables, deposits and prepayment	12	885	915
Current tax recoverable		237	299
Pledged deposit	11	1,056	1,056
Cash and cash equivalents		25,973	29,650
		51,540	51,732
Current liabilities			
Trade and other payables	13	7,403	7,035
Finance lease liabilities		–	110
Lease liabilities		1,303	–
Provisions		3,703	3,752
		12,409	10,897
Net current assets		39,131	40,835
Total assets less current liabilities		53,063	54,103
Non-current liabilities			
Finance lease liabilities		–	352
Lease liabilities		790	–
Provisions		746	684
Deferred tax liabilities		346	427
		1,882	1,463
Net assets		51,181	52,640
EQUITY			
Share capital	14	917	917
Reserves		50,264	51,723
Total equity		51,181	52,640

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital	Share premium	Contributed surplus	Merger reserve	Foreign currency translation reserve	Proposed final dividend	Retained earnings	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Balance at 31 December 2018 as originally presented (Audited)	917	16,858	33,217	(7,710)	–	4,608	4,750	52,640
Effect of adoption of IFRS16 (Note 2)	–	–	–	–	–	–	(121)	(121)
Balance at 1 January 2019 (Restated)	917	16,858	33,217	(7,710)	–	4,608	4,629	52,519
Profit for the period	–	–	–	–	–	–	3,270	3,270
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	3,270	3,270
Transactions with owners in their capacity as owners								
Dividends (Note 17)	–	–	–	–	–	(4,608)	–	(4,608)
Total transactions with owners	–	–	–	–	–	(4,608)	–	(4,608)
Balance at 30 June 2019 (Unaudited)	917	16,858	33,217	(7,710)	–	–	7,899	51,181

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital	Share premium	Contributed surplus	Merger reserve	Foreign currency translation reserve	Proposed final dividend	Retained earnings	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Balance at 1 January 2018 (Audited)	–	–	–	14,491	4,840	–	16,659	35,990
Profit for the period	–	–	–	–	–	–	6,291	6,291
Other comprehensive income, net of tax	–	–	–	–	(4,840)	–	–	(4,840)
Total comprehensive income for the period	–	–	–	–	(4,840)	–	6,291	1,451
Transactions with owners in their capacity as owners								
Dividends (Note 17)	–	–	–	–	–	–	(14,750)	(14,750)
Total transactions with owners	–	–	–	–	–	–	(14,750)	(14,750)
Balance at 30 June 2018 (Unaudited)	–	–	–	14,491	–	–	8,200	22,691

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	(Unaudited) Six months ended 30 June 2019 AUD'000	2018 AUD'000
Cash flows from operating activities			
Profit before income tax		4,580	6,857
Adjustments for:			
Unrealised foreign exchange gain		(361)	(44)
Depreciation of property, plant and equipment	9	931	953
Depreciation of right-of-use assets	10	864	–
Impairment of trade receivables, net		36	18
Write back of impaired inventories		(34)	(55)
Finance costs		38	19
Gain on disposals of property, plant and equipment		–	(6)
Gain on deregistration of a subsidiary	5	–	(4,840)
Listing expenses	6	–	2,674
Net cash inflow generated from operating activities		6,054	5,576
Increase in inventories		(1,679)	(1,128)
Increase in trade and other receivables		(1,362)	(1,584)
Increase/(decrease) in trade and other payables		368	(2,181)
Increase in provisions		9	185
Cash generated from operations		3,390	868
Income taxes paid, net		(1,035)	(1,269)
Net cash generated from/(used in) operating activities		2,355	(401)
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(903)	(708)
Deposits for acquisition of property, plant and equipment		–	(1,301)
Proceeds from disposals of property, plant and equipment		–	25
Net cash used in investing activities		(903)	(1,984)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – continued

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(849)	–
Interest paid on lease liabilities	(33)	–
Payments of finance lease liabilities	–	(27)
Dividends paid	(4,608)	(1,054)
Listing expenses related to the issue of shares	–	(2,913)
Net cash used in financing activities	(5,490)	(3,994)
Net decrease in cash and cash equivalents	(4,038)	(6,379)
Net effect of exchange fluctuations	361	44
Cash and cash equivalents at the beginning of the period	29,650	25,673
Cash and cash equivalents at the end of the period	25,973	19,338
Analysis of balances of cash and cash equivalents		
Cash and bank balances	25,973	19,338

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Left Field Printing Group Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 18 April 2018. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is 26/F, 625 King's Road, North Point, Hong Kong. The principal place of business in Australia is 138 Bonds Road, Riverwood, NSW 2210, Australia. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") on 8 October 2018.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. The major operations of the Group are carried out in Australia.

Pursuant to the reorganisation of the Group (the "Reorganisation") as set out under the section headed "History and Corporate Structure" in the prospectus of the Company dated 20 September 2018, the Company became the holding company of the Group on 8 October 2018. The Reorganisation was merely a reorganisation of the Group's business, with no change in management of such business, and the controlling shareholder remains the same. Accordingly, the unaudited condensed consolidated interim financial statements of the Group have been prepared as if the current Group structure had been in existence throughout both periods presented. Accordingly, the unaudited condensed consolidated statement of profit or loss and other comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2018 included the results and cash flows of all companies now comprising the Group as if the Reorganisation had been completed at the beginning of the year ended 31 December 2018. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. All intra-group transactions and balances have been eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standard Board (the "IASB"). The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Basis of preparation – continued

The accounting policies used in preparing the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance which are relevant to the operations of the Group and mandatory for annual period beginning 1 January 2019.

This is the first set of the Group's financial statements in which International Financial Reporting Standard 16 Leases ("IFRS 16") has been adopted. Details of any changes in accounting policies are set out below. Except for the adoption of IFRS 16, the adoption of the new and revised IFRSs had no material impact on these condensed consolidated financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new IFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new IFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results of operations and financial position.

The condensed consolidated interim financial statements have been prepared under the historical cost convention and are presented in Australian Dollars ("AUD"), unless otherwise stated.

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to gain an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with IFRSs and should be read in conjunction with the 2018 consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes

The IASB has issued a number of new or amended IFRSs that are first effective for the current accounting period of the Group:

- IFRS 16, Leases
- IFRIC-Int 23, Uncertainty over Income Tax Treatments
- Amendments to IFRS 9, Prepayment Features and Negative Compensation
- Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures
- in Annual Improvements to IFRSs 2015-2017 Cycle, Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The impact of the adoption of IFRS 16 Leases have been summarised in below. The other new or amended IFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of IFRS 16

IFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces IAS 17 Leases ("IAS 17"), IFRIC-Int 4 Determining whether an Arrangement contains a Lease("IFRIC-Int 4"), SIC-Int 15 Operating Leases-Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from IAS 17. For details of IFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under IFRS 16, please refer to section (ii) to (iv) of this note.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes – continued

(i) Impact of the adoption of IFRS 16 – continued

The Group has applied IFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under IAS 17 and related interpretations as allowed by the transition provision in IFRS 16.

The following tables summarised the impact of transition to IFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	(Unaudited) Increase/ (Decrease)
	AUD'000
Assets	
Property, plant and equipment	(555)
Right-of-use assets	2,913
Total assets	2,358
Liabilities	
Finance lease liabilities – current	(110)
Finance lease liabilities – non-current	(352)
Lease liabilities – current	1,556
Lease Liabilities – non-current	1,385
Total liabilities	2,479
Equity	
Retained earnings	(121)
Total equity	(121)

The following reconciliation explains how the operating lease commitments disclosed applying IAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the condensed consolidated statement of financial position as at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes – continued

(i) Impact of the adoption of IFRS 16 – continued

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	(Unaudited) AUD'000
Operating lease commitment as at 31 December 2018	3,357
Discounted operating lease commitment as at 1 January 2019	3,282
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019 and low-value assets	(803)
	2,479
Add: Finance leases recognised as at 31 December 2018	462
Lease liabilities as at 1 January 2019	2,941

(ii) The new definition of a lease

Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes – continued

(iii) Accounting as a lessee

Under IAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under IFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but IFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased mobile phones, laptop computers and photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset
The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

The Group has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes – continued

(iii) Accounting as a lessee – continued

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) New accounting standards and accounting changes – continued

(iv) Transition

As mentioned above, the Group has applied IFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under IAS 17 and related interpretations as allowed by the transition provision in IFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying IAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under IAS 17 as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied IAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) IFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 and (ii) not to apply IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC-Int 4.

The Group has also leased certain property, plant and equipment which previously were classified as finance leases under IAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of IFRS 16, for those finance leases under IAS 17, the right-of-use assets and the corresponding lease liabilities at 1 January 2019 were the carrying amount of the lease assets and lease liabilities under IAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying IFRS 16 from 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the chief operating decision maker (the "Chief Operating Decision Maker"). The Chief Operating Decision Maker is responsible for the allocation of resources to operating segments and assessing their performance, has been identified as the Executive Directors.

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker as defined above that are used to make strategic decision.

These individuals review the business primarily from a product and service offering perspective and have identified one reportable segment, which is printing solutions and services.

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

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

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

(b) Segment revenue

Revenue from external parties reported is measured in a manner consistent with that in the condensed consolidated statements of profit or loss and other comprehensive income that are revenue from contracts with customer within the scope of IFRS 15 Revenue from Contracts with Customers.

Revenue by geographic location is not used by the Chief Operating Decision Maker in reviewing the performance of the cash generating unit. The directors of the Company considered the cost to develop it would be excessive.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION – continued

(c) EBITDA as monitored by the directors and senior management

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of EBITDA as monitored by the Executive Directors ("EBITDA"). This measure is consistent with the presentation of financial information internally for management accounts purpose.

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

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
EBITDA on ordinary activities	5,884	7,610
Depreciation and amortisation	(1,795)	(953)
Net finance income	491	200
Profit before income tax	4,580	6,857

(d) Segment assets and liabilities

The amounts provided to the Chief Operating Decision Maker with respect to total assets and total liabilities are not reported by operating segment. The Chief Operating Decision Maker does not receive information about the geographical locations of the segment assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION – continued

(e) Segment information

	(Unaudited)		
	Printing solutions and services	Corporate*	Total
	AUD'000	AUD'000	AUD'000
Six months ended 30 June 2019			
Total external revenue	38,787	–	38,787
Other income	497	1	498
Operating expenses#	(32,707)	(694)	(33,401)
EBITDA	6,577	(693)	5,884
Depreciation expenses	(1,782)	(13)	(1,795)
Net finance (cost)/income	(42)	533	491
Profit before income tax	4,753	(173)	4,580
Total consolidated segment result	4,753	(173)	4,580

	(Unaudited)		
	Printing solutions and services	Corporate*	Total
	AUD'000	AUD'000	AUD'000
Six months ended 30 June 2018			
Total external revenue	38,880	–	38,880
Other income	678	24	702
Gain on deregistration of a subsidiary (Note 5)	–	4,840	4,840
Operating expenses#	(33,725)	(3,087)	(36,812)
EBITDA	5,833	1,777	7,610
Depreciation expenses	(869)	(84)	(953)
Net finance (cost)/income	(36)	236	200
Profit before income tax	4,928	1,929	6,857
Total consolidated segment result	4,928	1,929	6,857

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION – continued

(e) Segment information – continued

* Included in "Corporate" are the Group's activities in finance income and costs, staff costs and other corporate activities incurred under central corporate and treasury function which are not able to be allocated to printing solutions and services segment.

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

4. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Interest on finance lease liabilities	–	8
Interest on lease liabilities	33	–
Other interest expenses	5	19
	38	27

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

5. OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Scrap recoveries	296	299
Insurance refunds	57	72
Interest income	193	211
Gain on deregistration of a subsidiary (Note)	–	4,840
Other	367	254
	913	5,676

Note:

Upon the deregistration of a New Zealand subsidiary, which had been inactive and did not have any material assets and liabilities at the time of deregistration, the corresponding foreign currency translation reserve in relation to this subsidiary of AUD4,840,000 was released and recognised in profit or loss in the prior period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

6. PROFIT BEFORE INCOME TAX

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

	(Unaudited) Six months ended 30 June 2019	2018
	AUD'000	AUD'000
Cost of inventories recognised as expenses	12,248	11,841
Depreciation of property, plant and equipment (Note 9)	931	953
Depreciation of right-of-use assets (Note 10)	864	–
Listing expenses	–	2,674
Provision for impairment of trade receivables	36	18
Write back of obsolete inventories	(34)	(55)
Lease payments related to operating leases	735	1,505
Employee benefits expense		
Salaries, wages and other staff costs	11,338	11,312
Superannuation	892	889
Exchange (gains)/losses, net	(361)	4

7. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited) Six months ended 30 June 2019	2018
	AUD'000	AUD'000
Current tax expense – Australia	1,098	1,433
Deferred tax	212	(838)
Over provision of previous periods	–	(29)
	1,310	566

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2019 and 2018. The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2018: 30%) on the estimated assessable profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Earnings for the purposes of basic earnings per share for the period	3,270	6,291

	Number of shares ('000)	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	506,910	401,910

Note:

The weighted average number of ordinary shares of 401,909,823 in issue for the six months ended 30 June 2018, on the assumption that the Reorganisation had been completed on 1 January 2018.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the period (2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2019 (Audited)							
Cost	2,632	48,906	455	327	1,848	3,039	57,207
Accumulated depreciation and impairment	(1,487)	(40,721)	(378)	(289)	(1,599)	(2,989)	(47,463)
Net book amount	1,145	8,185	77	38	249	50	9,744
Period ended 30 June 2019							
Opening net book amount	1,145	8,185	77	38	249	50	9,744
On adoption of IFRS16	–	(441)	–	–	(114)	–	(555)
Additions	–	803	5	39	8	48	903
Depreciation	(86)	(768)	(14)	(9)	(37)	(17)	(931)
Closing net book amount	1,059	7,779	68	68	106	81	9,161
At 30 June 2019 (Unaudited)							
Cost	2,632	49,128	460	366	1,624	3,087	57,297
Accumulated depreciation and impairment	(1,573)	(41,349)	(392)	(298)	(1,518)	(3,006)	(48,136)
Net book amount	1,059	7,779	68	68	106	81	9,161

At 30 June 2019 and 31 December 2018, the Group's freehold land and buildings were situated in Australia.

10. RIGHT-OF-USE ASSETS

	(Unaudited)
	AUD'000
At 1 January 2019 on adoption of IFRS16	2,913
Depreciation during the period	(864)
Carrying amount at 30 June 2019	2,049

11. PLEDGED DEPOSIT

As at 30 June 2019, the pledged deposit was pledged to banking facilities of AUD820,000 (31 December 2018: AUD820,000) (Note 16).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

The Group allows a credit period from 30 to 90 days (2018: 30 to 90 days) to its trade customers. Ageing analysis of trade receivables, net of provision as at 30 June 2019, based on sales invoice date, is as follows:

	(Unaudited) At 30 June 2019	(Audited) At 31 December 2018
	AUD'000	AUD'000
0 – 30 days	8,345	5,274
31 – 60 days	2,777	4,443
61 – 90 days	1,477	1,856
91 – 120 days	697	229
121 – 150 days	313	73
Over 150 days	146	16
Total trade receivables	13,755	11,891
Other receivables, deposits and prepayment	885	915
	14,640	12,806

As at 30 June 2019, a provision of AUD152,000 (31 December 2018: AUD116,000) was made against the gross amounts of trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

13. TRADE AND OTHER PAYABLES

As at 30 June 2019, the ageing analysis of trade payables based on invoice date is as follows:

	(Unaudited) At 30 June 2019	(Audited) At 31 December 2018
	AUD'000	AUD'000
0 – 30 days	2,527	2,058
31 – 60 days	649	1,074
61 – 90 days	401	311
91 – 120 days	–	5
Over 120 days	19	59
Total trade payables	3,596	3,507
Other payables and accruals	3,807	3,528
	7,403	7,035

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

14. SHARE CAPITAL

	No. of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2019 and 30 June 2019	506,909,823	5,069
		AUD'000
Presented as		917

15. CAPITAL COMMITMENTS

As at 30 June 2019, the Group had no capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment (31 December 2018: AUD4,000).

16. PERFORMANCE BONDS

As at 30 June 2019, the obligations of the Group under commercial agreements amounted AUD550,000 (31 December 2018: AUD550,000). These performance bonds are secured by a pledged deposit (Note 11).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

17. DIVIDENDS

(a) Dividends attributable to the previous financial year, approved during the interim period

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Final dividend in respect of the year ended 31 December 2018, approved and paid during the interim period of HK$5cents (2018: AUD1cent (Note (i))) per share	4,608	1,054
Special dividend in respect of the year ended 31 December 2018, approved during the interim period of AUD13cents per share (Note (i) & (ii))	–	13,696
	4,608	14,750

Notes:

(i) These dividends represented those declared by OPUS Group Limited ("OPUS"), a subsidiary of the Company, to its shareholders prior to the Reorganisation.

(ii) On 14 June 2018, OPUS declared the special dividend of AUD13 cents per OPUS share. In addition, OPUS had put in place the dividend reinvestment plan, where each OPUS shareholder could elect to receive additional new OPUS shares in lieu of cash for all or part of the special dividend that they were entitled to receive. On 22 August 2018, (i) the special dividend in the amount of AUD1,930,000 was settled in cash; and (ii) pursuant to dividend reinvestment plan, certain OPUS shareholders (whether in full or in part) opted to receive additional new OPUS shares to settle the special dividend in the amount of approximately AUD11,766,000 and 28,614,371 fully paid ordinary OPUS shares were issued.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

17. DIVIDENDS – continued

(b) Dividends attributable to the interim period

	(Unaudited) Six months ended 30 June	
	2019	2018
	AUD'000	AUD'000
Interim dividends declared – HK$3 cents (2018: nil) per share (Note)	2,886	–

Note:

The amount of the interim dividend declared for the six months ended 30 June 2019, which will be payable in cash, has been calculated by reference to the 506,909,823 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

18. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

Party	Relationship with the Group	Nature of transactions	(Unaudited) Six months ended 30 June 30 June 2019	30 June 2018
			AUD'000	AUD'000
1010 Printing International Limited	Fellow subsidiary	Outwork	–	254
		Sales	–	3
C.O.S. Printers Pte Ltd	Fellow subsidiary	Outwork	–	50
Mr. Richard Francis Celarc	Director & shareholder	Rent and outgoings	376	343
		Consulting fees	–	100

(b) Compensation of key management personnel

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	(Unaudited) Six months ended 30 June 2019	2018
	AUD'000	AUD'000
Short-term remuneration	118	207
Post-employment benefit	11	10
	129	217

19. FAIR VALUE MEASUREMENT

Fair values of financial instruments carried at other than fair value.

Trade and other receivables, trade and other payables and lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2019 and 31 December 2018.

OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long Position in the shares of the Company (the "Shares")

Name of Directors	Trust Interests	Beneficiary of a Trust Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 1)	Nil	Nil	344,521,734	344,521,734	67.97
Mr. Richard Francis Celarc (Note 2)	7,533,039	5,955,780	11,523,168	25,011,987	4.93
Mr. Paul Antony Young (Note 3)	Nil	Nil	2,903,967	2,903,967	0.57

Notes:

1. Mr. Lau Chuk Kin ("Mr. Lau") is deemed to be interested in 344,521,734 Shares through Bookbuilders BVI Limited ("Bookbuilders BVI"), a wholly-owned subsidiary of 1010 Group Limited ("1010 Group"). 1010 Group is a wholly-owned subsidiary of Lion Rock Group Limited ("Lion Rock"). Lion Rock is held directly by City Apex Ltd. ("City Apex"), ER2 Holdings Limited ("ER2 Holdings") and Mr. Lau as to 33.52%, 1.08% and 8.49% respectively. City Apex is an investment holding company and is owned as to 77.00% by ER2 Holdings. ER2 Holdings is an investment holding company and is owned as to 68.76% by Mr. Lau. By virtue of the SFO, each of 1010 Group, Lion Rock, City Apex, ER2 Holdings and Mr. Lau is deemed to be interested in all the Shares and underlying Shares held by Bookbuilders BVI.

2. Mr. Richard Francis Celarc ("Mr. Celarc") is deemed to be interested in 25,011,987 Shares, which comprise (i) 33,117 Shares held by Navigator Australia Limited (as the custodian for the Richard Celarc Family Trust); (ii) 11,523,168 Shares held by D.M.R.A. Property Pty Limited, a company wholly-owned by Mr. Celarc; (iii) 7,533,039 Shares held by the Richard Celarc Family Trust by virtue of Mr. Celarc being the trustee; and (iv) 5,922,663 Shares held by Ligare Superannuation Nominees Pty Ltd as the trustee for Ligare Staff Superannuation Fund of which both Mr. Celarc and his wife are the only members of the superannuation fund.

3. Mr. Paul Antony Young ("Mr. Young") is deemed to be interest in 2,903,967 Shares through Clapsy Pty Ltd, a company owned as to 50.00% and 50.00% by Mr. Young and his wife Mrs. Lorraine Young.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY – continued

(b) Long Position in the shares of Lion Rock

Name of Director	Personal Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of Lion Rock
	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note)	65,371,906	266,432,717	331,804,623	43.09

Note:

Of 266,432,717 shares of Lion Rock which Mr. Lau is deemed to be interested in, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex and ER2 Holdings respectively. As at 30 June 2019, ER2 Holdings was the ultimate holding company of City Apex. Mr. Lau owned 68.76% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2019, to the best knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company, being 5% or more in the issued share capital of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO:

	Nature of interest			
Name of shareholder	Beneficial Owner	Interest in controlled corporation	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(%)
ER2 Holdings (Note)	Nil	344,521,734	344,521,734	67.97
City Apex (Note)	Nil	344,521,734	344,521,734	67.97
Lion Rock (Note)	Nil	344,521,734	344,521,734	67.97
1010 Group (Note)	Nil	344,521,734	344,521,734	67.97
Bookbuilders BVI (Note)	344,521,734	Nil	344,521,734	67.97

SUBSTANTIAL SHAREHOLDERS – continued

Note:

Bookbuilders BVI is a wholly owned subsidiary of 1010 Group and an indirect wholly owned subsidiary of Lion Rock. Lion Rock was owned as to 33.52%, 1.08% and 8.49% by City Apex, ER2 Holdings and Mr. Lau respectively. ER2 Holdings was the holding company of City Apex. Mr. Lau owned 68.76% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares, underlying Shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has no share option scheme as at the date of this interim report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the reporting period and at the end of the reporting period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2019.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2019, the Group had 305 full-time employees (30 June 2018: 301). The remuneration packages of the Group's employees are maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary, bonus and over-time payments system. Other employees' fringe and welfare benefits include retirement benefits, occupational injury insurance and other miscellaneous items.

OTHER INFORMATION

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HKD 3 cents per share (the "Interim Dividend") for the six months ended 30 June 2019 (2018: interim dividend of nil to the shareholders of OPUS Group Limited (a subsidiary of the Company)) to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 13 September 2019. The register of shareholders will be closed on 13 September 2019, during which date no transfer of shares will be registered. To qualify for the Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong for registration not later than 4:30 p.m. on 12 September 2019 and with the following arrangement:

- On or before 1 September 2019: Boardroom Share Registrars (HK) Limited, whose share registration public office is located at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong;

- Between 2 September 2019 to 4:30 p.m. on 12 September 2019: Computershare Hong Kong Investor Services Limited, whose share registration public office is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The dividend is expected to be paid on 30 September 2019.

AUDIT COMMITTEE

The audit committee has four members comprising one non-executive director namely Mr. Paul Antony Young and the three independent non-executive directors, namely, Mr. Chan David Yik Keung, Mr. David Ho, and Mr. Tsui King Chung David with terms of reference in compliance with the Listing Rules. The audit committee reviews the Group's financial reporting, internal controls and makes relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2019 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board
Left Field Printing Group Limited
Richard Francis Celarc
Chairman

Hong Kong, 28 August 2019

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Richard Francis Celarc *(Chairman)*
Mr. Lau Chuk Kin
Ms. Tang Tsz Ying

Non-Executive Director

Mr. Paul Antony Young

Independent Non-Executive Directors

Mr. Chan David Yik Keung
Mr. David Ho
Mr. Tsui King Chung David

COMPANY SECRETARY

Ms. Tang Tsz Ying, *HKICPA, ICAA (Australia)*

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin
Ms. Tang Tsz Ying

BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) Limited

AUDIT COMMITTEE

Mr. David Ho *(Chairman)*
Mr. Paul Antony Young
Mr. Chan David Yik Keung
Mr. Tsui King Chung David

NOMINATION COMMITTEE

Mr. Richard Francis Celarc *(Chairman)*
Mr. Chan David Yik Keung
Mr. David Ho
Mr. Tsui King Chung David

REMUNERATION COMMITTEE

Mr. Tsui King Chung David *(Chairman)*
Mr. Lau Chuk Kin
Mr. Chan David Yik Keung
Mr. David Ho

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

King & Wood Mallesons
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Level 17
242 Pitt Street
Sydney
NSW 2000

The Hongkong and Shanghai Banking Corporation Limited
No. 1 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Registrar (effective prior to and on 1 September 2019)

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

Hong Kong Branch Registrar (effective from 2 September 2019)

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai

COMPLIANCE ADVISER

Optima Capital Limited
Suite 1501
15th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, 625 King's Road
North Point
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

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Riverwood NSW 2210
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STOCK CODE

1540