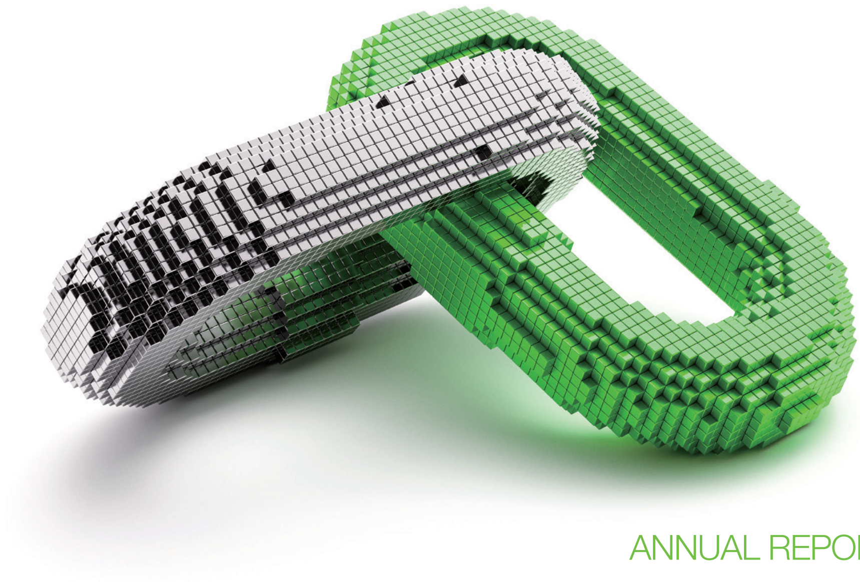


ANNUAL REPORT 2018

Left Field Printing Group Limited
Stock Code : 1540

CONTENTS

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

This is the first annual report published by our Company under our new listed entity, Left Field Printing Group Limited (the "Company", together with its subsidiaries, the "Group").

I am pleased to advise our listing on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") has been well received by both investors and customers and as a group, our operating spirit of Content, Faster, Smarter continues to define what we offer. In 2018, the Australian book industry experienced improvement as the number of printed books sold reached over 61 million copies increasing by 1.3% as compared to 2017. This falls in line with our publishing clients' sentiments that printed books will continue to dominate in the domestic book market. For the Group, major industry disrupters in 2018 were the volatility of input costs, including rising paper and energy pricing, both of which were exacerbated by a changing domestic political landscape that effectively sidelined any meaningful government support or action for much of the year. Rising input costs remain an ongoing challenge for our business and the broader printing industry, and preliminary discussions with both government and industry parties indicate that greater collaboration both up and down the book supply chain is necessary if we want a sustainable and vibrant industry here in Australia.

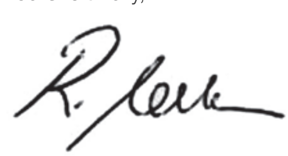
Our businesses have deftly navigated the challenges faced in 2018 with a hands-on management approach emphasising agility, and looking at our performance, I'm pleased to see this effort translating into stabilised revenue and an improvement in our profit before tax.

Capability wise, we have made a number of capital investment decisions in 2018 in order to refine the Group's core offerings and strengthen production capabilities, particularly in the read-for-pleasure books sector and we expect these decisions to yield positive results in the 2nd half of 2019 and beyond.

Looking forward, our expertise in specialised printing markets and our value proposition of quality and service will hold the Group in good stead for the coming year and we will continue to work to be the leading sustainable print partner for our publishing customers.

I would like to thank our staff, customers and suppliers for their support in 2018 and look forward to working with all our key stakeholders in the coming year.

Yours faithfully,



Richard Francis Celarc
Chairman
Sydney, 12 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company while its subsidiaries are principally engaged in the provision of printing solutions and services in Australia.

2018 was a notable year for the business, with the listing of the Company on the Hong Kong Stock Exchange marking a new era for the Group. The management team continued its hands-on approach throughout the challenging year where the return of the printed book in both the read-for-pleasure and quick turnaround time education books sectors was hampered by increasing input and manufacturing costs, particularly in paper and power. The government printed matters sector was significantly impacted by the political turmoil in Australia that resulted in a leadership spill in the second half of the year and stagnation in policy making, which led, in turn, to a decline in demand for printing services.

Despite the challenging conditions our businesses weathered in 2018, our revenue ended marginally higher than the prior year, finishing at approximately AUD79.4 million, representing a year-over-year increase of approximately 0.2%. Direct operating costs increased by approximately 0.5% to approximately AUD61.5 million. Earnings before tax improved by approximately 7.2% as compared to 2017 to AUD8.5 million which was mainly the result of the one-off gain of approximately AUD4.8 million on the deregistration of a foreign subsidiary and a reversal/write back of provision for leasehold dilapidations of approximately AUD1.3 million.

PROSPECTS

Looking forward, the management team is optimistic about the Group's prospects heading into 2019. The capital investment decisions made in 2018 are expected to improve operating efficiencies, particularly for the read-for-pleasure books sector, and early indication of a resurgence of demand for printed books in the quick turnaround time education books market, especially for the primary and secondary school market, and the recognition of the need for multi-channel delivery means there will provide further growth prospects for the coming year. The feedback we have gained from various stakeholders associated with our industry also indicate we will expect to see greater participation and collaboration within the supply chain to expand the dialogue with both the book industry and the Australian government to tackle the ongoing concerns around paper and power pricing. We anticipate this will yield more meaningful actions for manufacturing going forward.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2018 was approximately AUD79.4 million, representing a growth of approximately 0.2% from the previous year (2017: approximately AUD79.2 million). The slight increase in revenue was driven by the net effect of the growth of sales from a customer contract which commenced in early 2017. Order volumes from such contract increased gradually in the second half of 2017 and throughout 2018, however, such growth was offset by a decline in printing spend from various government agencies.

Gross profit and gross profit margin

Our gross profit decreased slightly by approximately AUD0.1 million, or approximately 0.6%, from approximately AUD18.0 million for the financial year ended 31 December 2017 to approximately AUD17.9 million for the year ended 31 December 2018, while gross profit margin remained stable at approximately 23% as compared with the previous year. 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 0.5% as a result of the increase in raw material costs associated with the increase in orders generated from read-for-pleasure books, which consumed a higher percentage of raw materials, as well as the increase in production overheads due to the increase in click charges for digital printing presses and local electricity costs.

Other income

Other income increased from approximately AUD2.0 million for the financial year ended 31 December 2017 to approximately AUD8.0 million for the year ended 31 December 2018 which was attributable to the one-off gain of approximately AUD4.8 million on the deregistration of a foreign subsidiary and a reversal/ write back of provision for leasehold dilapidations of approximately AUD1.3 million. Due to the de-registration of OPUS Group NZ Holdings Limited in May 2018, a balance of approximately AUD4.8 million has been reclassified from foreign exchange translation reserve to profit or loss, resulting in a gain recorded under other income in the current year. The reversal/ write back of provision for leasehold dilapidations in current year was as a result of the renewal of a lease arrangement with the landlord and the updated assessment on the estimated costs of leasehold dilapidations.

Selling and distribution costs

Selling and distribution costs increased by approximately AUD0.6 million or 11.0% from approximately AUD5.4 million in 2017 to approximately AUD6.0 million in 2018. The increase was mainly driven by the higher freight costs incurred during the year as a result of the increase in sales volume of read-for-pleasure books which required more frequent inter-state deliveries as well as various salary incentive adjustments to our sales staff.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative expenses decreased by approximately AUD0.1 million from approximately AUD6.6 million in 2017 to approximately AUD6.5 million in 2018, representing a year-on-year drop of 1.0%. The decrease was primarily due to the one-off loss on disposal of a subsidiary of approximately AUD0.1 million which was included in administrative expenses in the prior year and represented the loss resulting from the disposal of Ligare Limited in January 2017.

Other expenses

For the purposes of listing the Company on the Main Board of the Hong Kong Stock Exchange, one-off listing expenses of approximately AUD4.8 million, which represented professional fees and other related expenses incurred during the listing process, were charged to profit or loss (2017: nil).

Income tax expense

Income tax expense decreased from approximately AUD2.2 million (effective income tax rate: 28.1%) for the year ended 31 December 2017 to approximately AUD1.0 million (effective income tax rate: 12.1%) for the year ended 31 December 2018. Such decrease was mainly attributable to the reclassification of the gain of approximately AUD4.8 million from foreign exchange translation reserve to profit or loss as a result of the deregistration of a foreign subsidiary, which was a non-assessable income. If the aforesaid gain was excluded from profit before taxation, our adjusted profit before income tax would be approximately AUD3.6 million and accordingly the adjusted effective tax rate in the current year calculated thereon would be approximately 28.3%.

Net profit and adjusted net profit

During the year, the Group reported a net profit of approximately AUD7.4 million (2017: approximately AUD5.7 million), which represented an increase of approximately 30.9% as compared with that in the prior year. 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 during the year would be revised to approximately AUD6.0 million, representing an increase of approximately 4.8% compared to 2017.

Liquidity and financial resources

As at 31 December 2018, the Group had net current assets of approximately AUD40.8 million (31 December 2017: approximately AUD29.1 million), among which, cash and bank balances together with the pledged deposit, were approximately AUD30.7 million in aggregate (31 December 2017: AUD25.7 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 4.7 times (31 December 2017: approximately 3.0 times). The only interest bearing liabilities were finance lease liabilities of approximately AUD0.5 million (31 December 2017: approximately AUD0.3 million) which were denominated in AUD. The Group's gearing ratio as at 31 December 2018 was approximately 0.9% (31 December 2017: approximately 0.7%), 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 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 the short and long term.

Working capital management

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

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

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. Transactions are primarily denominated in AUD, NZD, USD, Euros and HKD. As at 31 December 2018 and 2017, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Capital expenditure

During the year, the Group acquired property, plant and equipment at approximately AUD4.9 million (31 December 2017: approximately AUD1.8 million). The purchases during the year 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). The net book amount of property, plant and equipment as at 31 December 2018 includes net carrying amount of approximately AUD0.4 million (31 December 2017: approximately AUD0.2 million) in respect of assets held under finance leases.

Material acquisitions and disposals

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 Hong Kong Stock Exchange, where the Company became the holding company of the companies now comprising the Group on 8 October 2018. Save as the aforesaid, there were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course of the financial year (2017: disposal of Ligare Limited).

Contingent liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

Charge of assets

As at 31 December 2018, the pledged deposit of approximately AUD1.1 million was pledged to banking facilities of AUD820,000 (31 December 2017: Nil).

Employees and emolument policy

As at 31 December 2018, the Group had around 301 full-time employees (31 December 2017: 292). 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. Particulars of staff costs are set out in note 8 to the consolidated financial statements.

Use of proceeds

On 8 October 2018 (the "Listing Date"), the Company's issued shares were listed on the Main Board of the Hong Kong Stock Exchange. 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 HKD21.6 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 HKD6.2 million has been utilised to purchase a binding machine to expand capacity;
- approximately HKD2.3 million has been utilised for upgrading the ERP system and IPALM platform, of which approximately HKD0.4 million and HKD1.9 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.

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	12.6	25.4
Upgrading ERP system and IPALM platform	24.1%	17.7	16.0	2.3	13.7
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	21.6	44.9

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Richard Francis Celarc, aged 62, was appointed as chairman and an executive director on 28 May 2018. He is responsible for the overall strategic planning and management of the Group. Mr. Celarc joined the Group in 1979 and is an executive director of OPUS Group Limited ("OPUS"), a direct wholly-owned subsidiary of the Company whose issued shares were listed on the Australian Stock Exchange from 12 April 2012 to 9 October 2018. Mr. Celarc completed a Commerce and Account certificate course at Bankstown TAFE in Australia. Mr. Celarc has around 40 years of experience in the printing business in Australia and co-founded Ligare Pty Ltd ("Ligare"), a wholly-owned subsidiary of the Company. Mr. Celarc is a director of the Printing Industries Association of Australia, an organisation providing the industry voice, leadership and support for all businesses in the print, packaging, graphic design and media technology industry in Australia.

Mr. Lau Chuk Kin, aged 66, was appointed as director on 23 April 2018 and re-designated as executive director on 28 May 2018. Mr. Lau is responsible for the overall strategic planning and management of the Group. Mr. Lau is an executive director of OPUS. Mr. Lau obtained a Bachelor of Arts degree from the University of Minnesota in the United States and a Master of Business Administration degree from the Chinese University of Hong Kong. Mr. Lau has over 28 years of experience in the printing business. Mr. Lau is an executive director of Lion Rock Group Limited ("Lion Rock"), a controlling shareholder of the Company whose issued shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1127), and the Quarto Group, Inc. (LSE: QRT), a company listed on the London Stock Exchange.

Ms. Tang Tsz Ying, aged 34, was appointed as director on 23 April 2018 and re-designated as executive director on 28 May 2018. Ms. Tang is responsible for overseeing the finance and company secretarial function of the Group. Ms. Tang joined the Group in 2016 and is an executive director of OPUS. Ms. Tang obtained a Bachelor of Business Administration in Accountancy degree from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Before joining the Group, Ms. Tang worked for Ernst and Young, both in Hong Kong and Sydney, for over seven years.

NON-EXECUTIVE DIRECTOR

Mr. Paul Antony Young, aged 63, was appointed as non-executive director on 28 May 2018. Mr. Young is responsible for providing capital market knowledge and assisting in strategic planning of the Group. Mr. Young was a non-executive director of OPUS from November 2014 to October 2018. Mr. Young obtained a Master of Arts degree and a Bachelor's degree in Arts from the University of Cambridge. He is a foundation fellow of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Young was the co-founder and an executive director of Baron Partners Limited (which merged with Henslow Pty Ltd in May 2018), a corporate advisory firm. He has extensive experience in the provision of corporate advice to a wide range of listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions. Mr. Young is a non-executive director of Ambition Group Limited (ASX: AMB) and Byron Energy Limited (ASX: BYE), companies listed on the Australian Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan David Yik Keung, aged 67, was appointed as independent non-executive director on 8 October 2018. He is a member of audit committee, remuneration committee and nomination committee. He is responsible for supervising and providing independent advice to the board of directors of the Company (the "Board"). Mr. Chan obtained a Bachelor of Science Degree from Imperial College London (formerly known as Imperial College of Science and Technology) and a Master of Business Administration Degree from DePaul University in Chicago. Mr. Chan is a member of the Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Chan held several positions, including head of internal control, executive vice president and head of financial control group in Fubon Bank (Hong Kong) Limited (formerly known as International Bank of Asia Limited) prior to his retirement in 2006.

Mr. David Ho, aged 70, was appointed as independent non-executive director on 8 October 2018. He is the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. He is responsible for supervising and providing independent advice to the Board. Mr. Ho obtained a Master of Business Administration Degree from The Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practicing Accountants. Mr. Ho has over 40 years of experience in finance and accounting and held management positions in various companies prior to his retirement in 2007. Mr. Ho is an independent non-executive director of Build King Holdings Limited (stock code: 240), a company listed on the Hong Kong Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Tsui King Chung David, aged 72, was appointed as independent non-executive director on 8 October 2018. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He is responsible for supervising and providing independent advice to the Board. Mr. Tsui started his career in information technology in 1970 and held a number of key positions in various banks in Hong Kong. He was the president and chief executive officer of Hong Leong Credit Berhad (now known as Hong Leong Financial Group Berhad) (stock code: 1082.kl), a company listed on the Kuala Lumpur Stock Exchange, before his retirement in 2006. Mr. Tsui was an independent non-executive director of Lion Rock from June 2011 to September 2018.

SENIOR MANAGEMENT

Mr. David Cheng, aged 43, was appointed as operations director of the Group in 2018. Mr. Cheng is responsible for supervising the procurement and logistics functions of the Group. Mr. Cheng obtained a Bachelor of Science degree from the University of Hong Kong, a Master of Science degree in Business Information Systems and a Master of Arts degree in Operations and Supply Chain Management from the City University of Hong Kong. Mr. Cheng was granted the qualification of project management professional by Project Management Institute from August 2010 to August 2016. Mr. Cheng has over 20 years of experience in procurement and supply chain operations in various commercial organisations.

Mr. Robert Kenneth Huismann, aged 57, was appointed as site operation manager of McPherson's Printing Group ("MPG"), a wholly owned subsidiary of the Company, in 2013. Mr. Huismann is responsible for overseeing the day-to-day operation of MPG. Mr. Huismann joined MPG in 1992 and has over 25 years of experience in the printing industry. Mr. Huismann completed a team leader course offered by the Printing and Allied Trade Employers' Federation of Australia. Mr. Huismann also completed the apprenticeship training in binding and finishing and obtained a certificate of completion of apprenticeship from the State Training Board of Victoria.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Mukesh Chand, aged 55, was appointed as site operation manager of Ligare in 2015. Mr. Chand is responsible for overseeing the day-to-day operation of Ligare. Mr. Chand joined Ligare in 1987 and has over 30 years of experience in the printing industry. Mr. Chand studied at D.A.V. Boys' College in the Republic of Fiji and has obtained an advanced certificate in supervisory management and a certificate in accounting from the Fiji Institute of Technology. Mr. Chand has also obtained a binding and finishing trade certificate from Tafe NSW Ultimo.

Mr. Mark Wright, aged 48, was appointed as site operation manager of CanPrint Communications Pty Limited ("CanPrint"), a wholly-owned subsidiary of the Company, in 2018. Mr Wright is responsible for overseeing the day-to-day operation of CanPrint. Mr Wright joined CanPrint in 2008 and has over 30 years of experience in the printing industry. Mr. Wright completed a diploma in graphic reproduction technology from Watford College in the United Kingdom before starting an apprenticeship at the London College of Printing in 1987.

Mrs. Debra Gaye Davies, aged 52, was appointed as a manager of sales of MPG in 2018. Mrs. Davies is responsible for overseeing sales function of MPG. Mrs. Davies has over 30 years of experience in the field of customer services. She joined MPG in 1984 and left in 1997. She re-joined MPG in 1998 and has held various positions at MPG. Mrs. Davies completed the apprenticeship training provided by Industrial Training Commission of Victoria in graphic reproduction and obtained a computer business applications certificate from London Campaspe College of TAFE. Mrs. Davies has also obtained a certificate III in management from Bendigo Regional Institute of TAFE and a certificate IV in business development from Pinnacle Performax.

Ms. Deborah Louise Shields, aged 53, was appointed as a sales manager of CanPrint in 2016. Ms. Shields is responsible for overseeing sales function of CanPrint. Ms. Shields joined CanPrint in 2014. Ms. Shields completed business services training and project management training provided by WISDOM Learning Pty Ltd and has over 19 years experience in sales and customers services in various companies.

Ms. Robyn Elizabeth Finniecome, aged 55, was appointed as a business development manager of Ligare in 2015. Ms. Finniecome joined Ligare in 2007 and is responsible for developing new business and overseeing sales function of mainly Ligare. She has over 25 years of experience in sales and marketing. Ms. Finniecome obtained a Bachelor of Commerce degree from the University of New South Wales. She completed the training program Essential Selling Skills II provided by the Australian Institute of Management NSW & ACT Limited. Before joining Ligare, Ms. Finniecome worked as a sales and marketing manager at a booking-publishing company for 17 years.

DIRECTORS' REPORT

The directors of the Company (the "Directors") are pleased to present the annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2018.

GROUP REORGANISATION AND LISTING

The Company was incorporated in Bermuda on 18 April 2018 under the Bermuda Companies Act as an exempted limited liability company. Pursuant to the reorganisation in preparation for the listing of the Company's shares on the Hong Kong Stock Exchange (the "Listing"), the Company became the holding company of the companies now comprising the Group on 8 October 2018. Details of the group reorganisation are set out in the section headed "History and corporate structure" of the Prospectus. The shares of the Company (the "Shares") were listed on the Main Board of the Hong Kong Stock Exchange on 8 October 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company while its subsidiaries are principally engaged in the provision of printing solutions and services in Australia.

BUSINESS REVIEW

A review of the Group's business during the year, analysis of the Group's performance using financial key performance indicators and prospects of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 9 of this annual report.

PRINCIPAL RISK AND UNCERTAINTIES

Customers' demand based on individual orders

Although the Group may, from time to time, enter into framework sale and purchase agreements with some of its customers, it normally generates sales on an order-by-order basis. As such, demand for the printing solutions and services is dependent upon factors such as (i) the release of new book titles into the market in Australia; (ii) the popularity of certain read-for-pleasure books which may lead to subsequent re-prints; (iii) the demand from academics or professionals for certain reference books or materials; and (iv) when the Parliament of Australia is sitting, introduction of new legislation, amendments to existing legislation and/or electoral events or policy matters which require documents, reports and materials to be printed or updated. The Group's sales are highly dependent on and may fluctuate subject to customers' demand for the printing solutions and services. If there is any adverse change to market conditions such as an economic slowdown or an increase in competition, the Group's business, financial condition and results of operations may be materially and adversely affected.

DIRECTORS' REPORT

Fluctuations in raw materials prices

Paper is the principal raw material used in the Group's business which is mainly purchased from domestic paper trading companies as well as international paper manufacturers. Other raw materials include plates, ink and other printing consumables. The price of paper as well as other raw materials may be subject to price volatility and periodic shortages caused by various factors beyond the Group's control, which include, among other things, weather conditions, tree harvest conditions, policies of the respective local governments of the territories in which the forestries or paper mills operate, as well as market competition. Should there be any significant increases in the prices of raw materials, and the Group is unable to pass on such increased costs to the customers, the business and profitability may be materially and adversely affected. If the Group passes on the increased costs to the customers, the Group's pricing may become less competitive and may lead to a loss of orders/customers.

Digital influence

With the increased popularity and convenience in the consumption of content and media electronically, in particular, through personal electronic devices such as mobile phones, electronic readers and tablets together with greater awareness of environmental issues and protection, the changing nature in how information is consumed may impact the demand for printed products and in turn the demand for the Group's printing solutions and services.

Technological developments in the printing industry

Constant refinements to offset printing presses and related machinery as well as the introduction of new technologies are continuously improving the quality, productivity, safety, speed, reliability and energy efficiency within the printing industry. The ability to print faster and more cost-effectively offers printing services providers a competitive edge. Technological improvements and increases in the level of automation, not only in the printing process but also in the pre-press and post-press production stages, offer printing services providers cost savings on raw materials, time and labour, and also reduce human error while enhancing the quality of products. In the event that the Group is not able to upgrade its technologies to meet customers' demand, the Group's business, results of operations and prospects may be adversely affected.

General market downturn

The Group provides printing solutions and services to, among others, international and Australia-based book publishers and media and information providers who wish to print books for sales and distribution within Australia. During periods of economic uncertainty, consumer consumption is typically scaled back, with certain non-essential products, such as books, suffering from reduced demand. Such decrease in demand may in turn reduce the supply of printed products to the market by such publishers and media and information providers. When consumer sentiment is cautious, the Group's customers may respond accordingly and there is no assurance that they will continue to maintain their supply of printed books in normal volumes, resulting in a decrease in orders received from them. Such a general market downturn could result in not only a reduction in the demand for products and services of the Group, but also intensified competition. In such circumstances, the Group's business, financial condition and results of operations may be materially and adversely affected.

Financial risks

Details of financial risks are set out in note 34 to the consolidated financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting environmentally-friendly policies and performance as a part of its overall corporate social responsibility. The Group achieves this through rational resources utilisation and compliance with applicable environmental laws and practices of environmental protection, seeking to contribute to the improvement of ecological environment and sustainable development. The 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 environmental incidents, including the removal of solid and liquid waste 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.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Company is incorporated in Bermuda with principal places of business in Hong Kong and Australia. The Group operates print production facilities in different states across Australia and complies with the relevant laws and regulations of Australia and in countries in which it is incorporated and has businesses or operations.

During the year and up to the date of this report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

DIRECTORS' REPORT

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 47 of this annual report.

FINAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HKD5 cents per share (the "Final Dividend") for the year ended 31 December 2018 (2017: final dividend of AUD1 cent per share to the shareholders of OPUS (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 20 May 2019. The register of shareholders will be closed between 17 May 2019 and 20 May 2019, during which period no transfer of shares will be registered. To qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Boardroom Share Registrars (HK) Limited, whose share registration public office is located at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 16 May 2019. Subject to the passing of the relevant resolution of the forthcoming annual general meeting, the Final Dividend is expected to be paid on 29 May 2019.

ANNUAL GENERAL MEETING (THE "AGM")

The AGM is scheduled to be held on Thursday, 9 May 2019. A notice convening the AGM will be issued and sent to the shareholders on 29 March 2019.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 50 to 51 of this annual report and note 25 to the consolidated financial statements respectively.

As at 31 December 2018, the Company's reserves available for distribution to shareholders amounted to approximately AUD33.3 million (31 December 2017: Nil).

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past four financial years is set out on page 114 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 23 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Richard Francis Celarc *(Chairman)*
(appointed on 28 May 2018)
Mr. Lau Chuk Kin (appointed on 23 April 2018)
Ms. Tang Tsz Ying (appointed on 23 April 2018)

NON-EXECUTIVE DIRECTOR

Mr. Paul Antony Young (appointed on 28 May 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan David Yik Keung
(appointed on 8 October 2018)
Mr. David Ho (appointed on 8 October 2018)
Mr. Tsui King Chung David
(appointed on 8 October 2018)

In accordance with No. 83(2) of the Bye-laws of the Company (the "Bye-laws"), all directors will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management of the Group are set out in the section headed "Directors and senior management profile" in this annual report.

DIRECTORS' SERVICES CONTRACT

Mr. Richard Francis Celarc ("Mr. Celarc"), Mr. Lau Chuk Kin ("Mr. Lau"), Ms. Tang Tsz Ying and Mr. Paul Antony Young ("Mr. Young") have each entered into a service contract with the Company for an initial term of three years starting from 28 May 2018. The aforementioned Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such service contract is subject to termination by either party giving not less than three months' prior written notice to the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a period of three years starting from the Listing Date. The independent non-executive Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such letter of appointment is subject to termination by either party giving not less than one month's prior written notice to the other.

None of the Directors being proposed for re-election of the forthcoming AGM has any service contract with the Company or of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save for (i) the disclosure under related party transactions which is set out in note 31 to the consolidated financial statements; and (ii) the disclosures under the section headed "Continuing Connected Transactions" in this report, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporations, within the meaning of Part XV the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company 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

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	314,521,734	314,521,734	62.05
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 is deemed to be interested in 314,521,734 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. 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 held by Bookbuilders BVI.

2. Mr. Celarc is deemed to be interested in 25,011,987 Shares, which comprises (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; (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. 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.

DIRECTORS' REPORT

(b) Long Position in the shares of Lion Rock

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

Note:

Of the 266,432,717 Shares in which Mr. Lau is deemed to be interested, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex and ER2 Holdings, respectively. As at 31 December 2018, 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 31 December 2018, 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 of 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 Part XV of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year and at the end of the year 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, 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:

Name of shareholders	Nature of interest: Beneficial Owner	Interest in Controlled Corporation	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(%)
ER2 Holdings Limited (Note)	Nil	314,521,734	314,521,734	62.05
City Apex Ltd. (Note)	Nil	314,521,734	314,521,734	62.05
Lion Rock Group Limited (Note)	Nil	314,521,734	314,521,734	62.05
1010 Group Limited (Note)	Nil	314,521,734	314,521,734	62.05
Bookbuilders BVI Limited (Note)	314,521,734	Nil	314,521,734	62.05
Mr. Zen Wei Peu	30,000,000	Nil	30,000,000	5.92

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 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 31 December 2018, 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.

MAJOR SUPPLIERS AND CUSTOMERS

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 53% and 21%, respectively, of the Group's total purchases for the year ended 31 December 2018.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 39% and 12%, respectively, of the Group's total sales for the year ended 31 December 2018.

At no time during the year did a Director, an associate of a Director (within the meaning of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules")), or a shareholder of the Company, which to the knowledge of the Directors owns more than 5% of the Company's share capital, have any interest in the Group's five largest suppliers and five largest customers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

COMPETING INTERESTS

As disclosed in the section headed "Directors and senior management" of the Prospectus, Mr. Celarc is a director and a shareholder holding 100% of the issued share capital of Ligare Limited ("Ligare (NZ)"), a company principally engaged in the printing of quick turnaround time education books in New Zealand. In view of the difference between the Group and Ligare (NZ) in terms of geographical markets, types and range of printing services offered, target customers and operating scale, the Directors consider that there was no actual competing business between the Group and Ligare (NZ) during the year. Moreover, during the year, the Company adopted the following corporate governance measures to manage the potential conflict of interests arising from Mr. Celarc's interests in Ligare (NZ) and to protect the interests of the Company:

(a) the executive Directors (including Mr. Celarc) have given certain non-competition undertakings in their respective service contract with the Group, which provides that, inter alia, subject to the conditions and terms contained therein, each of them shall not carry on or be concerned or interested, directly or indirectly, in any capacity in any business which is in competition with the Group, nor become a holder of five percent (5.0%) or more of the issued shares or debentures of any company listed on any recognised stock exchange;

(b) Mr. Celarc attended training sessions to reinforce his awareness of his fiduciary duties as a Director which require him, among other things, to act for the benefit and in the best interests of the Group when a potential conflict of interests arises;

(c) Mr. Celarc confirmed to the Board that Ligare (NZ) did not engage in any business during the year which would compete with that of the Group; and

(d) the independent non-executive Directors reviewed the competing interests held by Mr. Celarc and considered that the possibility of Ligare (NZ) competing with the Group was remote.

Save as disclosed above, none of the Directors or any of their respective associates (as defined in the Listing Rules) has any business or interest that competes or may compete with the business of the Group.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions

As disclosed in the section headed "Continuing Connected Transactions" of the Prospectus, during the year, the Group entered into certain transactions which constituted non-exempt continuing connected transactions of the Company upon Listing and were subject to announcement, disclosure and annual review and reporting requirements but were exempt from circular (including independent financial advice and shareholders' approval requirements) pursuant to Chapter 14A of the Listing Rules. Brief particulars of such transactions are listed below:

1. Lease of premises from D.M.R.A. Property Pty Limited ("D.M.R.A. Property")

   On 17 August 2018, Ligare (an indirect wholly-owned subsidiary of the Company) and D.M.R.A. Property (a company wholly-owned by Mr. Celarc, the Chairman and executive Director) entered into a tenancy agreement (the "Lease") with a term commencing from 1 October 2018 and ending on 31 December 2020 in respect of the lease of two properties situated at 138-152 Bonds Road and 23-25 Skinner Avenue respectively in Riverwood, NSW 2210, Australia. The yearly rent of the Lease is AUD727,409 in aggregate plus outgoings and such rent will be reviewed with reference to the consumer price index of Australia on 1 January in each of 2019 and 2020. For the year ended 31 December 2018, the annual cap under the Lease was AUD800,000 and the actual aggregate rent payment and outgoings paid by Ligare to D.M.R.A. Property was AUD710,937.

2. Framework agreement with Inscope Media Pty Limited ("Inscope Media")

   On 16 August 2018, the Company and Inscope Media (a company wholly-owned by Mr. Douglas Stephen Convoy who is the son-in-law of Mr. Celarc) entered into a framework service agreement (the "Framework Agreement"), pursuant to which the Group agreed to provide printing services to Inscope Media for a term commencing from the Listing Date to 31 December 2020. The service fees for the printing services to be paid by Inscope Media will be determined from time to time by the parties on an arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, and a mark-up margin to be determined by considering the Group's production schedule, seasonality factor and complexity. For the year ended 31 December 2018, the annual cap under the Framework Agreement was AUD550,000 and the actual aggregate fees paid by Inscope Media to the Group was AUD239,399.

For further details of the continuing connected transactions above, please refer to the section headed "Continuing Connected Transactions" in the Prospectus.

The independent non-executive Directors have reviewed the continuing connected transactions above and confirmed that these transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing such transaction on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

BDO Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from BDO Limited containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

DIRECTORS' REPORT

Fully-exempt continuing connected transactions

During the year, the Company also entered into a framework service agreement dated 16 August 2018 (the "Service Agreement") with Lion Rock, pursuant to which the Group agreed to provide ad-hoc printing services to Lion Rock from time to time for the period commencing from the Listing Date and ending on 31 December 2020. The service fees to be paid by Lion Rock for the printing services will be determined from time to time by the parties on an arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, with the mark-up margin to be determined by considering the Group's production schedule, seasonality factor and complexity. For the year ended 31 December 2018, the annual cap under the Service Agreement was AUD100,000 and the actual aggregate fees paid by Lion Rock to the Group was AUD98,183. As all relevant applicable percentage ratios exceed 0.1% but less than 5% and the annual caps under the Service Agreement are less than HK$3,000,000, the transactions under the Service Agreement are fully exempted from compliance with the requirements of reporting, annual review, announcement, and approval by independent shareholders under Chapter 14A of the Listing Rules.

Save as disclosed in this section, those related party transactions during the year ended 31 December 2018 as disclosed in note 31 to the consolidated financial statements in this annual report, which would have otherwise been constituted connected or continuing connected transactions (as the case may be) under Chapter 14A of the Listing Rules, were discontinued prior to the Listing. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that from the Listing Date to up to the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the issued Shares as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to its shareholders by reason of their holding of the Shares. If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 28 to 40 of this annual report.

DIRECTORS' AND EMPLOYEES' EMOLUMENT

Particulars of Directors' remuneration and the five highest paid employees' emolument are set out in note 9 to the consolidated financial statements.

The principal elements of the Directors' remuneration package include basic salary, allowance and other benefits in kind, discretionary bonus and contributions to their pension scheme. The emoluments of the Directors are based on each Director's experience, responsibility, performance and the time devoted to the Group's business and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision as defined in the Hong Kong Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout this year. The Company has maintained Directors' liabilities insurance which provides appropriate cover for the Directors.

Pursuant to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties.

AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Richard Francis Celarc
Chairman
Sydney, 12 March 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

On 8 October 2018, the Company successfully listed on the Main Board of the Hong Kong Stock Exchange. As such, the Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules. This report describes the Company's corporate governance practices and explains the applications of the principles of the Code and deviations, if any.

Throughout the period from the Listing Date to 31 December 2018, the Company has complied with all applicable code provisions as set out in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the directors throughout the period from the Listing Date to 31 December 2018.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to the executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through the executive Directors who have attended Board meetings.

The Company has arranged for appropriate liability insurance for the Directors and officers of the Group to indemnify them from liabilities arising from any corporate activities.

All Directors have been provided, on a monthly basis, with updates on the Group's management information in order to keep them aware of the Group's affairs and which facilitates them with discharging their duties under the relevant requirements of the Listing Rules.

Board Nomination Policy and Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") and a board nomination policy (the "Board Nomination Policy") respectively to enhance board effectiveness and performance.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee assists the Board in making recommendations in respect of the appointment of any proposed candidate to the Board or re-appointment of any existing members of the Board in accordance to the Board Nomination Policy. The Nomination Committee shall consider a wide range of factors when assessing the suitability of a proposed candidate which include, among other things, (i) the reputation and integrity; (ii) the accomplishments, experience and reputation in the printing industry and/or other relevant sectors; (iii) the commitment in respect of sufficient time, interest and attention to the Company's business; (iv) the diversity aspects stipulated in the Board Diversity Policy; (v) the ability to assist and support management and make significant contributions to the Company's success; (vi) the compliance with the criteria of independence as prescribed under the Listing Rules for the appointment of an independent non-executive director; and (vii) other factors that the Nomination Committee or the Board may consider relevant and applicable from time to time.

The Nomination Committee will conduct a review of the Board Nomination Policy and the Board Diversity Policy, as appropriate. The Nomination Committee will also adhere to the Board Nomination Policy and Board Diversity Policy when making recommendation on any Board members' appointments.

Composition

The Board is comprised of seven Directors, three of whom are executive Directors, one is a non-executive Director and three are independent non-executive Directors as at 31 December 2018. The Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The participation of independent non-executive Directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Directors have no financial, business, family or other material/relevant relationship with one another.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Richard Francis Celarc, Mr. Lau Chuk Kin, Ms. Tang Tsz Ying and Mr. Paul Antony Young have each entered into a service contract with the Company for an initial term of three years starting from 28 May 2018 and each of whom is subject to retirement by rotation and re-election in accordance with the Bye-laws. Such service contract is subject to termination by either party giving not less than three months' prior written notice to the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a period of three years started from the Listing Date and each of whom is subject to retirement by rotation and re-election in accordance with the Bye-laws. Such letter of appointment is subject to termination by either party giving not less than one month's prior written notice to the other.

In accordance with No. 83(2) of the Bye-laws, all Directors will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

The Board considers that all of the independent non-executive Directors are independent and has received from each of them the annual confirmation of independence required by the Listing Rules.

The Board members for the year ended 31 December 2018 were:

EXECUTIVE DIRECTORS

Mr. Richard Francis Celarc (Chairman)
(appointed on 28 May 2018)
Mr. Lau Chuk Kin (appointed on 23 April 2018)
Ms. Tang Tsz Ying (appointed on 23 April 2018)

NON-EXECUTIVE DIRECTOR

Mr. Paul Antony Young (appointed on 28 May 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan David Yik Keung
(appointed on 8 October 2018)
Mr. David Ho (appointed on 8 October 2018)
Mr. Tsui King Chung David
(appointed on 8 October 2018)

From the Listing Date to 31 December 2018, the Board held one Board meeting. Details of the attendance record of the Board meeting are as follows:

Directors	Attended/Held Board meeting
Mr. Richard Francis Celarc	1/1
Mr. Lau Chuk Kin	1/1
Ms. Tang Tsz Ying	1/1
Mr. Paul Antony Young	1/1
Mr. Chan David Yik Keung	1/1
Mr. David Ho	1/1
Mr. Tsui King Chung David	1/1

The Board held another meeting on 12 March 2019 at which all the Directors attended and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 December 2018.

From the Listing Date to 31 December 2018, the Company did not hold any general meetings.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge responsibility for the preparation of the financial statements of the Group for the year ended 31 December 2018.

The Directors' responsibilities in the preparation of the financial statements and the auditors' responsibilities are set out in the Independent Auditor's Report contained in this annual report.

The Board is not aware of any material uncertainties relating to any events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems on an on-going basis. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. Business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to management through regular internal meetings.

CORPORATE GOVERNANCE REPORT

The Group handles and disseminates inside information with due care. Staff are required to comply with the confidentiality terms inside the staff manual. Only personnel at appropriate levels are given access to price sensitive information.

Appropriate policies and controls have been designed and established to ensure that (i) assets are safeguarded against improper use or disposal; (ii) relevant rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

In preparation for the Listing, the Company engaged an independent internal control adviser (the "IC Adviser") to perform a review of the Group's procedures, systems and internal controls (including accounting and management systems). Based on its review, whilst none of the findings were deemed by the IC Adviser to be material breaches of internal controls, the IC Adviser recommended certain internal control improvements and measures to further enhance the Group's internal control system which have since been adopted.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions for the year. The Board considers that the Group's risk management and internal control systems are adequate and effective.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Instead, a review on the internal control system will be conducted annually by an independent qualified accountant from 2019. The independent qualified accountant will assess the effectiveness of the Group's risk management and internal control systems. The review will cover major financial, operational business cycles and procedures undertaken by the Group on rotation basis and make recommendations for improving and strengthening the system.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Richard Francis Celarc is the chairman of the Company. The Chairman's responsibility is to oversee the functioning of the Board and the strategies and policies of the Group.

The Company has no specific individual named as chief executive officer and the daily operation and management of the Company is monitored by the executive Directors collectively with the discussion with management from time to time. The Board believes that this arrangement enables the Company to make decisions, operate and implement follow up actions quickly in response to the changing environment. The Board also believes that the Company has a strong corporate governance structure in place with clear responsibilities to ensure the balance of power and authority so that the power is not concentrated in any one individual.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director has been given induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest developments regarding the Listing Rules and other applicable statutory and regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organised by professional bodies or chambers in Hong Kong. All Directors are requested to provide the Company with their respective training records pursuant to the Code.

All Directors have participated in appropriate continuous professional development and refreshed their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development was completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related researches which are relevant to the business or Directors' duties.

CORPORATE GOVERNANCE FUNCTIONS

The Board delegated corporate governance functions to the executive Directors who are responsible for performing the following corporate governance duties:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

COMPANY SECRETARY

The company secretary of the Company is Ms. Tang Tsz Ying, a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Ms. Tang is also the executive Director and vice president – finance of the Company. For the detailed biography of Ms. Tang, please refer to the section headed "Directors and senior management profile" in this annual report. The company secretary assists the Board by ensuring good information flow within the Board and that Board's policies and procedures are followed. Ms. Tang has taken not less than 15 hours of relevant professional training in 2018.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was established in September 2018. It comprises one executive Director namely Mr. Lau Chuk Kin and three independent non-executive Directors, namely Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung David. The chairman of the Remuneration Committee is Mr. Tsui King Chung David.

The terms of reference of the Remuneration Committee are posted on the Company's website at www.leftfieldprinting.com. The principal functions include:

– to make recommendations to the Board on the Group's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

– to determinate the specific remuneration packages of all Directors and senior management; and

– to review and approve management's remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The principal elements of the executive Directors' remuneration package include basic salary, allowance and benefits in kind, discretionary bonus and contribution to the pension scheme. The emoluments of the executive Directors are based on each Director's experience, responsibility, performance and the time devoted to the Group's business and are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee consults the executive Directors about its proposals relating to the remuneration of other executive Directors. During the period from the Listing Date to 31 December 2018, a meeting of the members of the Remuneration committee was duly held for reviewing the remuneration policy and structure, assessing the performance of the executive Directors and determination of the annual remuneration packages of the executive Directors and the senior executives and other related matters.

From the Listing Date to 31 December 2018, the Remuneration Committee has held one meeting. Details of the attendance record of the committee meeting are as follows:

Remuneration Committee members	Attended/Held
Mr. Lau Chuk Kin	1/1
Mr. Chan David Yik Keung	1/1
Mr. David Ho	1/1
Mr. Tsui King Chung David	1/1

Pursuant to paragraph B.1.5 of the Code, the remuneration of the members of the senior management paid by the Group by band for the year ended 31 December 2018 is set out below:

Remuneration band	Number of individuals
Nil to A$200,000	7
A$200,001 – A$300,000	Nil
A$300,001 – A$400,000	Nil

NOMINATION COMMITTEE

The Nomination Committee of the Company was established in September 2018 comprising one executive Director namely Mr. Richard Francis Celarc and three independent non-executive Directors namely Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung David. The Chairman of the Nomination Committee is Mr. Richard Francis Celarc. The terms of reference of the Nomination committee are posted on the Company's website at www.leftfieldprinting.com.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition and diversity of the Board, identifying individuals suitably qualified to become Directors, selecting or making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession, and assessing the independence of the independent non-executive Directors.

The nomination of Directors of the Company for the period was confirmed prior to the listing of the Company on the Hong Kong Stock Exchange. There were no meetings held from the Listing Date to 31 December 2018.

The Nomination Committee held a meeting on 12 March 2019 at which all the committee members attended and, amongst other matters, reviewed the structure, size and composition of the Board, adopted the Board Nomination Policy, assessed the independence of the independent non-executive Directors; and recommended to the Board for consideration, the retirement and re-election of Directors at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was established in September 2018 comprising one non-executive Director namely Mr. Paul Antony Young and three independent non-executive Directors, namely Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung David. The chairman of the Audit Committee is Mr. David Ho.

The terms of reference of the Audit Committee are posted on the Company's website at www.leftfieldprinting.com. Under the terms of reference, the Audit Committee is responsible for overseeing the relationship between the Company and its external auditors, reviewing the Group's financial information and overseeing the Group's financial reporting, internal control and risk management systems. The principal function of the Audit Committee is to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor; (ii) review the financial statements and reports and consider any significant or unusual items contained in them; and (iii) review the effectiveness of the Company's financial reporting system, internal control systems and associated procedures.

During the period from the Listing Date to 31 December 2018, a meeting of the members of the Audit Committee was duly held to meet with the external auditors to discuss matters arising from the audit and the nature and scope of the audit and reporting obligations before the audit commenced.

The Audit Committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the Listing Rules.

From the Listing Date to 31 December 2018, the Audit Committee has held one meeting. Details of the attendance record of the committee meeting are as follows:

Audit Committee members	Attended/Held
Mr. Paul Antony Young	1/1
Mr. Chan David Yik Keung	1/1
Mr. David Ho	1/1
Mr. Tsui King Chung David	1/1

The Audit Committee held another meeting on 12 March 2019 at which all the committee members attended and, amongst other matters, considered and approved (i) for presentation to the Board for consideration and approval the audited consolidated financial statements for the year ended 31 December 2018; (ii) audit-related matters; (iii) review of the non-exempted continuing connected transactions of the Group; and (iv) review of the effectiveness of the risk management and internal control system of the Group.

AUDITOR'S REMUNERATION

The fees in relation to services provided by the Company's auditor and its related network firms for the year ended 31 December 2018 were as follows:

	AUD$'000
Audit and review of financial reports	
BDO Limited, Hong Kong	27
Other BDO network firms	80
	107
Other services *	
BDO Limited, Hong Kong	176
Other BDO network firms	131
	414

* Other services were mainly as reporting accountants on the issue of the Prospectus which were included in listing expenses.

DIVIDEND POLICY

On 12 March 2019, the Board approved and adopted a dividend policy. In deciding whether to propose a dividend and determining the dividend amount, the Board shall take into account, inter alia, the following factors:

– the Group's actual and expected financial results;

– the Group's working capital requirements, capital expenditure requirements and future expansion plans;

– the Group's liquidity position;

– the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group's lenders;

– the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group; and

– any other factors that the Board may consider relevant.

The payment of dividend is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda and the Bye-laws.

The Board shall review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company adopted a shareholders' communication policy in October 2018 reflecting mostly the current practices of the Company for communication with its shareholders. Information will be communicated to shareholders through:

– continuous disclosure to the Hong Kong Stock Exchange of all material information;

– periodic disclosure through the annual and interim reports;

– notices of meetings and explanatory material;

– the annual general meetings and other general meetings; and

– the Company's website at www.leftfieldprinting.com.

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation. The Company will invite the external auditors to attend the AGM to answer questions from shareholders.

SHAREHOLDERS' RIGHTS

(i) Procedures for members to convene a special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda and its principal place of business in Hong Kong, for the attention of the company secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit of requisition, the Board fails to proceed to convene such meeting, the shareholders concerned themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act, but any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The written requisition must state the purposes of the general meeting, signed by the shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the company secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

The notice period to be given to all the registered shareholders for consideration of the proposal raised by the shareholders concerned at a SGM is at least fourteen clear days' and not less than ten clear business days, or shorter if permitted by the Listing Rules.

(ii) Procedures for a member to propose a person for election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section of the Company's website at www.leftfieldprinting.com.

(iii) Procedures for directing shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong or by e-mail to investor@leftfieldprinting.com for the attention of the company secretary.

(iv) Procedures for putting forward proposals at a general meeting

(i) Shareholders holding not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM, or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholders concern and deposited at the Company's registered office in Bermuda and its principal place of business in Hong Kong for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

CORPORATE GOVERNANCE REPORT

If the written request is in order, the company secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF LEFT FIELD PRINTING GROUP LIMITED
澳獅環球集團有限公司
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Left Field Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 113, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Valuation of inventories

Refer to Note 15 and the Group's significant accounting policies and critical accounting estimates and judgements in relation to valuation of inventories set out in Note 2.7 and Note 4(iv) to the consolidated financial statements, respectively.

As at 31 December 2018, the Group held inventories of AUD7,921,000.

Valuation of inventories is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining the provision for obsolescence.

Our response

To determine whether the valuation of inventories was appropriate at reporting date we performed, amongst others, the following audit procedures:

– Assessed the Group's accounting policy for the valuation of inventories and provisioning against inventory obsolescence to ensure these have been appropriately formulated in accordance with International Financial Reporting Standards;

– Attended and observed management's inventory count procedures by an component auditor to review the condition of the Group's inventories and identify slow moving excess and obsolete inventories;

– Assessed the reasonableness of assumptions applied by the Group in determining the provision for obsolescence in comparison to recent sales experience and to ageing of inventories on hand at year-end;

– Reviewed inventories of raw materials on hand at year-end to purchase invoices and assessed the reasonableness on the absorption method of production overheads on a sampling basis to work-in-progress and finished goods on hand at year-end;

– Checked the subsequent sales invoices on a sampling basis and compared inventories' carrying amount to their net realisable value;

– Analysed inventories turnover days by inventories' category in comparison to the previous year; and

– Tested the inventory aging report which is used by management to identify slow moving, excess and obsolete inventories on a sampling basis.

Impairment of trade receivables

Refer to Note 16 and the Group's significant accounting policies and critical accounting estimates and judgements in relation to valuation of trade receivables set out in Note 2.6 and Note 4(iii) to the consolidated financial statements, respectively.

As at 31 December 2018, the Group held trade receivables of AUD11,891,000.

Impairment of trade receivables is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining the impairment of trade receivables.

Our response

To determine whether impairment of trade receivables was appropriate at reporting date we undertook, amongst others, the following audit procedures:

– Evaluated the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses;

– Assessed, on a sampling basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices;

– Assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

– Checked the subsequent cash receipts from customers after the financial year end relating to trade receivables balances as at 31 December 2018, on a sampling basis.

INDEPENDENT AUDITOR'S REPORT

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 12 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018	2017
		AUD'000	AUD'000
Revenue	6	79,398	79,206
Direct operating costs		(61,511)	(61,213)
Gross profit		17,887	17,993
Other income	6	7,960	1,954
Selling and distribution costs		(6,005)	(5,410)
Administrative expenses		(6,522)	(6,591)
Other expenses		(4,791)	–
Finance costs	7	(51)	(34)
Profit before income tax	8	8,478	7,912
Income tax expense	10	(1,029)	(2,222)
Profit for the year		7,449	5,690
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Recognition to profit or loss on deregistration/ disposal of subsidiaries		(4,840)	(101)
Exchange differences on translation of foreign operations		–	160
Other comprehensive income for the year, net of tax		(4,840)	59
Total comprehensive income for the year		2,609	5,749
Profit for the year attributable to:			
Owners of the Company		7,449	5,690
Total comprehensive income attributable to:			
Owners of the Company		2,609	5,749
Earnings per share for profit attributable to owners of the Company during the year			
Basic and diluted	12	AUD1.75 cents	AUD1.42 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018	2017
		AUD'000	AUD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	9,744	7,003
Deferred tax assets	13	3,006	2,460
Deposits for acquisition of property, plant and equipment		518	–
		13,268	9,463
Current assets			
Inventories	15	7,921	5,331
Trade receivables	16	11,891	10,870
Other receivables, deposits and prepayment	17	915	1,262
Current tax recoverable		299	226
Pledged deposit	18	1,056	–
Cash and cash equivalents	19	29,650	25,673
		51,732	43,362
Current liabilities			
Trade and other payables	20	7,035	10,607
Finance lease liabilities	21	110	56
Provisions	22	3,752	3,611
		10,897	14,274
Net current assets		40,835	29,088
Total assets less current liabilities		54,103	38,551
Non-current liabilities			
Finance lease liabilities	21	352	199
Provisions	22	684	1,940
Deferred tax liabilities	13	427	422
		1,463	2,561
Net assets		52,640	35,990

	Notes	2018	2017
		AUD'000	AUD'000
EQUITY			
Share capital	23	917	–
Reserves	25	51,723	35,990
Total equity		52,640	35,990

On behalf of the directors

Richard Francis Celarc
Director

Lau Chuk Kin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Merger reserve	Foreign currency translation reserve	Share option reserve	Retained earnings	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Balance at 1 January 2017	–	6,036	4,781	4,810	13,103	28,730
Profit for the year	–	–	–	–	5,690	5,690
Other comprehensive income, net of tax	–	–	59	–	–	59
Total comprehensive income for the year	–	–	59	–	5,690	5,749
Transactions with owners in their capacity as owners						
Dividends (Note 11)	–	–	–	–	(2,134)	(2,134)
Share buyback in a subsidiary	–	(3,339)	–	–	–	(3,339)
Share option exercised in a subsidiary	–	11,794	–	(4,810)	–	6,984
Total transactions with owners	–	8,455	–	(4,810)	(2,134)	1,511
Balance at 31 December 2017	–	14,491	4,840	–	16,659	35,990

	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	–	–	–	14,491	4,840	–	16,659	35,990
Profit for the year	–	–	–	–	–	–	7,449	7,449
Other comprehensive income, net of tax	–	–	–	–	(4,840)	–	–	(4,840)
Total comprehensive income for the year	–	–	–	–	(4,840)	–	7,449	2,609
2018 proposed final dividend (Note 11)	–	–	–	–	–	4,608	(4,608)	–
Transactions with owners in their capacity as owners								
Dividends (Note 11)	–	–	–	–	–	–	(14,750)	(14,750)
Dividend reinvestment in a subsidiary, net of expenses incurred	–	–	–	11,743	–	–	–	11,743
Total transactions with owners	–	–	–	11,743	–	–	(14,750)	(3,007)
Issue of shares pursuant to the group reorganisation (Note 23 (iii))	727	–	33,217	(33,944)	–	–	–	–
Issue of shares pursuant to the listing of the Company's shares (Note 23 (iv))	190	18,801	–	–	–	–	–	18,991
Capitalised expenses incurred in connection with issue of new shares (Note 23 (iv))	–	(1,943)	–	–	–	–	–	(1,943)
Balance at 31 December 2018	917	16,858	33,217	(7,710)	–	4,608	4,750	52,640

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018	2017
		AUD'000	AUD'000
Cash flows from operating activities			
Profit before income tax		8,478	7,912
Adjustments for:			
Unrealised foreign exchange (gain)/loss		(232)	162
Finance costs	7	51	34
Depreciation of property, plant and equipment	14	1,985	1,689
Impairment/(reversal of impairment) of trade receivables, net	16	2	(486)
Bad debt written-off	8	7	93
Write back of impairment inventories	15	(267)	(38)
(Gain)/loss on disposals of property, plant and equipment	8	(143)	40
(Gain)/loss on deregistration/disposals of subsidiaries	30	(4,840)	133
Reversal/write back of provision for leasehold dilapidations	6	(1,325)	–
Listing expenses	8	4,791	–
Net cash inflow generated from operating activities		8,507	9,539
(Increase)/decrease in trade and other receivables		(683)	4,135
Increase in inventories		(2,323)	(1,559)
Decrease in trade and other payables		(3,593)	(1,713)
Increase/(decrease) in provisions		178	(174)
Cash generated from operations		2,086	10,228
Income taxes paid, net		(1,643)	(2,263)
Net cash generated from operating activities		443	7,965

	Notes	2018	2017
		AUD'000	AUD'000
Cash flows from investing activities			
Net cash outflows on disposal of subsidiaries	30	–	(25)
Payments for purchase of property, plant and equipment		(4,638)	(1,083)
Deposits for acquisition of property, plant and equipment		(518)	–
Proceeds from disposals of property, plant and equipment		332	52
Increase in pledged deposit		(1,056)	–
Net cash used in investing activities		(5,880)	(1,056)
Cash flows from financing activities			
Payments for share buyback		–	(3,339)
Dividends paid		(2,963)	(2,134)
Transaction costs paid for dividend reinvestment in a subsidiary		(23)	–
Net proceeds from share options exercised		–	6,984
Listing expenses related to the issue of shares		(6,734)	–
Proceeds of issue of shares		18,991	–
Interest element of finance lease payments		(19)	(14)
Payments of finance lease liabilities		(70)	(48)
Net cash generated from financing activities		9,182	1,449
Net increase in cash and cash equivalents		3,745	8,358
Cash and cash equivalents at 1 January		25,673	17,519
Net effect of exchange fluctuations		232	(204)
Cash and cash equivalents at 31 December		29,650	25,673
Analysis of cash and cash equivalents			
Cash and bank balances	19	29,650	25,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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.

As at 31 December 2018, the Company's ultimate holding company is Lion Rock Group Limited, which was incorporated in Bermuda and is also a listed company on the Main Board of the SEHK.

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in Note 32 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. 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 consolidated financial statements of the Group have been prepared as if the current Group structure had been in existence throughout both years presented. Accordingly. the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 December 2017 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 2017. The consolidated statement of financial position of the Group as at 31 December 2017 had been prepared to present the assets and liabilities of the subsidiaries and/or business using the existing book values from the controlling shareholders' perspective. 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.

The consolidated financial statements for the year ended 31 December 2018 were approved for issue by the board of directors of the Company on 12 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 47 to 113 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standard Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The financial statements have been prepared under historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Group has early adopted all the new or amended IFRSs in prior years which were firstly effective during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

2.3 Subsidiaries

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

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.4 Foreign currency translation

The financial statements are presented in Australian Dollars ("AUD"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into AUD. Assets and liabilities have been translated into AUD at the closing rates at the reporting date. Income and expenses have been converted into AUD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in foreign currency translation reserve in equity.

2.5 Property, plant and equipment

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

Freehold land in Australia is not depreciated. Depreciation on other property, plant and equipment is provided to write-off their costs to their estimated residual value, over their estimated useful lives, using straight-line method, at the following rates per annum:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Assets held under finance leases are depreciated over their estimated useful lives or where shorter the term of the lease using the same method as owned assets in the same category.

2.6 Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group uses practical expedients when estimating lifetime ECLs on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables and finance lease liabilities, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Inventories

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

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

2.8 Cash and cash equivalents

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Leases

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

(i) *Classification of assets leased to the Group*

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

(ii) *Assets acquired under finance leases*

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

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

(iii) *Operating lease charges as the lessee*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Provisions and contingent liabilities

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

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

2.11 Share capital

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

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

2.12 Revenue recognition

In according with IFRS 15 Revenue from Contracts with Customers, as early adopted by the Group, revenue from contract with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Revenue recognition (Continued)

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Revenue recognition (Continued)

Sales of goods

Revenue arising from sales of goods is recognised at a point in time when the goods is transferred and the customer (i.e. publishers) has received the publications, since only by the time the Group has a present right to payment for the goods delivered. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days.

The Group's contracts with customers from the sale of goods provides customers a volume rebate if the customer purchase more than certain volume of goods in a calendar year. The volume rebates give rise to variable consideration. The Group estimated the expected volume rebates using the most likely amount of rebates approach and as a reduction of revenue as the sales are recognised.

Rendering of services

Revenue arising from provision of printing related services is recognised over time as those services are provided. Invoices for rendering of services are issued on a monthly basis and are usually payable within 30 days to 90 days.

Other income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of non-financial assets

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

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

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

2.14 Employee benefits

(i) Short term obligations

The liabilities for wages and salaries, including annual leave and long service leave expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

A provision is recognised for an amount expected to be paid under short-term cash bonus or profit sharing plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Employee benefits (Continued)

(ii) *Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave which is not expected to be settled within twelve months after the end of the reporting period in which the employees rendered the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises restructuring costs involving the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Employee benefits (Continued)

(iv) Defined contribution superannuation expense

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.15 Borrowing costs

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

2.16 Income taxes

Income tax for the year comprises current tax and deferred tax.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Income taxes (Continued)

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

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

2.17 Related parties

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

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions applies:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

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

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

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

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

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

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

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

2.18 Segment information

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

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Adoption of new or amended IFRSs

The Group has early adopted all the new or amended IFRSs in prior years which were firstly effective during the current year and relevant to the Group. Accounting policies of these early adopted are set out in Note 2 above.

3.2 New or amended IFRSs that have been issued but are not yet effective

At the date of this report, the following new or amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs[1]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventrure[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

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

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 New or amended IFRSs that have been issued but are not yet effective (Continued)

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the impact of the new or amended IFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these IFRSs will not result in material financial impact on the consolidated financial statements. Information on new or amended IFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non- urgent changes to standards where they are currently unclear. They include amendments to IFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non- urgent changes to standards where they are currently unclear. They include amendments to IAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non- urgent changes to standards where they are currently unclear. They include amendments to IAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 New or amended IFRSs that have been issued but are not yet effective (Continued)

Amendments to IAS 1 and IAS 8 – Definition of Material

The amendments clarify the definition of 'material' and align the definition used in the conceptual framework and the standards.

Amendments to IFRS 3 – Definition of a Business

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments have narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The amendment also remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

IFRS 16 – Leases

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

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3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 New or amended IFRSs that have been issued but are not yet effective (Continued)

IFRS 16 – Leases (Continued)

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

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As set out in Note 27, the future aggregate minimum lease payments under non-cancellable operating lease of the Group as at 31 December 2018 amounted to AUD3,357,000 (2017: AUD6,191,000). Based on current leasing patterns, the Group does not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that the certain portion of the lease commitment will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

IFRIC-Int 23 – Uncertainty over Income Tax Treatments

This interpretation is effective for accounting periods beginning on or after 1 January 2019. The interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the consolidated financial statements requires management to make judgement, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(ii) Estimation of useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iii) Impairment of receivables

Impairment of receivables assessment requires a degree of estimation and judgement. The policy for impairment of receivables of the Group is based on, where appropriate, the evaluation of risk of default and ECL rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting date.

(iv) Impairment of inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(v) Recognition of deferred tax assets

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

(vi) Provision for leasehold dilapidations

A provision has been made for the estimated cost of returning the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the consolidated statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

5. 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 board of directors.

(a) Description of segments

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

These individuals review the business primarily from a product and service offering perspective and have identified 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.

5. SEGMENT INFORMATION (Continued)

(a) Description of segments (Continued)

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 consolidated statement of profit or loss and other comprehensive income that are revenue from contracts with customer within the scope of IFRS 15.

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.

(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 directors and senior management ("EBITDA"). This measure is consistent with the presentation of financial information internally for management accounts purpose.

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

	2018	2017
	AUD'000	AUD'000
EBITDA on ordinary activities	9,900	9,527
Depreciation and amortisation	(1,985)	(1,689)
Net finance income	563	74
Profit before income tax	8,478	7,912

(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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

5. SEGMENT INFORMATION (Continued)

(e) Segment information

	Printing solutions and services	Corporate*	Total
	AUD'000	AUD'000	AUD'000
2018			
Total external revenue	79,398	–	79,398
Other income	1,752	1,219	2,971
Gain on deregistration of a subsidiary (Note 6(b)(ii))	–	4,840	4,840
Operating expenses#	(71,126)	(6,183)	(77,309)
EBITDA	10,024	(124)	9,900
Depreciation expenses	(1,822)	(163)	(1,985)
Net finance (cost)/income	(62)	625	563
Profit before income tax	8,140	338	8,478
Total consolidated segment result	8,140	338	8,478
2017			
Total external revenue	79,206	–	79,206
Other income	1,096	521	1,617
Operating expenses#	(69,861)	(1,435)	(71,296)
EBITDA	10,441	(914)	9,527
Depreciation expenses	(1,604)	(85)	(1,689)
Net finance (cost)/income	(42)	116	74
Profit before income tax	8,795	(883)	7,912
Total consolidated segment result	8,795	(883)	7,912

* 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.

6. REVENUE, OTHER INCOME AND GAINS

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

The Group has assessed that the disaggregation of revenue by operating segments in Note 5 is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Chief Operating Decision Maker in order to evaluate the financial performance of the entity.

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

	2018	2017
	AUD'000	AUD'000
Customer A	9,683	*

* Amount of revenue from such customer was less than 10% of the Group's total revenue in 2017.

The following table provides information about contract liabilities from contracts with customers.

	2018	2017
	AUD'000	AUD'000
Contract liabilities (Note 20)	302	–

Contract liabilities mainly relate to the advances received from customers.

The Group has applied the practical expedient to its sales of goods and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

6. REVENUE, OTHER INCOME AND GAINS (Continued)

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

	2018	2017
	AUD'000	AUD'000
Scrap recoveries	617	650
Reversal of impairment of trade receivables	–	463
Exchange gain, net	283	–
Reversal/Write back of provision for leasehold dilapidations (Note (i) below)	1,325	239
Gain on disposals of property, plant and equipment	143	–
Interest income	381	326
Insurance refunds	149	31
Gain on deregistration of a subsidiary (Note (ii) below)	4,840	–
Others (Note (iii) below)	222	245
	7,960	1,954

Notes:

(i) Reversal/write back of provision for leasehold dilapidations in current year was as a result of renewal of a lease arrangement with the landlord and updated assessment on the estimated cost of leasehold dilapidations. Accordingly, provision for leasehold dilapidations of AUD1,325,000 was reversed and recognised in profit or loss for the year.

(ii) 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 for the year.

(iii) The balance mainly included reversal of overprovision/accrual in prior years.

7. FINANCE COSTS

	2018	2017
	AUD'000	AUD'000
Finance lease charges	19	14
Other interest expenses	32	20
	51	34

8. PROFIT BEFORE INCOME TAX

	2018	2017
	AUD'000	AUD'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i) below)	107	156
Bad debts written-off	7	93
Cost of inventories recognised as expense	24,799	24,536
Depreciation of property, plant and equipment (Note 14 and Note (ii) below)		
– Owned	1,903	1,633
– Held under finance leases	82	56
Write back of inventories (Note 15)	(267)	(38)
Provision for/(reversal of) impairment of trade receivables (Note 16)	2	(463)
Exchange (gain)/loss, net	(283)	165
(Gain)/loss on disposals of property, plant and equipment	(143)	40
Gain on deregistration of a subsidiary (Note 6(b)(ii))	(4,840)	–
Loss on disposals of a subsidiary (Note 30)	–	133
Lease payments related to operating leases	3,059	2,553
Listing expenses (Note (iii) below)	4,791	–
Employee benefits expense (Note (iv) below)		
Salaries, wages and other staff costs	23,720	23,214
Superannuation (Note (v) below)	1,793	1,887
	25,513	25,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

8. PROFIT BEFORE INCOME TAX (Continued)

Notes:

(i) Auditor's remuneration for other services paid during the year accumulated to AUD307,000 (mainly as reporting accountants on the issue of the prospectus and included in listing expenses) (2017: AUD32,000, included in administrative expenses).

(ii) Depreciation charges of AUD1,548,000 (2017: AUD1,369,000) and AUD437,000 (2017: AUD320,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iii) The amount was included in other expenses for the year.

(iv) Employee benefits expense of AUD20,248,000 (2017: AUD20,190,000), AUD2,045,000 (2017: AUD1,814,000) and AUD3,220,000 (2017: AUD3,097,000) have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

(v) A subsidiary, OPUS Group Limited ("OPUS") and its controlled entities contribute to a number of superannuation funds. The funds provide benefits on a cash accumulation basis for employees or their dependants on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. The Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to the Group contributions, as specified by the rules of the fund.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The aggregate amounts of the emoluments paid or payable to the directors are as follows:

	Fee	Salaries, allowances and benefits in kind	Post-employment benefits	Long-term benefits	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
2018					
Executive directors					
Mr. Richard Francis Celarc	150	50	5	–	205
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	150	14	1	165
Non-executive director					
Mr. Paul Antony Young	–	57	5	–	62
Independent non-executive directors					
Mr. Chan David Yik Keung	10	–	–	–	10
Mr. David Ho	10	–	–	–	10
Mr. Tsui King Chung David	10	–	–	–	10
	180	257	24	1	462
2017					
Executive directors					
Mr. Richard Francis Celarc	267	–	–	–	267
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ting	–	120	11	5	136
Non-executive director					
Mr. Paul Antony Young	–	64	6	–	70
Independent non-executive directors					
Mr. Chan David Yik Keung	–	–	–	–	–
Mr. David Ho	–	–	–	–	–
Mr. Tsui King Chung David	–	–	–	–	–
	267	184	17	5	473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' emoluments (Continued)

Notes:

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

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

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

(iv) Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung David were all appointed as Independent Non-Executive directors on 28 May 2018 with an effective date from 8 October 2018.

During each of the two years ended 31 December 2018 and 2017, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2017: one) director whose emolument is reflected in the analysis presented above. Emoluments payable to the remaining four (2017: four) individuals during the year are as follows:

	2018	2017
	AUD'000	AUD'000
Salaries, allowances and benefits in kind	527	620
Discretionary bonus	6	–
Post-employment benefits	35	56
	568	676

Emolument paid or payables to each of the above non-director individuals for the year fell within the following band:

	2018	2017
	Number of individuals	Number of individuals
Nil to HK$1,000,000	4	4

During the year ended 31 December 2018, AUD93,000 was paid by the Group to one of the five highest paid individuals as compensation for loss of office (2017: Nil). No emoluments were paid by the Group to the directors or any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	AUD'000	AUD'000
Current tax expense – Australia	1,600	2,102
Deferred tax (Note 13)	(541)	293
Over provision in prior years	(30)	(173)
Total income tax expense	1,029	2,222

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2018 and 2017. The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2017: 30%) on the estimated assessable profits.

(b) Reconciliation of income tax expense

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2018	2017
	AUD'000	AUD'000
Profit before income tax	8,478	7,912
Income tax using the Group's domestic tax rate (30%)	2,543	2,374
Tax rate difference in overseas entities	15	(156)
Tax effect of non-assessable income	(1,531)	(64)
Tax effect of non-deductible expenses	32	242
Utilisation of previously unrecognised tax losses	–	6
Over provision in prior years	(30)	(173)
Others	–	(7)
Total income tax expense	1,029	2,222

10. INCOME TAX EXPENSE (Continued)

(c) Tax losses

	2018 AUD'000	2017 AUD'000
Unused tax losses for which no deferred tax asset has been recognised	112	101

The Group has capital losses, for which no deferred tax asset is recognised on the consolidated statement of financial position, of AUD7,538,000 as at 31 December 2018 and 2017. These are available indefinitely for offset against future capital gains, subject to relevant tax tests.

11. DIVIDENDS

	2018 AUD'000	2017 AUD'000
Final dividend paid in respect of prior year AUD0.01 (2017: AUD0.01) per share (Note (i) below)	1,054	1,067
Interim and special dividends paid in respect of current year AUD0.13 (2017: AUD0.01) per share (Note (i) and (ii) below)	13,696	1,067
	14,750	2,134

At a meeting held on 12 March 2019, the directors recommended a final dividend of HKD0.05 (approximately AUD0.01) per ordinary share. Those proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2018.

There are no income tax consequences related to the payment of dividends by the Company to its shareholders.

Notes:

(i) These dividends represented those declared by OPUS to its shareholders prior to the Reorganisation.

(ii) On 14 June 2018, OPUS declared the special dividend of AUD0.13 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 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. EARNINGS PER SHARE

The calculation of basic earnings per share amount is based on profit attributable to owners of the Company of approximately AUD7,449,000 (2017: AUD5,690,000) and on the weighted average number of ordinary shares of 426,361,879 (2017: 401,909,823) in issue during the year, on the assumption that the Reorganisation and the capitalisation issue in connection with the listing of the Company had been completed on 1 January 2017.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2017: Nil).

13. DEFERRED TAX BALANCES

(a) Deferred tax assets

Details of the deferred tax assets movement during the current and prior years are as follows:

	Plant and equipment	Employee benefit	Provision for leasehold dilapidations	Provision for impairment of inventory	Capital raising cost	Others	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2017	316	1,240	335	278	100	363	2,632
Credited/(charged) to profit or loss	(43)	(83)	174	(11)	(50)	(159)	(172)
At 31 December 2017 and 1 January 2018	273	1,157	509	267	50	204	2,460
Credited/(charged) to profit or loss	(28)	44	(379)	(80)	1,074	(85)	546
At 31 December 2018	245	1,201	130	187	1,124	119	3,006

13. DEFERRED TAX BALANCES (Continued)

(a) Deferred tax assets (Continued)

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the consolidated statements of financial position. Deferred tax assets require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise the recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income.

At 31 December 2018, the Group had not recognised a deferred tax asset of AUD18,000 (2017:AUD29,000) in respect of tax losses due to the unpredictable future taxable profits will be available against which the tax losses can be utilised amount.

(b) Deferred tax liabilities

Details of deferred tax liabilities movement during the current and prior years are as follows:

	Plant and equipment	Inventories	Others	Total
	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2017	147	106	48	301
Charged to profit or loss	6	5	110	121
At 31 December 2017 and 1 January 2018	153	111	158	422
Charged/(credited) to profit or loss	(54)	84	(25)	5
At 31 December 2018	99	195	133	427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. 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 2017							
Cost	2,632	47,887	455	314	1,516	3,083	55,887
Accumulated depreciation and impairment	(1,134)	(42,531)	(378)	(304)	(1,465)	(3,012)	(48,824)
Net book amount	1,498	5,356	77	10	51	71	7,063
Year ended 31 December 2017							
Opening net book amount	1,498	5,356	77	10	51	71	7,063
Additions	–	1,228	19	–	499	7	1,753
Disposals	–	(92)	–	–	–	–	(92)
Disposal of a subsidiary (Note 30)	–	(29)	(2)	–	–	(1)	(32)
Depreciation for the year	(177)	(1,369)	(27)	(2)	(85)	(29)	(1,689)
Closing net book amount	1,321	5,094	67	8	465	48	7,003
At 31 December 2017							
Cost	2,632	48,454	461	293	1,990	3,035	56,865
Accumulated depreciation and impairment	(1,311)	(43,360)	(394)	(285)	(1,525)	(2,987)	(49,862)
Net book amount	1,321	5,094	67	8	465	48	7,003
Year ended 31 December 2018							
Opening net book amount	1,321	5,094	67	8	465	48	7,003
Additions	–	4,699	36	34	115	31	4,915
Disposals	–	(60)	–	–	(129)	–	(189)
Depreciation for the year	(176)	(1,548)	(26)	(4)	(202)	(29)	(1,985)
Closing net book amount	1,145	8,185	77	38	249	50	9,744
At 31 December 2018							
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

As at 31 December 2018 and 2017, the Group's freehold land and buildings were situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2018 included the net carrying amount of AUD441,000 (2017: AUD246,000) held under finance leases (Note 21).

15. INVENTORIES

	2018	2017
	AUD'000	AUD'000
Raw materials	7,894	5,478
Work-in-progress	319	303
Finished goods	333	442
Less: Provision for impairment of inventories	(625)	(892)
	7,921	5,331

During the year, the Group wrote back of impairment of inventories of AUD267,000 (2017: AUD38,000). These amounts are included in "direct operating costs" in profit or loss.

16. TRADE RECEIVABLES

	2018	2017
	AUD'000	AUD'000
Trade receivables	12,007	10,984
Less: Provision for impairment	(116)	(114)
	11,891	10,870

Movement in the provision for impairment loss on trade receivables is as follows:

	2018	2017
	AUD'000	AUD'000
Balance at the beginning of the year	114	600
Amount write off	(7)	(23)
Impairment losses recovered	9	(463)
Balance at the end of the year	116	114

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16. TRADE RECEIVABLES (Continued)

Ageing analysis of trade receivables, net of provision as at 31 December 2018, based on the invoice date, is as follows:

	2018	2017
	AUD'000	AUD'000
0 – 30 days	5,274	5,144
31 – 60 days	4,443	2,936
61 – 90 days	1,856	2,071
91 – 120 days	229	402
121 – 150 days	73	278
Over 150 days	16	39
	11,891	10,870

In general, the Group allows a credit period from 30 to 90 days (2017: 30 to 90 days) to its customers.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group early applied the simplified approach to provide the expected credit loss prescribed by IFRS 9. As at 31 December 2018, a provision of AUD116,000 (2017: AUD114,000) was made against the gross amounts of trade receivables (Note 34(c)).

As at 31 December 2018 and 2017, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2018	2017
	AUD'000	AUD'000
Sundry debtors	350	211
Prepayments	533	904
Deposits	32	147
	915	1,262

18. PLEDGED DEPOSIT

As at 31 December 2018, the pledged deposit was pledged to banking facilities of AUD820,000 (2017:Nil) (Note 29).

19. CASH AND CASH EQUIVALENTS

	2018	2017
	AUD'000	AUD'000
Cash on hand and at banks	29,650	25,673

Bank balances earn interest at floating rates based on daily bank deposit rates.

20. TRADE AND OTHER PAYABLES

	2018	2017
	AUD'000	AUD'000
Trade payables	3,507	5,487
Other payables and accruals:		
Other creditors	452	616
Sundry provisions and accruals	2,580	3,943
Contract liabilities	302	–
Receipts in advance	–	240
Provision for pay-as-you-earn/pay-as-you-go	17	38
GST payables	177	283
	3,528	5,120
	7,035	10,607

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20. TRADE AND OTHER PAYABLES (Continued)

As at 31 December 2018, ageing analysis of trade payables based on invoice date is as follows:

	2018	2017
	AUD'000	AUD'000
0 – 30 days	2,058	2,196
31 – 60 days	1,074	2,394
61 – 90 days	311	669
91 – 120 days	5	86
Over 120 days	59	142
	3,507	5,487

Credit terms granted by the suppliers are generally 0 to 90 days (2017: 0 to 90 days).

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation to their fair values.

Contract liabilities

Breakdown of contract liabilities is as follows:

	2018	2017
	AUD'000	AUD'000
Contract liabilities arising from:		
Sale of goods	302	–

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sale of goods

The Group may take a certain deposits on acceptance of the order, with the remainder of the consideration payable at the earlier of delivery of the finished goods. The deposits remain as contract liabilities until such time as the goods delivered. No element of financing is deemed present as the sales are made with a credit term which is consistent with market practice.

Movements in contract liabilities

	2018
	AUD'000
Balance at 1 January	–
Increase in contract liabilities as a result of proceeds received in advance from customers	302
Balance at 31 December	302

21. FINANCE LEASE LIABILITIES

	2018	2017
	AUD'000	AUD'000
Total minimum lease payments:		
Due within one year	134	71
Due in the second to fifth years	385	220
	519	291
Future finance charges on finance leases	(57)	(36)
Present value of finance lease liabilities	462	255

	2018	2017
	AUD'000	AUD'000
Present value of minimum lease payments:		
Due within one year	110	56
Due in the second to fifth years	352	199
	462	255
Less: Portion due within one year included under current liabilities	(110)	(56)
Non-current portion included under non-current liabilities	352	199

The Group entered into finance leases for various items of machineries. The leases runs for an initial period of five years (2017: five years) and does not have options to renew or any contingent rental provisions.

Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default of repayment by the Group.

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22. PROVISIONS

	2018	2017
	AUD'000	AUD'000
Current		
Employee benefits liability for annual leave and time in lieu	1,574	1,569
Employee benefits liability for long service leave	2,147	2,042
Provision for leasehold dilapidations	31	–
	3,752	3,611
Non-current		
Employee benefits liability for long service leave	282	245
Provision for leasehold dilapidations	402	1,695
	684	1,940
	4,436	5,551

Long service leave in Australia covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The amount is classified as current, since the Group does not have an unconditional right to defer settlement.

Leasehold dilapidations relate to the estimated cost of reinstalling the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. During the year, the Group has reversed the provision of AUD1,325,000 due to renewal of a lease arrangement with the landlord and updated assessment on the estimated cost of leasehold dilapidations (Note 6(b)(i)).

23. SHARE CAPITAL

	Notes	2018 Number	Amount
			HK$'000
Authorised:			
Initial authorised share capital upon incorporation	(i)	10,000,000	100
Increase in share capital upon Reorganisation	(ii)	9,990,000,000	99,900
		10,000,000,000	100,000
Issued and fully paid:			
Issue of ordinary shares upon incorporation	(i)	2	–
Issue of ordinary shares upon Reorganisation	(iii)	401,909,823	4,019
Repurchase and cancellation of initial ordinary shares upon listing on 8 October 2018 pursuant to the Reorganisation		(2)	–
Issue of ordinary shares upon listing	(iv)	105,000,000	1,050
At 31 December		506,909,823	5,069
			AUD'000
Presented as			917

Notes:

(i) The Company was incorporated in Bermuda on 18 April 2018 with an authorised share capital of HK$100,000 comprising 10,000,000 ordinary shares with a par value of HK$0.01 each, of which 2 fully paid shares were issued to two independent nominee shareholders in cash at par on 20 April 2018.

(ii) On 3 September 2018, the authorised share capital of the Company was increased from HK$100,000 to HK$100,000,000 by the creation of 9,990,000,000 ordinary shares of HK$0.01 each.

(iii) On 14 June 2018, as part of the Reorganisation, the Company entered into the scheme implementation agreement with OPUS to acquire the entire issued share capital of OPUS held by the existing shareholders of OPUS. Pursuant to which, on 8 October 2018, the Company issued 401,909,823 ordinary shares of HK$0.01 each to the shareholders of OPUS as consideration of exchanging the shares of OPUS. The sum of HK$4,019,000 (equivalent to AUD727,000) representing the par value of the ordinary shares of the Company, was credited to the Company's share capital. The remaining sum of HK$183,655,000 (equivalent to AUD33,217,000) was credited to share premium. Since then, the Company became the holding company of the subsidiaries now comprising the Group.

(iv) On 8 October 2018, pursuant to a share offer, the Company allotted and issued 105,000,000 ordinary shares of HK$0.01 each upon listing of shares on the SEHK at a price of HK$1.00 each. Part of the proceeds of HK$1,050,000 (equivalent to AUD190,000) representing the par value of the ordinary shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately HK$103,950,000 (equivalent to approximately AUD18,801,000) and listing expenses of AUD1,943,000 were credited and debited respectively to Company's share premium.

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24. SHARE-BASED PAYMENT TRANSACTIONS

On 4 September 2014, the Group signed a recapitalisation program deed and a placement agreement and completed on 3 November 2014. In 2014, OPUS issued to a wholly owned subsidiary of Lion Rock Group Limited 20 million share options to subscribe for 20 million shares of OPUS at a total exercise price of AUD7,000,000 (AUD$0.35 each), exercisable at any time up to and including 30 September 2017.

Details and movement of share options were as follows:

Grant date	Expiry date	Exercise price	As at 1 January 2017	Exercised	As at 31 December 2017
3/11/2014	30/09/2017	AUD0.35	20,000,000	(20,000,000)	–

For the options granted in November 2014, the valuation model inputs used to determine the fair value at the grant date, were as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
3/11/2014	30/09/2017	AUD0.38	AUD0.35	119.86%	0%	2.65%	AUD0.2405

25. RESERVES

Group

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 50 to 51. Nature and purpose of the reserves is as follows:

(a) *Share premium*

The application of the share premium account is governed by Section 40 of Bermuda Companies Act 1981 (as amended).

25. RESERVES (Continued)

Group (Continued)

(b) *Contributed surplus*

The contributed surplus represents the difference between the costs of investment in subsidiaries acquired pursuant to the Reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange thereof.

The Company's reserves available for distribution comprise its contributed surplus and retained earnings.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) *Merger reserve*

This represents the difference between the par value of the shares of the Company issued in exchange for the entire share capital of OPUS pursuant to the completion of the Reorganisation on 8 October 2018.

(d) *Foreign currency translation reserve*

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

The Group funded its foreign operations through the use of internal borrowings between the Group businesses. These borrowings which were taken out to provide additional equity to the New Zealand operations had been designated as a net investment in subsidiary.

(e) *Share option reserve*

The share option reserve comprised the fair value of the share option on issue. On 24 October 2014, the Group granted 20,000,000 options to a wholly owned subsidiary of Lion Rock Group Limited to subscribe for 20,000,000 shares of OPUS at a total exercise price of AUD7,000,000 (AUD0.35 each), exercisable at any time up to and including 30 September 2017 (refer to Note 24). Share option reserve was transferred to share capital upon the exercise of the share options in 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

25. RESERVES (Continued)

Company

Movements in the Company's reserves are as follows:

	AUD'000
Balance at 18 April 2018 (date of incorporation)	
Issue of shares pursuant to the Group Reorganisation (Note 23 (iii))	33,217
Issue of shares pursuant to the listing of the Company's shares (Note 23(iv))	18,801
Capitalised expenses incurred in connection with issue of new shares (Note 23(iv))	(1,943)
Profit for the year	44
Balance at 31 December 2018	50,119

26. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2018	2017
		AUD'000	AUD'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		33,944	–
Current assets			
Other receivables		63	–
Amounts due from a subsidiary		72	–
Cash and cash equivalents		16,995	–
		17,130	–
Current liabilities			
Other payables		38	–
		38	–
Net current assets		17,092	–
Net assets		51,036	–
EQUITY			
Share capital	23	917	–
Reserves	25	50,119	–
Total equity		51,036	–

On behalf of the directors

Richard Francis Celarc
Director

Lau Chuk Kin
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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27. OPERATING LEASE COMMITMENTS

As lessee

As at 31 December 2018, total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2018	2017
	AUD'000	AUD'000
Within one year	2,320	2,249
In the second to fifth years inclusive	1,037	3,942
	3,357	6,191

The Group leases a number of properties and production facilities under operating leases. The leases run for an initial period ranged from one to five years (2017: one to five years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

28. CAPITAL COMMITMENTS

As at 31 December 2018, the Group had the following capital commitments:

	2018	2017
	AUD'000	AUD'000
Contracted, but not provided for property, plant and equipment	4	456

29. PERFORMANCE BONDS

For the years ended 2017 and 2018, the obligations of the Group under Commercial agreements amounted AUD550,000.

As at 31 December 2018, this performance bonds are secured by a pledged deposit (Note 18) (2017: corporate guarantee which provide by the ultimate holding company).

30. DEREGISTRATION/DISPOSAL OF SUBSIDIARIES

2018

During the year ended 31 December 2018, the Group deregistered an indirectly wholly-owned subsidiary, OPUS Group NZ Holdings Limited ("OPUS NZ") that had been inactive and did not have any material assets and liabilities at the time of deregistration. Upon the deregistration, the corresponding foreign currency translation reserve in relation to OPUS NZ of AUD4,840,000 was released and recognised in profit or loss.

2017

In January 2017, the Group completed the disposal of its entire interest in Ligare Limited, a wholly owned subsidiary of OPUS incorporated in New Zealand at a cash consideration of approximately AUD1 (equivalent to New Zealand Dollars 1) resulting in a loss on disposal of approximately AUD133,000. Ligare Limited is engaged in production and distribution of published content and its net assets as at the date of disposal are as follows:

	AUD'000	AUD'000
Property, plant and equipment (Note 14)	32	
Inventories	31	
Cash and cash equivalents	25	
Other payables	(56)	
		32
Release of foreign currency translation reserve		101
		133
Loss on disposal of a subsidiary included in profit or loss for the year		133
Total consideration satisfied by cash		–
Net cash outflow arising on disposal:		
Cash and cash equivalents disposed of		(25)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. RELATED PARTY TRANSACTIONS AND BALANCES

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

Entity	Relationship with the Group	Nature of transactions	2018		As at 31 December 2018
			AUD'000		AUD'000
1010 Printing International Limited	Fellow subsidiary	Outwork	418	Payable	–
		Sales	98	Receivables	–
C.O.S. Printers Pte Ltd.	Fellow subsidiary	Outwork	50	Payable	–
Huizhou Huixing Printing Limited	Fellow subsidiary	Purchase of property, plant & equipment	525	Payable	–
Mr. Richard Francis Celarc	Director & shareholder	Rent and outgoings	711	Prepayment	–
		Consulting fees	150		

Entity	Relationship with the Group	Nature of transactions	2017		As at 31 December 2017
			AUD'000		AUD'000
1010 Printing International Limited	Fellow subsidiary	Outwork	1,025	Payable	–
		Sales	10	Receivable	–
C.O.S. Printers Pte Ltd.	Fellow subsidiary	Outwork	136	Payable	–
Ligare Limited	Related company	Sales	40	Receivable	–
Mr. Richard Francis Celarc	Director & shareholder	Rent and outgoings	711*	Prepayment	338*
		Consulting fees	267		

* During the year ended 31 December 2017, AUD1,049,000 was paid in relation to rent and outgoings, of which AUD711,000 related to 2017. The remaining balance of AUD338,000 relates to 2018 and has been recorded as a prepayment.

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in Note 9(a) to the consolidated financial statements.

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Disposal of a subsidiary

In January 2017, Mr. Richard Francis Celarc (a director of the Company) acquired Ligare Limited, a wholly owned subsidiary of the Group incorporated in New Zealand, for a consideration of NZD1. The sale of Ligare Limited resulted in an immaterial loss, which has been recorded in profit or loss (Note 30).

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of company	Date of incorporation	Country of incorporation/ establishment and kind of legal entity	Class of shares	Issued and fully paid share capital/ registered capital	Percentage of issued capital held by the Company ^	Principal activities
OPUS Group Limited ^	7 June 1983	Australia, limited liability company	Ordinary	AUD36,923,405 (2017: AUD25,157,176)	100%	Investment holding
OPUS Group NZ Holdings Limited *	6 August 2007	New Zealand, limited liability company	Ordinary	NZD6,050,000	Nil (2017: 100%)	Investment holding
OPUS Group (Australia) Pty Ltd	23 May 2007	Australia, limited liability company	Ordinary	AUD700,000	100%	Investment holding
CanPrint Holdings Pty Ltd	4 December 2008	Australia, limited liability company	Ordinary	AUD8,183,577	100%	Investment holding
Union Offset Co Pty Ltd	24 August 1967	Australia, limited liability company	Ordinary	AUD120,000	100%	Production of government printed matters and catalogues, operating manuals and promotions leaflets
CanPrint Communications Pty Limited	4 September 1997	Australia, limited liability company	Ordinary	AUD17,333	100%	Production of government printed matters and catalogues, operating manuals and promotions leaflets
Ligare Pty Limited	17 September 1979	Australia, limited liability company	Ordinary	AUD4	100%	Production of quick turnaround time education books and catalogues, operating manuals and promotions leaflets
McPherson's Printing Pty Limited	1 November 1971	Australia, limited liability company	Ordinary	AUD10,000	100%	Production of read-for-pleasure books and catalogues, operating manuals and promotions leaflets
Integrated Print and Logistics Management Pty Ltd	5 February 1999	Australia, limited liability company	Ordinary	AUD2,300	100%	Investment holding

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32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Notes:

^ Except OPUS Group Limited, all subsidiaries are indirectly held by the Company.

* The subsidiary was deregistered on 22 May 2018.

33. NOTES SUPPORTING STATEMENT OF CASH FLOWS

During the year, the Group entered into new finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of AUD277,000 (2017: AUD213,000).

Reconciliation of liabilities arising from financial activities:

	Finance lease liabilities (Note 21)
	AUD'000
At 1 January 2018	255
Changes from cash flows:	
Capital element of finance lease liabilities paid	(70)
Interest element of finance lease liabilities paid	(19)
Total changes from financing cash flows	(89)
Other changes:	
New finance leases	277
Finance charges on obligations under finance lease (Note 7)	19
	296
At 31 December 2018	462

34. FINANCIAL RISK MANAGEMENT

The Group is exposed through its operations to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies applicable to each entity. The currencies in which transactions are primarily denominated are Australian Dollars ("AUD"), New Zealand Dollars ("NZD"), US Dollars ("USD"), European Union Euros ("Euro") and Hong Kong Dollars ("HKD"). Management evaluates their foreign currency risk using cash flow forecasts with the objective of keeping its exposure to a minimum. The Group may in certain circumstances use forward exchange contracts to hedge its foreign currency risk. When used, the contracts would normally have maturities of less than one year at reporting date. The Group does not hold or issue financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

	2018	2017
	AUD'000	AUD'000
Assets		
Euro	50	–
HKD	15,948	–
NZD	–	277
USD	1,774	2,474
	17,772	2,751
Liabilities		
HKD	37	–

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34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity Analysis

Based on this exposure above, had the AUD weakened by 10%/strengthened by 5% against these foreign currencies with all other variables held constant, the Group's profit after income tax for the year ended 31 December 2018 and retained earnings as at 31 December 2018 would have been AUD1,773,000 higher/AUD887,000 lower (2017: AUD275,000 higher/AUD138,000 lower) as at 31 December 2018. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

(b) Interest rate risk

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

The Group's main interest rate risk arises from cash at bank. Cash at bank at variable rates expose the Group to interest rate risk. Finance leases issued at fixed rates expose the Group to fair value risk. As at each of the reporting period, the Group has no interest bearing liabilities issued at floating rate.

Sensitivity Analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit or loss. At 31 December 2018 it is estimated that an increase of one percentage point in interest rates would increase Group's profit before income tax for the year by approximately AUD307,000 (2017: AUD273,000).

(c) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalent, pledged deposit, trade receivables and other receivables and deposits. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk arising from cash and cash equivalent and pledged deposit, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions.

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The directors consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for approximately 39% (2017: 36%) of total revenue during the year ended 31 December 2018. In this regard, the Group's trade receivables are actively monitored to avoid significant concentrations of credit risk.

The Group also continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For other receivables and deposits, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

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34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

	Weighted average lifetime expected credit loss	Gross carrying amount AUD'000	Lifetime expected credit loss AUD'000	Net carrying amount AUD'000	Credit impaired
2018					
Collective assessment					
Not past due	0.1%	10,088	10	10,078	No
Past due:					
1 – 30 days	0.5%	1,072	5	1,067	No
31 – 60 days	1%	479	5	474	No
61 – 90 days	1%	106	1	105	No
Over 90 days	2%	171	4	167	Yes
		11,916	25	11,891	
Individual assessment	100%	91	91	–	Yes
		12,007	116	11,891	
2017					
Collective assessment					
Not past due	0.1%	7,953	8	7,945	No
Past due:					
1 – 30 days	0.5%	1,259	6	1,253	No
31 – 60 days	1%	1,073	11	1,062	No
61 – 90 days	1%	400	4	396	No
Over 90 days	2%	218	4	214	Yes
		10,903	33	10,870	
Individual assessment	100%	81	81	–	Yes
		10,984	114	10,870	

34. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

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

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

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 5 years
	AUD'000	AUD'000	AUD'000	AUD'000
2018				
Non-derivative financial liabilities				
Trade and other payables	6,556	6,556	6,556	–
Finance lease liabilities	462	519	134	385
	7,018	7,075	6,690	385

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 5 years
	AUD'000	AUD'000	AUD'000	AUD'000
2017				
Non-derivative financial liabilities				
Trade and other payables	10,084	10,084	10,084	–
Finance lease liabilities	255	291	71	220
	10,339	10,375	10,155	220

(e) Fair values

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

35. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The following table shows the carrying amount of the Group's financial assets and liabilities:

	2018	2017
	AUD'000	AUD'000
Financial assets		
Loan and receivables		
– Trade receivables	11,891	10,870
– Other receivables	350	211
– Deposits	32	147
– Pledged deposit	1,056	–
– Cash and cash equivalents	29,650	25,673
	42,979	36,901
Financial Liabilities		
Financial liabilities measured at amortised cost		
– Trade payables	3,507	5,487
– Other payables	3,049	4,597
– Finance lease liabilities	462	255
	7,018	10,339

Financial instruments not measured at fair value

Due to the short term nature, the carrying value of cash and cash equivalents, pledged deposit, trade receivables, other receivables and deposits, trade and other payables and finance lease liabilities approximates fair value.

36. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital employed includes share capital, reserves and finance lease liabilities.

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

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

The Group's policies in respect of capital management and allocation are reviewed regularly by the directors and did not change during the year.

The amount of capital employed as at 31 December 2018 amounted to approximately AUD53,102,000 (2017: AUD36,245,000).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements is set out below:

	Financial year ended 31 December			
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Revenue from continuing operations	80,745	86,977	79,206	79,398
Profit before income tax from continuing operations	4,701	8,362	7,912	8,478
Income tax benefits/(expense)	2,453	(2,854)	(2,222)	(1,029)
Profit after income tax from continuing operations	7,154	5,508	5,690	7,449
Profit after income tax from discontinued operations	4,893	9,386	–	–
Profit for the year	12,047	14,894	5,690	7,449
Attributable to:				
Owners of the Company	12,047	14,894	5,690	7,449

	As at 31 December			
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
ASSETS AND LIABILITIES				
Total assets	50,151	46,854	52,825	65,000
Total liabilities	22,502	18,124	16,835	12,360
Total equity	27,649	28,730	35,990	52,640

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

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

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

CORPORATE INFORMATION

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