



2015 HALF-YEAR REPORT

Opus International Consultants Ltd

HIGHLIGHTS

EBIT*

\$20.0m



up

40%

NPAT

\$15.9m



up

60%

REVENUE

\$255.7m



down

4%

HALF-YEAR DIVIDEND

*4.1 cents per share,
fully imputed*



up

2.5%

SPECIAL DIVIDEND

*2.0 cents per share,
fully imputed*

* Operating EBIT of \$11.9m excludes deferred consideration release of \$8.1m in Canada, relating to the purchase of Opus Stewart Weir.

Overview

Opus had a robust result for the first six months of the year; earnings before interest and tax (EBIT) increased by 40% to \$20.0m, and net profit after tax (NPAT) increased by 60% to \$15.9m.

Operating EBIT was \$11.9m, an increase of 2.3% on the prior year. The difference between EBIT and operating EBIT reflects a deferred consideration release of \$8.1m in Canada on the purchase of Opus Stewart Weir.

The increase in EBIT and NPAT was achieved despite a 4% revenue decrease to \$255.7m.

The New Zealand business improved strongly as a result of continuous improvements and specific initiatives taken in 2014-2015. These resulted in a 34% increase in operating EBIT to \$17.6m. This is what our continuous emphasis

on business improvement is all about.

Our business in the United Kingdom also continued to perform strongly, with an improvement of 280% in operating EBIT to \$1.4m.

As signalled earlier in the year, difficult market conditions persist in our other two main territories with their performances impacted by a general slowdown in the Australian economy and the evolving economic consequences of declining oil prices in Canada. Losses were recorded for Australia and Canada at -\$2.0m and -\$1.2m respectively.

We took early steps to mitigate these challenges and are working intensively to improve performance, including cost management and new strategies to win work.





NEW ZEALAND



The New Zealand business performed strongly in the first half of the year despite increased competition and tighter margins. Operating EBIT was up \$4.6m to \$17.6m, despite total revenue decreasing by \$2.6m to \$144.8m. Restructuring and other performance improvement initiatives to drive efficiency have increased productivity and EBIT margins.

Increased contract wins and the ongoing delivery of long-term contracts have also been key factors in the business's performance. Over the last year and a half we secured seven Network Outcome Contracts for the NZ Transport Agency and the business is well positioned to build on these successes with a further three contracts available in 2015. As part of various consortia, we have also secured a number of other key transport projects across the country.

These include the Huntly Section of the Waikato Expressway and the Auckland Southern Corridor, with capital values of \$458m and \$220m respectively. Significant opportunities exist outside the transport industry too. As part of the Interlink consortium, alongside our partners Portacom and Brewer Davidson Architects, we are providing master planning, architectural, engineering and planning, and services for modular transportable buildings as part of a major programme of work from the Ministry of Education.



UK



The United Kingdom's economy continues to show positive signs. Increased investment, business confidence, and our own performance improvement have led to strong results. Operating EBIT increased 280% to \$1.4m on the first half of 2014, and revenue increased 26% to \$33.6m.

The results reflect our strategic decision to focus on the core growth areas of transport asset management and rail. Increased activity and contracts with Network Rail, the Environment Agency and Hertfordshire County Council continue to build our market presence and profile.

Further opportunities exist in the transport asset management and rail sectors with bridge and station building management, electrification of the main rail lines, and more local government highway management contracts likely to be sources of revenue over the coming years.

The growth in further education construction programmes also provides a number of opportunities to work with universities.



CANADA & THE UNITED STATES



Oil prices continue to create instability in Canada's resources sector and this has impacted our profitability. Revenue decreased by 10% to \$51.6m and operating EBIT was -\$1.2m, down \$2.0m on the first half of 2014.

A deferred consideration release of \$8.1m was made with Opus Stewart Weir, our engineering, environmental and geomatics business in Canada, now not forecast to meet performance stretch targets set out in the acquisition agreement.

A number of cost saving measures, including a reduction in headcount by 65, have been implemented to ensure the business is agile enough to respond to the current market, work in hand, and upcoming prospects.

Despite the downturn, we have secured preliminary survey work with the Kinder Morgan Trans Mountain pipeline

expansion project and there remain many prospects in the oil and gas pipeline sector.

We are also aggressively pursuing liquid natural gas (LNG) opportunities. A major project announcement from Pacific North-West-LNG in British Columbia may result in infrastructure upgrades and development across the region.

We continue to pursue opportunities with Metro Vancouver on a major water supply project for the Coquitlam Water Treatment Plant coming up in the second half of the year.

In the United States, we are continuing to develop transport asset management services to prospective clients on the back of our successful long-term contracts with the Michigan Department of Transport and the Northern Carolina Department of Transport for whom we provide cost-saving highway maintenance solutions.

AUSTRALIA



The performance of the Australian business has been affected by the general slowdown in the economy. Revenue decreased by 23% to \$25.7m and operating EBIT was -\$2.0m, down \$2m on the first half of 2014.

The business conducted a full review and implemented a number of measures to improve performance, including closing three offices and reducing the headcount by 42. This resulted in \$800k in property and redundancy provisions. We anticipate the benefits of these actions will result in an improved second half performance.

Despite the economic downturn, the Australian Government has committed to an infrastructure growth package of AU\$11.6bn, taking total government investment to AU\$50bn by 2020. As part of an AU\$3.7bn investment programme, the government has also prioritised improvements in road infrastructure.

In conjunction with our partner Fulton Hogan, we have secured a long-term network alliance contract with VicRoads. There are also similar opportunities in New South Wales and Western Australia.

We continue to look at synergistic opportunities across the business and our Australian Opus Rail team have been able to work alongside our United Kingdom team to deliver work on the London North Western Route.

Significant opportunities are also beginning to emerge in passenger and freight rail, roading and facilities management so having a continued strong presence in the core geographic centres of Australia remains essential.

GLOBAL OPPORTUNITIES



We continue to grow our presence and profile in the Middle East. We secured a \$20m five-year contract with the Royal Commission of Jubail in the Kingdom of Saudi Arabia, where we operate as part of

HEALTH & SAFETY

We continue to improve our health and safety culture across the business. Key results include:

- increased focus on high potential near miss incidents to reduce harm
- a total recordable injury frequency rate of 3.2 injuries per 1 million hours worked
- over 465,623 hours worked since the last lost time injury
- a lost time injury rate of 0.72 per 1 million hours worked



our joint venture with Opus International Malaysia. We recently won another two asset management contracts with the Municipality of Abu Dhabi and are targeting future opportunities as a result. Revenue from these projects is expected to have a positive effect in the second half of the year onward following a period of set-up and operational costs.

In the past year we have secured road, water and energy contracts in Fiji, and there is significant potential for future growth. We recently won a contract to provide water and wastewater training to the Water Authority of Fiji as part of a joint initiative between the New Zealand and Fijian governments. The purchase of Fiji Roads Authority's materials testing laboratories will help expand our base of operations in the Pacific. As part of the purchase we have taken over the laboratories' existing work contracts, operations and its 33 staff.

- increased rigour on close out rates under our zero harm pledge to 'build workplaces which guarantee incidents will be investigated and action taken'.
- the introduction of a Safe Behaviour Observation application for web and mobile devices to promote good practice
- a strong relationship with our advisors International SOS to support staff working in higher risk environments such as the Pacific and East Africa.

SUMMARY

While economic uncertainty exists in some markets, the Group has responded well and continues to implement initiatives that will improve performance and drive success across the business. We are well underway on a fundamental refresh of our strategic plan and have recently completed a capital structure review which has resulted in an updated dividend policy.

Under this policy Opus has confirmed an interim dividend of 4.1 cents per share, and a special dividend of 2.0 cents per share, which are fully imputed.

Market diversification has provided clients with a greater range of services but growth must recognise our capabilities and asset management continues to be an important point of difference in the market.

Over recent years we have developed a much stronger team, more focused, capable and innovative. These changes are delivering substantial benefits but we still have a way to go – which is why we call it “continuous improvement”.

While we have been impacted by conditions in Australia and Canada, we are pleased with the improved performance in New Zealand and the United Kingdom as a result of a number of key initiatives and now look forward to building on that success.

Kerry McDonald
Chairman

Dr David Prentice
Chief Executive and Managing Director

Financials

INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

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CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	Note	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
		2015 \$000	2014 \$000	2014 \$000
OPERATING ACTIVITIES				
Operating Revenue		255,743	265,403	539,616
Operating Expenses	1	(238,136)	(249,328)	(497,190)
Operating Surplus		17,607	16,075	42,426
Equity Accounted Share of (Deficit) / Surplus of Joint Ventures		(985)	254	(334)
EBITDA		16,622	16,329	42,092
Depreciation and Amortisation		(4,734)	(4,705)	(9,540)
Operating EBIT	2	11,888	11,624	32,552
Deferred Consideration Release	3	8,142	2,646	11,496
Goodwill Impairment		-	-	(6,689)
EBIT		20,030	14,270	37,359
Interest Revenue		1,134	634	1,798
Interest Expense		(2,044)	(1,924)	(4,246)
OPERATING SURPLUS BEFORE TAX		19,120	12,980	34,911
Less Tax Expense	4	(3,232)	(3,043)	(8,671)
NET SURPLUS AFTER TAX		15,888	9,937	26,240

Earnings Per Share (Cents)

Basic Earnings Per Share	0.11	0.07	0.18
Diluted Earnings Per Share	0.11	0.07	0.17

The accompanying notes on pages 12 to 20 form part of and should be read in conjunction with this statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	Note	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
		2015 \$000	2014 \$000	2014 \$000
Net Surplus After Tax for the Period		15,888	9,937	26,240
OTHER COMPREHENSIVE INCOME:				
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:				
Actuarial (Loss) / Gain on Defined Benefit Plan		-	-	(687)
Income Tax Benefit / (Charge) Relating to Items That Will Never Be Reclassified to Profit or Loss		-	-	156
		-	-	(531)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:				
Exchange Gain / (Loss) on Translation of International Subsidiaries		12,297	(6,550)	(3,826)
Net (Loss) / Gain on Hedge of Net Investment		(5,445)	8,697	6,427
Income Tax Benefit / (Charge) Relating to Components of Other Comprehensive Income		801	(1,672)	(1,423)
		7,653	475	1,178
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		7,653	475	647
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		23,541	10,412	26,887

The accompanying notes on pages 12 to 20 form part of and should be read in conjunction with this statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	ORDINARY SHARES	CONVERTIBLE NOTES	EMPLOYEE BENEFITS	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Note	\$000	\$000	\$000	\$000	\$000	\$000
AT 1 JANUARY 2014	54,215	358	1,866	240	77,553	134,232
Other Comprehensive Income	-	-	-	475	-	475
Net Surplus for the Period	-	-	-	-	9,937	9,937
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	475	9,937	10,412
EQUITY TRANSACTIONS:						
Shares Issued (Net of Transaction Costs)	211	-	-	-	-	211
Convertible Notes Converted to Ordinary Shares	358	(358)	-	-	-	-
Share-Based Payment	-	-	44	-	-	44
Dividend Paid 6	-	-	-	-	(5,809)	(5,809)
Tax Credits on Supplementary Dividend 6	-	-	-	-	56	56
AT 30 JUNE 2014	54,784	-	1,910	715	81,737	139,146
AT 1 JANUARY 2015	55,514	-	1,281	1,418	92,121	150,334
Other Comprehensive Income	-	-	-	7,653	-	7,653
Net Surplus for the Period	-	-	-	-	15,888	15,888
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	7,653	15,888	23,541
EQUITY TRANSACTIONS:						
Shares Issued (Net of Transaction Costs) 5	18	-	-	-	-	18
Share-Based Payment	-	-	20	-	-	20
Dividend Paid 6	-	-	-	-	(7,308)	(7,308)
Tax Credits on Supplementary Dividend 6	-	-	-	-	48	48
AT 30 JUNE 2015	55,532	-	1,301	9,071	100,749	166,653

The accompanying notes on pages 12 to 20 form part of and should be read in conjunction with this statement.


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015 (UNAUDITED)

Note	(UNAUDITED) 30 JUNE		(AUDITED) 31 DECEMBER
	2015 \$000	2014 \$000	2014 \$000
NON-CURRENT ASSETS			
Property, Plant and Equipment	29,116	28,252	29,073
Investments in Joint Ventures	3,463	7,290	4,407
Intangible Assets	113,345	107,297	104,939
Defined Benefit Pension Asset	647	756	326
Deferred Tax Asset	12,489	10,735	11,553
Derivative Financial Instruments Asset	-	2,448	-
TOTAL NON-CURRENT ASSETS	159,060	156,778	150,298
CURRENT ASSETS			
Cash and Cash Equivalents	63,653	49,006	76,638
Receivables and Prepayments	79,446	66,751	78,018
Work in Progress	54,780	57,291	41,856
Tax Receivable	2,407	2,452	1,610
Derivative Financial Instruments Asset	2,462	3,397	2,894
TOTAL CURRENT ASSETS	202,748	178,897	201,016
TOTAL ASSETS	361,808	335,675	351,314
NON-CURRENT LIABILITIES			
Provisions for Employee Entitlements	7,295	7,849	7,159
Long Term Bank Borrowings	76,041	69,172	83,093
Finance Leases	2,532	1,963	2,748
Long Term Deferred Consideration 3	-	24,756	11,827
Deferred Tax Liability	70	-	627
Derivative Financial Instruments Liability	-	16	160
TOTAL NON-CURRENT LIABILITIES	85,938	103,756	105,614
CURRENT LIABILITIES			
Short Term Bank Borrowings	15,590	7,566	3,709
Finance Lease	2,102	1,240	2,076
Creditors, Accruals and Provisions	37,171	28,968	40,135
Tax Payable	419	216	2,167
Revenue in Advance	26,212	23,443	23,618
Provisions for Employee Entitlements	25,879	31,312	23,496
Derivative Financial Instruments Liability	1,844	28	165
TOTAL CURRENT LIABILITIES	109,217	92,773	95,366
NET ASSETS	166,653	139,146	150,334
EQUITY			
Ordinary Share Capital 5	55,532	54,784	55,514
Employee Benefits	1,301	1,910	1,281
Retained Earnings 6	100,749	81,737	92,121
Foreign Currency Translation Reserve	9,071	715	1,418
TOTAL EQUITY	166,653	139,146	150,334

For and on behalf of the Board, who authorised the issue of these interim financial statements on 18 August 2015.

Chairman 

Managing Director 

The accompanying notes on pages 12 to 20 form part of and should be read in conjunction with this statement.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	Note	SIX MONTHS ENDED (UNAUDITED) 30 JUNE		YEAR ENDED (AUDITED) 31 DECEMBER
		2015 \$000	2014 \$000	2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers		253,832	264,551	537,655
Interest Received		1,189	457	1,639
Payments to Suppliers and Employees		(247,731)	(252,223)	(493,305)
Interest Paid		(1,727)	(1,458)	(3,170)
Taxation Paid		(5,531)	(8,252)	(10,736)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	32	3,075	32,083
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Property, Plant and Equipment		5	4	2,328
Purchase of Property, Plant and Equipment and Intangible Assets		(2,570)	(7,263)	(13,392)
Dividends from Joint Ventures		225	324	705
Loan to Joint Ventures		(2,634)	-	-
Purchase of Investments		-	(4,235)	(7,248)
Gains from Forward Contracts		1,280	4,751	6,781
Cash Acquired on Acquisition of Subsidiary		-	432	432
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,694)	(5,987)	(10,394)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends Paid	6	(7,308)	(5,809)	(11,789)
Repayment of Finance Lease Obligations		(1,181)	(695)	(1,985)
Repayment of Long Term Borrowings		(13,256)	(4,699)	(7,492)
Share Capital Issued (Net of Transaction Costs)		-	-	645
Drawdown of Long Term Borrowings		9,918	18,227	34,338
NET CASH FLOWS FROM FINANCING ACTIVITIES		(11,827)	7,024	13,717
NET (DECREASE) / INCREASE IN CASH HELD		(15,489)	4,112	35,406
Reclassification from Long Term Borrowings to Short Term Borrowings		(10,145)	-	-
Foreign Exchange Adjustment		768	(343)	(148)
Cash at Beginning of the Period		72,929	37,671	37,671
CASH AT THE END OF THE PERIOD		48,063	41,440	72,929
COMPRISING:				
Cash at Bank		63,653	49,006	76,638
Short Term Bank Borrowings		(15,590)	(7,566)	(3,709)
		48,063	41,440	72,929

The accompanying notes on pages 12 to 20 form part of and should be read in conjunction with this statement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements of Opus International Consultants Limited (the “Company”) together with its subsidiaries (the “Group”) have been prepared in accordance with New Zealand Equivalent to International Accounting Standard (“NZ IAS”) 34 “Interim Financial Reporting”, issued by the External Reporting Board.

The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The functional and presentational currency of Opus International Consultants Limited is the New Zealand dollar and the financial statements are expressed in New Zealand dollars.

The interim financial statements of the Group for the six months ended 30 June 2015 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group’s annual report for the year ended 31 December 2014.

There are a number of amendments to accounting standards planned as part of the ongoing improvement process; none of these changes are expected to significantly impact on the Group.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The same methodology or approach to deriving significant judgements, estimates and assumptions included in the notes to the financial statements in the Group’s annual report for the year ended 31 December 2014 have been applied to these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

I. OPERATING EXPENSES

	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
INCLUDED IN OPERATING EXPENSES ARE THE FOLLOWING ITEMS:	2015 \$000	2014 \$000	2014 \$000
Employee Remuneration Expenses	141,034	145,824	294,063
Consultant and Sub-Contractor Expenses	39,613	42,751	82,662
Project Materials and Services Expenses	11,315	9,393	22,406
Premise Lease and Other Rental Expenses	12,062	11,378	22,748
Other Premises Expenses	2,156	2,330	4,941
Travel Related Expenses	9,411	14,762	26,529
Training and Other Employee Related Expenses	3,953	4,537	8,151
Communication and Office Administration Expenses	4,848	6,161	10,439
Information Technology Expenses	2,879	1,925	4,431
Insurance	1,685	1,674	3,152
Advertising and Promotion Expenses	1,015	1,212	2,405
Group Auditors – Audit Fees	259	264	518
Group Auditors – Taxation Services	-	-	8
Group Auditors – Other Assurance Services	-	-	9
Directors' Fees	189	189	378
Directors' Expenses	47	68	113
Legal and Other Consultants' Fees	1,801	1,682	3,081
Bad Debts Expense	118	115	327
Change in Provision for Doubtful Debts	267	248	402
Loss on Foreign Exchange Transactions	581	220	78
Loss on Sale of Property, Plant and Equipment	47	12	162
Fair Value Loss / (Gain)	66	(399)	(456)
Other Operating Expenses	4,790	4,982	10,643
TOTAL OPERATING EXPENSES	238,136	249,328	497,190

Expenses have been reclassified between categories where appropriate to provide more information.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

2. SEGMENTAL REPORTING

For management reporting purposes, the Group reports segments based on their geographic location. There are four reportable operating segments being New Zealand, United Kingdom, Australia and Canada. Unallocated corporate costs are included within Other. No significant operating segments have been aggregated to form the reportable operating segments above.

The majority of the Group's clients are in the government and quasi-government sector. The Group is a supplier of multidisciplinary consultancy and project management services across a range of disciplines including civil, mechanical and electrical engineering, land and building surveying, planning, and environmental, architectural and property management. Services supplied support asset development and asset management activities of the Group's clients.

Management monitors the operating results of its reporting segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating earnings before interest and tax ("operating EBIT") and is measured consistently with operating EBIT in the consolidated financial statements.

Transactions between operating segments are on an arm's length basis in a manner consistent with transactions with external customers.

Geographic segment information

For the six months ended 30 June 2015 (unaudited)

	NEW ZEALAND \$000	UNITED KINGDOM \$000	AUSTRALIA \$000	CANADA \$000	OTHER* \$000	TOTAL \$000
Segment Revenue:						
External Customers	144,793	33,612	25,680	51,554	104	255,743
Inter-Segment Revenue	254	57	242	250	(803)	-
Government Grants	-	-	-	-	-	-
Segment Result (operating EBIT)	17,629	1,436	(2,042)	(1,192)	(3,943)	11,888
Segment Total Assets	72,906	47,340	37,115	132,381	72,066	361,808

*includes unallocated corporate costs, inter-company eliminations and consolidation entries.

For the six months ended 30 June 2014 (unaudited)

	NEW ZEALAND \$000	UNITED KINGDOM \$000	AUSTRALIA \$000	CANADA \$000	OTHER* \$000	TOTAL \$000
Segment Revenue:						
External Customers	147,405	26,593	33,208	57,434	540	265,180
Inter-Segment Revenue	559	312	591	6	(1,468)	-
Government Grants	223	-	-	-	-	223
Segment Result (operating EBIT)	13,054	378	3	793	(2,604)	11,624
Segment Total Assets	71,304	34,260	45,974	124,633	59,504	335,675

*includes unallocated corporate costs, inter-company eliminations and consolidation entries.

For the year ended 31 December 2014 (audited)

	NEW ZEALAND \$000	UNITED KINGDOM \$000	AUSTRALIA \$000	CANADA \$000	OTHER* \$000	TOTAL \$000
Segment Revenue:						
External Customers	287,262	49,294	64,407	137,305	1,128	539,396
Inter-Segment Revenue	1,640	547	953	41	(3,181)	-
Government Grants	220	-	-	-	-	220
Segment Result (operating EBIT)	28,501	1,144	(675)	7,511	(3,929)	32,552
Segment Total Assets	64,682	32,075	36,150	141,957	76,450	351,314

*includes unallocated corporate costs, inter-company eliminations and consolidation entries.

The segment analysis for June 2014 has been restated for the reclassification of unallocated corporate costs from the New Zealand to Other segment.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

3. DEFERRED CONSIDERATION

The \$8.1m recognised in the income statement in the period is the change in the fair value remeasurement of the deferred consideration related to the purchase price of Stewart Weir & Co Ltd. This remeasurement arose due to the reassessment of the three year cumulative performance target at June 2015.

The remaining deferred consideration liability is payable to the vendors of Stewart Weir & Co Ltd. and is contingent on certain performance criteria being met.

	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
	2015 \$000	2014 \$000	2014 \$000
Short Term – Deferred Consideration	10,492	3,296	5,358
Long Term – Deferred Consideration	-	24,756	11,827
Total Deferred Consideration	10,492	28,052	17,185

4. TAXATION

The corporate tax rate in New Zealand is 28% (30 June 2014: 28%).

The income tax expense in the interim financial statements includes a reduction in the corporate tax rate in the United Kingdom from 21% to 20% effective 1 April 2015 (2014: 23% to 21%).

The low effective tax rate of 16.9% (June 2014: 23.4%, December 2014: 24.8%) is primarily influenced by the deferred consideration release which is not taxable. The underlying effective tax rate is 29.4% (June 2014: 29.4%, December 2014: 28.8%).

5. EQUITY – ORDINARY SHARE CAPITAL

During the period ended 30 June 2015, the Company had the following movements in ordinary share capital.

	ORDINARY SHARE CAPITAL \$000	NO. OF SHARES	ACCUMULATED NO. OF SHARES
AS AT 1 JANUARY 2015	55,514	147,838,481	147,838,481
Shares issued as part of executive bonus payment	18	13,637	147,852,118
AS AT 30 JUNE 2015	55,532	147,852,118	147,852,118

As at 30 June 2015 the Company holds 939,267 treasury shares (30 June 2014: 304,714, 31 December 2014: 699,587) and 2,013,390 shares (30 June 2014: 3,072,991, 31 December 2014: 2,266,707) are held in trust for the Employee Share Ownership Plan.

6. EQUITY – RETAINED EARNINGS

	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
	2015 \$000	2014 \$000	2014 \$000
BALANCE AT BEGINNING OF PERIOD	92,121	77,553	77,553
Net Surplus for the Period	15,888	9,937	26,240
Dividend on Ordinary Shares	(7,308)	(5,809)	(11,789)
Tax Credit on Supplementary Dividend	48	56	117
BALANCE AT END OF PERIOD	100,749	81,737	92,121

Dividends of \$7.3 million were declared and paid during the period ended 30 June 2015 (30 June 2014: \$5.8 million, year ended 31 December 2014: \$11.8 million) representing 4.9 cents per ordinary share (30 June 2014: 3.9 cents per ordinary share, year ended 31 December 2014: 7.9 cents per ordinary share).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

7. RELATED PARTY TRANSACTIONS

Opus International Consultants Limited is a company incorporated in New Zealand. The immediate holding company of the majority shareholder (Opus International (NZ) Limited) is Opus Group Bhd, a company incorporated in Malaysia, and the ultimate holding company and controlling entity is Khazanah Nasional Berhad, a company incorporated in Malaysia.

The parent company provides consultancy services to Opus Group Bhd and joint ventures NZ Water and Environment Training Academy, Total Bridge Services, Opus Consultants DMCC, Opus Middle East LLC, Opus Al-Dauliyyah LLC, Marlborough Roads JV, Capital Journeys JV and Jacobs Opus Huntly JV. Opus International Consultants (UK) Limited provides consultancy services to the HCC joint venture which provides consultancy services to Hertfordshire County Council (HCC). Opus Stewart Weir provides consultancy services to the joint venture Athabaskan Resource Company. The Group entered into the following arm's length transactions with related parties:

	(UNAUDITED) SIX MONTHS ENDED 30 JUNE	(UNAUDITED) SIX MONTHS ENDED 30 JUNE	(AUDITED) YEAR ENDED 31 DECEMBER
	2015 \$000	2014 \$000	2014 \$000
OPERATING REVENUE / (EXPENSE)			
Opus Group Bhd	62	198	380
Consultancy Services to Joint Ventures and Joint Operations	11,727	6,686	12,385
Consultancy Services from Joint Ventures	(108)	-	(1,741)
DEBTORS AND LOANS / (CREDITORS)			
Opus Group Bhd	(42)	358	(224)
Joint Ventures and Joint Operations Debtors	4,936	3,312	619
Joint Venture Loans	3,942	-	1,017

8. RECONCILIATION OF NET SURPLUS AFTER TAX WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	(UNAUDITED) SIX MONTHS ENDED 30 JUNE		(AUDITED) YEAR ENDED 31 DECEMBER
	2015 \$000	2014 \$000	2014 \$000
Reported Net Surplus for the Period	15,888	9,937	26,240
ADD/(LESS) NON-CASH ITEMS AND NON-OPERATING ITEMS:			
Depreciation and Amortisation	4,734	4,705	9,540
Bad Debts Written Off	118	115	327
Fair Value of Employee Equity Benefits	18	44	31
Doubtful Debts	267	248	402
Accommodation Fit-Out Incentive	(248)	(228)	(286)
Foreign Exchange Losses	462	329	129
Loss on Sale of Property, Plant and Equipment	47	12	85
Share of Loss / (Surplus) of Joint Ventures	985	(254)	334
Deferred Taxation	(804)	(740)	608
Defined Benefit Pension Obligation	-	-	65
Goodwill Impairment	-	-	6,689
Fair Value Loss / (Gain)	66	(399)	(456)
Deferred Consideration Release	(8,142)	(2,646)	(11,496)
MOVEMENT IN WORKING CAPITAL:			
Decrease / (Increase) in Receivables and Prepayments	4,763	17,699	8,324
(Decrease) / Increase in Taxation Receivable / Payable	(2,454)	(4,314)	(1,510)
(Increase) in Work in Progress	(10,718)	(21,246)	(5,596)
(Decrease) / Increase in Creditors, Accruals and Provisions	(8,611)	(5,129)	2,502
Increase in Revenue in Advance	2,451	3,014	3,208
Increase / (Decrease) in Provisions for Employee Entitlements	1,210	1,928	(7,057)
NET CASH FLOWS FROM OPERATING ACTIVITIES	32	3,075	32,083

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

9. COMMITMENTS AND CONTINGENCIES

There are various capital expenditure items contracted for at balance date totalling \$3.8 million (30 June 2014: \$2.1 million, 31 December 2014: \$0.8 million).

Contingent Liabilities

Provisions have been made to cover probable professional indemnity liabilities. The Group has professional indemnity insurance with a maximum excess of \$250,000 per claim. Our insurers have been notified of any potential claims against the Group. The provisions include claims for weather tightness, which are not covered by professional indemnity insurance.

There are additional notifications and claims against the Group that the directors consider to have a remote chance of resulting in any liability. These have not been provided for.

Contingent Assets

As at 30 June 2015 the Group has fee claims outstanding for additional services. As negotiations are not in an advanced stage and written evidence of acceptability and amount has not been received, no assets have been recognised in the financial statements (30 June 2014: nil, 31 December 2014: nil).

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 18 August 2015 the Board of Directors approved an interim dividend payment of 4.1 cents per share, and a special dividend of 2.0 cents per share (\$9.1 million) to be paid on 1 October 2015.



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