

Clarius Group Limited and Controlled Entities

ASX Report for the Full Year Ended 30 June 2012
ABN 43 002 724 334

Presented by:

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www.clarius.com.au

alliance
ASSOCIATES

candle




IGNITE

jav | I.T. GROUP

LLOYD
MORGAN

SouthTech

the one
umbrella

	Administration, Sales and Marketing	Brisbane, Melbourne, Mount Waverley, Parramatta, Perth, Sydney
	Information Communications Technology	Adelaide, Auckland, Brisbane, Canberra, Hong Kong, Melbourne, Perth, Sydney, Wellington,
	Contractor Management Services	Sydney
	Managed IT Services and Professional IT Staffing	Melbourne, Sydney
	Accounting, Banking and Finance	Brisbane, Melbourne, Mount Waverley, Parramatta, Perth, Sydney
	Executive	Beijing, Hong Kong, Shanghai
	Engineering and Technical Personnel	Brisbane, Melbourne, Sutherland, Sydney
	Library, Records and Knowledge Management	Brisbane, Canberra, Melbourne, Sydney

Clarius is a leading white collar contracting and permanent recruitment specialist with brands across Australia, New Zealand and Asia

Overview

Established in 1984

Listed on the ASX in 1997

Strategic growth through acquisition – 14 completed

Strong brand presence across white collar based recruitment disciplines under “house of specialist brands” strategy.

Financial Results

	June 2012	June 2011
Revenue \$m	\$273.4m	\$267.2m
Net profit after tax \$m (Excluding Impairment)	\$2.1m	\$4.7m
Impairment of goodwill	\$11.5m	\$14.6m
De-recognition of tax losses	-	\$0.4m
Reported net (loss) after tax	\$(9.4)m	\$(10.3)m
Earnings per share (cents)	(10.6)	(11.7)
Operating cash flow	\$(2.0)m	\$8.7m
Gearing ratio	2.2%	-
Dividend	1.0 cent	4.0 cents

Financial Results

P&L	June 12 \$m	June 11 \$m
Total Revenue	\$273.4m	\$267.2m
Gross Profit (Margin)	\$46.3m	\$51.9m
Employee Benefits Expense	\$32.3m	\$33.9m
Finance Costs	\$0.3m	\$0.3m
Other Overheads	\$9.9m	\$11.0m
NPAT (Excluding Impairment)	\$2.1m	\$4.3m
Statutory NPAT	\$(9.4)m	\$(10.3)m
Operating cash flow	\$(2.0)m	\$8.7m

Financial Position

Financial Position	June 12 \$ m	June 11 \$m
Cash	\$0.9m	\$4.5m
Trade Receivables	\$60.5m	\$53.6m
Intangible Assets	\$42.4m	\$53.4m
Bank Borrowings	-	\$0.5m
Total Equity	\$78.8m	\$90.3m

Result Snapshot

- Total revenue for the year increased by 2.3% to \$273m which is largely attributable to an increase in demand for contracting and managed services;
- Total GM down from 19.4% to 16.9% due to decline in permanent revenue and contracting margin reduction in several key accounts;
- Permanent revenue continued to decline throughout the second half due to market conditions which saw an overall decrease to PCP of 35%;
- Operating cash flow negative \$2.0m, positive \$2.1m in H2;
- Staff labour costs were down 4.7% vs. PCP, headcount varied throughout the year but closed at 2011 levels with increases in growth markets including WA and Asia;
- Other overheads were down 10% as tight cost control measures have been implemented across the year;

Result Snapshot

- Cash flow was negatively affected by both an increase in demand for working capital through contractor growth, along with a significant client late to pay an outstanding debt in H1, but returned to positive in H2;
- Several Clarius brands, acquired during peak cycles in the market, undertook a goodwill write down;
- The write down reflects the revaluation of the assets from the price paid pre-GFC to the value in today's market conditions, along with previous restructuring and consolidation of brands during the GFC;
- The brands subject to impairment include JAV IT, Candle NZ, Lloyd Morgan Australia and Alliance, continue to operate strongly and show signs of growth into 2013.

Highlights

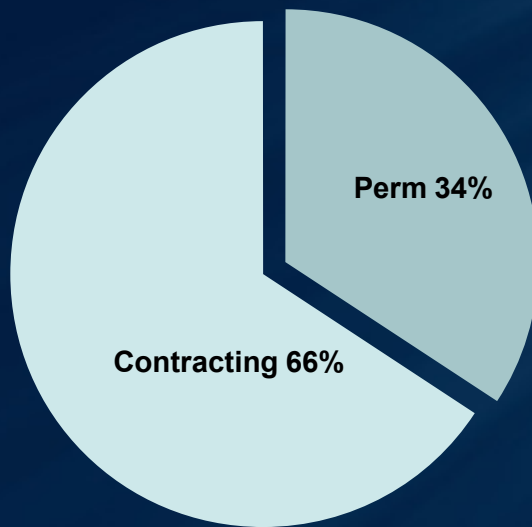
- Some geographic segments performing strongly – particularly in WA where headcount growth has led to significantly improved results;
- A new MD and team in China have started to deliver positive results with a strong outlook for the full year 2013;
- Demand for managed services continued to drive growth in Ignite;
- Continued strong relationships with major clients has ensured renewal of several significant key accounts;
- Commencement of a significant infrastructure project within Clarius Shared Services will facilitate further efficiencies and cost reduction in the latter part of FY2013;
- Retention of key personnel has remained strong with overall productivity within the brands increasing;
- Candle, Clarius and Alliance delivered strong results against PCP and continue to show signs of further growth in 2013.

Outlook

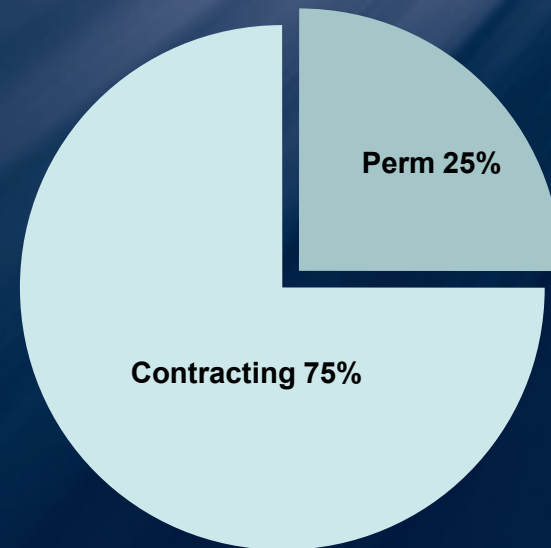
- Although the contracting market remains steady, the demand for permanent recruitment continues to be dominated by turbulent market conditions and uncertainty;
- Increased levels of productivity combined with continued focus on cost control will see us able to weather the storm strongly and profitably;
- An anticipated turnaround in China due to a complete management restructure is starting to impact positively;
- Increased focus on diversification of service offerings reflect client demand will assist to offset the impact of market cycles in recruitment;
- Clarius and related brands continue to win new business with significant new clients signed on in H2 2012 – including WA Government, CASA, Australian Customs, Salmat, Department of Infrastructure & Transport, Cisco, Origin Energy, Local Buy, Powerlink, Telstra Clear, ATO, Dialog, Unisys, RACQ, Ansto, DHS, Lumo Energy, SAI Global, WA Police.

Recruitment Business Mix

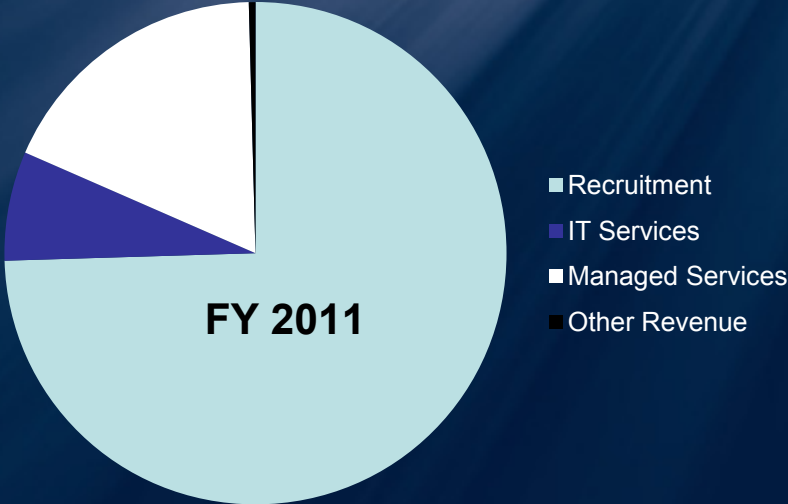
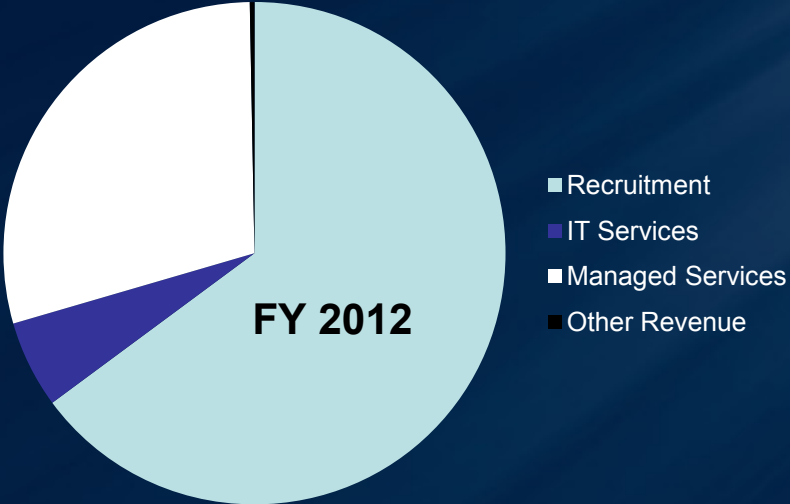
**Gross Margin
FY 2011**



**Gross Margin
FY 2012**



Group Revenue Mix



Disclaimer

The material herein is a presentation of non-specific background information about Clarius Group Limited's current activities.

It is information given in summary form and does not purport to be complete.

The information used in this presentation has been taken from financial statements that are in the process of being audited.

Investors or potential investors should seek their own independent advice.

This material is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of a particular investor.