



CLARIUS GROUP
ASX REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015

ABN 43 002 724 334

CLARIUS GROUP ASX REPORT

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Clarius Group Limited, (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2015.

The names of Directors in office at any time during or since the end of the half year are:

Garry Sladden	Non-Executive Chairman
Jennifer Elliott	Independent Non-Executive Director
Julian Sallabank	Independent Non-Executive Director
Gabrielle Trainor	Independent Non-Executive Director (Appointed as Non-Executive Director on 1 December 2015)

ABOUT CLARIUS GROUP

Clarius Group (ASX:CND) is an Australian Securities Exchange listed company limited by shares, incorporated and domiciled in Australia. The Group operates in 14 cities across Australia, New Zealand and China, employs over 250 staff and is made up of six specialty recruitment businesses and an IT services business. The Group exists for the clear purpose of connecting great people in order to fulfill clients' business needs and candidates' work aspirations.

Recruitment

- ▶ Alliance Recruitment – Corporate Services
- ▶ Candle – Information Communications Technology
- ▶ Lloyd Morgan – Accounting, Banking and Finance
- ▶ Lloyd Morgan China – Permanent Recruitment
- ▶ SouthTech – Engineering and Technical
- ▶ The One Umbrella – Information Management

IT Services

- ▶ JAV IT – Managed IT Services

For more than 30 years the Company has been using its deep industry expertise and extensive relationships to unite permanent and contract workers with private sector and government clients of all sizes throughout Asia Pacific.

FINANCIAL REVIEW

SUMMARY OF PERFORMANCE	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	% CHANGE
	\$000	\$000	
Statutory Revenue	95,456	92,047	3.7%
Gross Profit	20,225	19,585	3.3%
Gross Profit Margin	21.2%	21.3%	
Loss for the half year 31 December Attributable to Owners of the Company	(221)	(8,328)	
Add : One-off costs, provisions and write downs	445	7,343	
Adjusted profit/(loss) after tax	224	(985)	
Operating Cash Inflow	69	1,230	
Net Assets	24,303	24,533	

REVIEW OF RESULTS AND OPERATIONS

- ▶ Loss from ordinary activities of \$221k (2014: loss of \$8,328k);
- ▶ Profit after tax but before restructuring, one-off costs and write downs of \$224k (2014: loss of \$985k);
- ▶ Revenue from ordinary activities grew 3.7% to \$95,456k (2014: \$92,047k);
- ▶ Gross profit grew 3.3% to \$20,225k (2014: \$19,585k).

RECONCILIATION OF STATUTORY RESULT:

	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014
	\$000	\$000
Loss for the period attributed to the owners of the Company	(221)	(8,328)
Add : Restructuring expenses	49	^1,855
Add: Impairment of software	-	2,946
Add: De-recognition of tax losses	-	943
Add: Lease provision	-	715
Add: Tax provision	-	884
Add: Bad debt write-off and provisions	396	-
Profit/(loss) after tax and before adjustments	224	(985)

*Includes write down of fixed assets of \$514k.

The half year period ending 31 December 2015 saw the Group return to a profitable underlying trading performance for the first time in over 3 years. This result is in line with management expectations and reinforces our commitment to deliver a strategic change agenda.

Central to the business turnaround has been the increased focus on our core recruitment consulting activities and skill-set. We have introduced standardised performance metrics and training which has resulted in greater individual and team accountability. This focus has resulted in noticeable improvements against internal targets. The growth in revenue, gross profit and profitability was delivered with 50 fewer employees than at the same time 12 months ago.

There were improvements in underlying performance across the business. In Australia, year-on-year revenue grew 4.6%, from \$81,404k to \$85,113k, led by strong growth in the ACT and a business resurgence in NSW.

The Victorian business continues to perform below expectations due to internal challenges which are being addressed. All other regions are tracking to our growth expectations.

Business development activity across all business areas in Australia has increased including cross selling into existing accounts and winning new clients. Our efforts in seeking and retaining higher margin contracting services, increasing the volume of permanent placements and further developing the On Demand IT Services business are starting to gain solid traction.

Our New Zealand business continues to be challenged and is behind expectations. The business underwent further restructuring in the half year to 31 December 2015. As a result, year-on-year revenue fell 18.4% to \$4,726k. We are actively pursuing a number of strategies to improve this position.

Asia continues to be a significant growth story, delivering year-on-year revenue growth of 15.8%. This result, and the underlying profitability of the China business was driven by the FY2015 operational restructure exercise and substantial individual productivity improvements. We are starting to attract the industry's best talent to our organisation. Client, candidate and internal acquisition metrics have all improved following the relocation of the Beijing office to a Grade 1 area, and a similar exercise is planned for the Shanghai office in the second half of the year. We remain positive about the longer term opportunity in China.

At 31 December 2015 the Group had net assets of \$24,303k, a decrease of \$230k versus the 30 June 2015 balance. Net assets primarily consist of net trade and other receivables \$37,455k (30 June: \$42,568k), trade and other payables \$12,723k (30 June: \$17,220k) and cash, net of overdraft \$336k (30 June: \$638k).

The reduction in trade receivables and payables reflects the continued strategic shift away from direct payroll services as well as the significantly improved efforts of the Group to tightly manage its cash collection cycle from clients.

POSITIONING

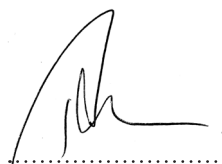
The Group ends the half year having delivered against its short term goals and with revenue, gross profit and underlying business performance all significantly improved against the prior year. We continue to assess our geographic footprint and organisational structure. We are hiring a number of key strategic roles necessary for future business growth.

The Board and Management continue to focus on the following key areas to position the Group for sustainable success:

- ▶ Development of a single culture in Australia
- ▶ Implementing a revitalised technology strategy
- ▶ Further diversification of the On-Demand business
- ▶ Growing the China operations with a focus on sustainability
- ▶ Repositioning New Zealand and introducing new service lines
- ▶ Deploying our initial Smart Outsourcing Services offerings to clients and candidates

The Lead Auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the Board of Directors.



Peter Wilson
Chief Executive Officer



Garry Sladden
Non-Executive Chairman

Dated at Sydney this 23rd day of February 2016.

The Board of Directors
Clarius Group Limited
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23 February 2016

Dear Board Members,

Clarius Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Clarius Group Limited.

As lead audit partner for the review of the financial statements of Clarius Group Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED GROUP	
		HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014
	NOTE	\$000	\$000
Continuing operations			
Revenue	5(a)	95,456	92,047
On hired labour costs		(75,231)	(72,462)
Gross Profit		20,225	19,585
Employee benefits expense		(13,623)	(14,666)
Depreciation and amortisation expense		(278)	(725)
Restructuring expense		(49)	(1,855)
Rental expense		(1,844)	(1,817)
Other expense		(4,561)	(4,347)
Impairment Expenses		-	(2,946)
Results from operating activities		(130)	(6,771)
Finance income		3	5
Finance cost		(94)	(147)
Net finance costs		(91)	(142)
Loss before income tax		(221)	(6,913)
Income tax expense		-	(1,415)
Loss for the period attributed to Owners of the Company		(221)	(8,328)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(9)	424
Income tax on other comprehensive income		-	-
Other comprehensive (loss)/income for the period, net of income tax		(9)	424
Total comprehensive loss for the period		(230)	(7,904)
Earnings per share		Cents per Share	Cents per Share
From continuing operations			
Basic loss per share		(0.25)	(9.30)
Diluted loss per share		(0.25)	(9.30)

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTE	CONSOLIDATED GROUP	
		DEC 2015 \$000	JUN 2015 \$000
Current assets			
Cash and cash equivalents	6	2,620	1,135
Trade and other receivables		37,455	42,568
Total current assets		40,075	43,703
Non-current assets			
Plant and equipment		1,697	1,582
Deferred tax assets		1,831	1,831
Intangible assets		12	25
Total non-current assets		3,540	3,438
Total assets		43,615	47,141
Current liabilities			
Trade and other payables		12,723	17,220
Bank overdraft	7(a) (b)	2,284	497
Finance leases		211	211
Provisions	8	1,711	1,885
Total current liabilities		16,929	19,813
Non-current liabilities			
Finance Leases		53	158
Tax Liability		875	862
Provisions	8	1,455	1,775
Total non-current liabilities		2,383	2,795
Total liabilities		19,312	22,608
Net assets		24,303	24,533
Equity			
Contributed equity		83,541	83,541
Reserves		(725)	(716)
Accumulated losses		(58,513)	(58,292)
Total equity		24,303	24,533

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

CURRENT YEAR	SHARE CAPITAL	TRANSLATION RESERVE	SHARE BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL
	\$000	\$000	\$000	\$000	\$000
Balance as 1 July 2015	83,541	(716)	-	(58,292)	24,533
Total comprehensive income for the period					
Loss for the period attributed to the owners of the company	-	-	-	(221)	(221)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	(9)	-	-	(9)
Total other comprehensive income for the period	-	(9)	-	(221)	(230)
Balance as at 31 December 2015	83,541	(725)	-	(58,513)	24,303

PRIOR YEAR	SHARE CAPITAL	TRANSLATION RESERVE	SHARE BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL
	\$000	\$000	\$000	\$000	\$000
Balance as 1 July 2014	83,541	(1,089)	1,344	(48,308)	35,488
Total comprehensive income for the period					
Loss for the period attributed to the owners of the company	-	-	-	(8,328)	(8,328)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	424	-	-	424
Total other comprehensive income for the period	-	424	-	(8,328)	(7,904)
Balance as at 31 December 2014	83,541	(665)	1,344	(56,636)	27,584

* Share based payment reserve balance recycled to Accumulated Losses in January 2015.

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	NOTE	CONSOLIDATED GROUP	
		HALF YEAR TO 31 DEC 2015 \$000	HALF YEAR TO 31 DEC 2014 \$000
Cash flows from operating activities			
Receipts from customers		150,234	177,729
Payments to suppliers and employees		(141,539)	(166,563)
Interest received		3	5
Interest and other borrowing costs paid		(94)	(147)
Income tax refund		-	160
GST paid		(8,535)	(9,954)
Net cash provided by operating activities		69	1,230
Cash flows from investing activities			
Purchase of plant and equipment		(476)	(37)
Payments for software development and intangible assets		-	(427)
Net cash used in investing activities		(476)	(464)
Net (decrease) / increase in cash held		(407)	766
Cash and cash equivalents at the beginning of the half year		638	2,500
Effect of exchange rates on cash holdings in foreign currencies		105	114
Cash and cash equivalents at the end of the half year	6	336	3,380

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

Clarius Group Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a recruitment supplier in the Asia Pacific region, and provides services across a broad spectrum of industries and disciplines through its specialist group of brands with the backing and infrastructure of a large corporate.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company's registered office at Level 9, 1 York Street, Sydney, NSW 2000, or at www.clarius.com.au.

NOTE 2. STATEMENT OF COMPLIANCE

The condensed consolidated financial statements is a general purpose financial statement prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

All amounts are presented in Australian dollars, unless otherwise noted.

The Group is a Company of the kind referred to in ASIC Class Order 98/100, dated 10th July 1998, and in accordance with that Class Order amounts in the Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

These condensed consolidated financial statements were approved by the Board of Directors on 23rd February 2016.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The Directors have assessed the impact of new and revised standards. These standards have no material impact on the disclosures or amounts recognised in the Group's condensed consolidated financial statements.

NOTE 4. ESTIMATES

The preparation of these financial reports requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

NOTE 5. SEGMENT REPORTING

(A) SEGMENTS

OPERATING SEGMENTS	RECRUITMENT SERVICES		INFORMATION TECHNOLOGY SERVICES		CONSOLIDATED	
	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue						
Services to external customers	123,926	144,061	7,602	9,590	131,528	153,651
Total segment revenue	123,926	144,061	7,602	9,590	131,528	153,651
Total segment revenue					131,528	153,651
(-) Reclassification of direct gross margin					(36,072)	(61,604)
Consolidated revenue					95,456	92,047
Reportable Segments Profit						
Profit before tax	3,959	2,463	369	769	4,328	3,232
Less : Corporate overheads					(4,549)	(6,685)
Less : Fixed Asset write down					-	(514)
Impairment loss	-	(2,946)	-	-	-	(2,946)
Consolidated loss before tax					(221)	(6,913)
Interest Revenue	3	5	-	-	3	5
Interest Expenses	94	147	-	-	94	147
Depreciation & amortisation	277	708	1	17	278	725
Additions to non-current assets	476	464	-	-	476	464
Segment Assets ⁽²⁾	36,795	41,735	4,989	4,970	41,784	46,705
Segment Liabilities	18,308	19,530	1,004	1,640	19,312	21,170

	AUSTRALIA		NEW ZEALAND		ASIA		TOTAL	
	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014	HALF YEAR TO 31 DEC 2015	HALF YEAR TO 31 DEC 2014
Revenue								
External sales ⁽¹⁾	85,113	81,404	4,726	5,792	5,617	4,851	95,456	92,047
Interest revenue	1	5	-	-	2	-	3	5
TOTAL Revenue	85,114	81,409	4,726	5,792	5,619	4,851	95,459	92,052
Non-current assets⁽²⁾	1,417	1,035	13	11	279	405	1,709	1,451

⁽¹⁾ This reconciles to statutory revenue

⁽²⁾ Excluding deferred tax assets

The following summary describes the operations in each of the Group's three reportable segments:

Recruitment Services

Provision of recruitment services (permanent and contract placements).

Information Technology Services

Outsourcing and technical support services delivering significant cost reductions and major process improvements.

Managed Services

Management and transitioning of contractors, including outsourced payroll solutions.

Effective 1 July 2015, the Group has reclassified Managed Services as Recruitment Services as part of the internal reporting review by the Chief Operating decision maker for the purpose of segment information and reporting. The segment reporting for the half year 31 December 2015 combines Managed Services into Recruitment Services and the intercompany recharge arrangement has ceased from 1 July 2015 (31 Dec 14 : \$8,956k). There are no elimination transactions between the segments for the half-year 31 December 2015. In prior half-year reporting, Managed Services was reported separately.

(b) Segment accounting policies

Segment information is prepared in accordance with the accounting policies of the entity and accounting standard AASB 8: Segment Reporting. Management has organised the entity around geographical and operational segments as defined in Note 5(a).

(c) Income

The Group derived income from the provision of contract and temporary personnel and recruitment services for businesses and Governments in Australia, New Zealand and Asia.

NOTE 6. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CONSOLIDATED GROUP	
	DEC 2015 \$000	DEC 2014 \$000
Reconciliation of cash at the end of the half year (as shown in the consolidated statement of cash flows comprises):		
Cash and cash equivalents	2,620	4,820
Bank overdraft	(2,284)	(1,440)
Total cash and cash equivalents at the end of the half year	336	3,380

NOTE 7. BANK OVERDRAFT AND BORROWINGS

During the half-year, the Group obtained a new on balance sheet corporate debtor finance facility to be used to meet short-term expenditure needs. The facilities are secured by a limited and capped personal guarantee and cash deposit from a substantial shareholder in the Company. The cash security is provided on normal commercial terms and is interest bearing from the date at which the cash security was set-up. The facility limit is \$8,500k and the facility interest rate is 6.25%. The previous trade debtors finance facility has ceased. Prior to the new corporate debtor finance facility, borrowings were obtained through an off balance sheet trade receivables financing facility (June 2015: Nil off balance sheet borrowings). The first covenant calculation date is on the 31 March 2016.

	CONSOLIDATED GROUP	
(A) OVERDRAFT	DEC 2015 \$000	JUN 2015 \$000
Overdraft facility	1,402	2,328
Amount utilised	(9)	(497)
Unused overdraft facility	1,393	1,831

	CONSOLIDATED GROUP	
(B) DEBTORS FINANCE FACILITY	DEC 2015 \$000	JUN 2015 \$000
Debtors finance facility	8,500	-
Amount utilised	(2,275)	-
Unused debtor finance facility	6,225	-

NOTE 8. PROVISIONS

	CONSOLIDATED GROUP	
	DEC 2015 \$000	JUN 2015 \$000
Current		
Employee benefits	1,208	1,304
Lease incentive	352	311
Onerous lease	121	240
Work under guarantee	30	30
	1,711	1,885
Non-current		
Employee benefits	115	108
Lease incentive	504	635
Onerous lease	414	475
Make good on leased premises	422	557
	1,455	1,775
Total	3,166	3,660

The Group has sublet office space relating to one of the Group's existing leases. An onerous lease provision of \$535k has been made which relates to the net variance between cash payable under the head lease and the cash receivable under the sublease. This provision will be amortised over the life of the lease which concludes as at April 2020.

Movement in Provisions	LEASE INCENTIVE \$000	MAKE- GOOD \$000	ONEROUS LEASE \$000	WORK UNDER GUARANTEE \$000	TOTAL \$000
Consolidated					
Carrying amount at the beginning of the year	946	557	715	30	2,248
Additional provision recognised	-	-	-	-	-
Amounts utilised	(90)	(135)	(180)	-	(405)
Carrying amount at the 31 December 2015	856	422	535	30	1,843

NOTE 9. CONTINGENT LIABILITIES

The Company terminated a service agreement with a software provider and has not provided for disputed invoices amounting to \$210k which were unpaid as at 31 December 2015 (30 June 2015 : not provided \$210k). Based on the negotiations to date, the Directors do not believe that it is probable that the claim against the Company will be successful.

NOTE 10. DIVIDENDS

No dividend was declared and paid during the half year ended 31 December 2015 (31 December 2014: NIL)

NOTE 11. EQUITY SECURITIES

	DEC 15 NO.	JUN 15 NO.	DEC 15 \$000	JUN 15 \$000
Balance at the beginning of the period	89,582,175	89,582,175	83,541	83,541
Balance at the end of the period	89,582,175	89,582,175	83,541	83,541

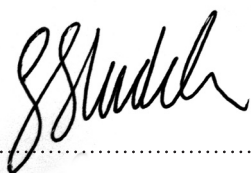
NOTE 12. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

In the opinion of the Directors of Clarius Group Limited (the Company):

- (a) the financial statements and notes that are set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial half year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



.....
Garry Sladden
Non-Executive Chairman

Dated at Sydney this 23rd day of February 2016

Independent Auditor's Review Report to the Members of Clarius Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Clarius Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clarius Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

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that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Clarius Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clarius Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants
Sydney, 23 February 2016



WWW.CLARIUS.COM.AU



CLARIUS GROUP
APPENDIX 4D
RESULTS FOR ANNOUNCEMENT
TO THE MARKET FOR THE HALF
YEAR ENDED 31 DECEMBER 2015

ABN 43 002 724 334

REPORT PERIOD

REPORT PERIOD:

1 July 2015 – 31 December 2015

PREVIOUS CORRESPONDING PERIOD:

1 July 2014 – 31 December 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

DESCRIPTION	31 DEC 2015 \$000	31 DEC 2014 \$000	% CHANGE
Revenue from ordinary activities	95,456	92,047	3.7%
Gross Profit	20,225	19,585	3.3%
Loss from ordinary activities after tax	(221)	(8,328)	N/A
Loss for the period attributable to members	(221)	(8,328)	N/A
Adjusted profit/(loss) after tax	224	(985)	N/A

ABBREVIATED EXPLANATION OF RESULTS

- ▶ Loss from ordinary activities of \$221k (2014: loss of \$8,328k);
- ▶ Profit after tax but before restructuring, one-off costs and write downs of \$224k (2014: loss of \$985k);
- ▶ Revenue from ordinary activities grew 3.7% to \$95,456k (2014: \$92,047k);
- ▶ Gross profit grew 3.3% to \$20,225k (2014: \$19,585k).

RECONCILIATION OF STATUTORY RESULT:

	HALF YEAR TO 31 DEC 2015 \$000	HALF YEAR TO 31 DEC 2014 \$000
Loss for the period attributed to the owners of the Company	(221)	(8,328)
Add : Restructuring expenses	49	^1,855
Add: Impairment of software	-	2,946
Add: De-recognition of tax losses	-	943
Add: Lease provision	-	715
Add: Tax provision	-	884
Add: Bad debt write-off and provisions	396	-
Profit/(loss) after tax and before adjustments	224	(985)

^{*}Includes write down of fixed assets of \$514k.

The half year period ending 31 December 2015 saw the Group return to a profitable underlying trading performance for the first time in over 3 years. This result is in line with management expectations and reinforces our commitment to deliver a strategic change agenda.

Central to the business turnaround has been the increased focus on our core recruitment consulting activities and skill-set. We have introduced standardised performance metrics and training which has resulted in greater individual and team accountability. This focus has resulted in noticeable improvements against internal targets. The growth in revenue, gross profit and profitability was delivered with 50 fewer employees than at the same time 12 months ago.

There were improvements in underlying performance across the business. In Australia, year-on-year revenue grew 4.6%, from \$81,404k to \$85,113k, led by strong growth in the ACT and a business resurgence in NSW.

The Victorian business continues to perform below expectations due to internal challenges which are being addressed. All other regions are tracking to our growth expectations.

Business development activity across all business areas in Australia has increased including cross selling into existing accounts and winning new clients. Our efforts in seeking and retaining higher margin contracting services, increasing the volume of permanent placements and further developing the On Demand IT Services business are starting to gain solid traction.

Our New Zealand business continues to be challenged and is behind expectations. The business underwent further restructuring in the half year to 31 December 2015. As a result, year-on-year revenue fell 18.4% to \$4,726k. We are actively pursuing a number of strategies to improve this position.

Asia continues to be a significant growth story, delivering year-on-year revenue growth of 15.8%. This result, and the underlying profitability of the China business was driven by the FY2015 operational restructure exercise and substantial individual productivity improvements. We are starting to attract the industry's best talent to our organisation. Client, candidate and internal acquisition metrics have all improved following the relocation of the Beijing office to a Grade 1 area, and a similar exercise is planned for the Shanghai office in the second half of the year. We remain positive about the longer term opportunity in China.

At 31 December 2015 the Group had net assets of \$24,303k, a decrease of \$230k versus the 30 June 2015 balance. Net assets primarily consist of net trade and other receivables \$37,455k (30 June: \$42,568k), trade and other payables \$12,723k (30 June: \$17,220k) and cash, net of overdraft \$336k (30 June: \$638k).

The reduction in trade receivables and payables reflects the continued strategic shift away from direct payroll services as well as the significantly improved efforts of the Group to tightly manage its cash collection cycle from clients.

NET TANGIBLE ASSETS PER SHARE

DESCRIPTION	31 DEC 2015	31 DEC 2014	% CHANGE
Net tangible assets per share ⁽¹⁾ (cents per share)	25	28	(10.7%)

⁽¹⁾ Net tangible assets = Net assets – deferred tax assets

PARENT ENTITY

The ultimate Australian parent entity and the ultimate parent of the Consolidated Entity is Clarius Group Limited.

	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING ⁽¹⁾	
			2015 %	2014 %
Alliance Recruitment Pty Ltd	Australia	ordinary	100	100
Candle Holdings Limited	New Zealand	ordinary	100	100
Candle New Zealand Limited	New Zealand	ordinary	100	100
Lloyd Morgan International Pty Limited	Australia	ordinary	100	100
JAV IT Group Pty Limited	Australia	ordinary	100	100
Ignite Management Services Pty Limited	Australia	ordinary	100	100
Lloyd Morgan Limited	Hong Kong	ordinary	100	100
Lloyd Morgan Hong Kong Limited	Hong Kong	ordinary	100	100
Candle Recruitment Pte Limited	Singapore	ordinary	100	100
Lloyd Morgan China Limited	China	ordinary	89	89

¹ The proportion of ownership interest is equal to the proportion of voting power held.

ASSOCIATES AND JOINT VENTURES

Clarius Group Limited does not have any holdings in joint ventures and associates.