Clarius Group Limited Financial Report

For the Half Year Ended 31 December 2016

ABN 43 002 724 334

Contents

Clarius Group Limited
Financial Report
For the Half Year Ended 31 December 2016

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 2016.

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 (Resigned as a Non-Executive Director and appointed Chief Executive Officer on 19 December 2016)
Gabrielle Trainor	Independent Non-Executive Director

About Clarius Group

Clarius Group Limited (ASX: CND) is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange.

For more than 30 years the Company has been using its deep industry expertise and extensive relationships to unite permanent, contract and temporary workers with government, non-government entities and private clients of all sizes throughout the Asia Pacific region. In Australia, these segments are Specialist Recruitment, Resource on Demand and Outsourced People Services while in China the Group focuses solely on Specialist Recruitment.

The Group operates in 11 cities across Australia and China and employs more than 250 people.

Review of Results and Operations

- **Loss from ordinary activities after tax of $1,359k (31 Dec 2015: loss of $221k);**
- **Revenue from ordinary activities declined 15.4% to $80,747k (31 Dec 2015: $95,456k);**
- **Gross profit declined 18% to $16,594k (31 Dec 2015: $20,225k).**

Financial Review

	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	% Change
Statutory revenue	**80,747**	95,456	(15.4%)
Gross profit	**16,594**	20,225	(18.0%)
Gross profit margin	**20.6%**	21.2%	
Loss for the half year to 31 December attributable to the Owners of the Company	**(1,359)**	(221)	
Operating cash (outflow)/inflow	**(869)**	69	
Net assets	**19,172**	24,303	

First Half FY 2017

During the half year ended 31 December 2016 the Company made a loss from ordinary activities of $1,359k (31 Dec 2015: loss of $221k). The reduction in statutory revenue of $14,709k (15.4%) compared with the prior half year was mainly due to the reduction in contractor placements with a major customer and the top line flow on effect of the decision in May 2016 to close the unprofitable local business operations in New Zealand. Despite the reduction in statutory revenue, at the end of the half year the Company had increased the number of overall contractors under placement by 3.6% over the prior half year, through a combination of new and existing clients.

In the Australian Specialist Recruitment business a 21.0% decline in the number of permanent placements in the half year versus the prior half year accounted for $2,200k of the statutory revenue decline. The decline in permanent placements can be mainly attributable to consultant turnover. A planned relocation of the Melbourne office during the half year encountered delays in the fitout and commissioning of the new premises with one-off higher operating expenses of $181k. The office relocated in late January 2017 and will realise annualised rental operating expense savings of $353k.

Statutory revenues for the Resource on Demand business, which provides outsourced and technical support services, declined 25.1% ($1,907k) in the current half year to $5,695k following the completion of three significant projects. The outlook for the Resource on Demand business is positive with a number of tender proposals on the short-list to be decided in the third quarter of the fiscal year and successful bids for a project in Queensland as well as an Australia/New Zealand trans-Tasman project.

The Outsourced People Services business, which focuses on the management and transitioning of contractors, including the provision of outsourced human resource and payroll solutions, continued to acquire new clients and staff, growing statutory revenue 95.7% against the prior half year to $1,656k.

The China Specialist Recruitment business (trading under the Lloyd Morgan Executive brand) has continued to maintain its performance in a competitive market during the half year. As previously reported, following a restructure in July 2016, two super regions covering the north and south of China were created together with the appointment of a highly experienced senior regional director to lead each region. In addition, as a result of continued business growth in Guangzhou, this office relocated from serviced offices to new permanent premises during the half year.

The regional focus facilitated by the restructure enabled the China business to maintain its Chinese Yuan statutory revenue at the same level as the prior half year. In Australian dollar terms, statutory revenue declined 10% against both budget and the prior half year due mainly to foreign currency movements with the Australian dollar appreciating against the Chinese Yuan. The restructure resulted in one-off costs of $201k.

During the half year the Company successfully refinanced its trade debtor financing facility with a new receivables financing facility for a two year term and successfully implemented this transition from the previous provider. In addition, the multiple back office financial databases were consolidated resulting in significant efficiency and productivity gains.

The Company rebrand, announced at the Annual General Meeting in November 2016, was rolled out across the Group in November and December 2016, incurring one-off costs of $313k.

In addition, a number of key executive appointments to the Group leadership team were made in the half year including a new Queensland General Manager in September 2016 and new Chief Executive Officer and Chief Financial Officer in December 2016.

The appointment of Julian Sallabank as Chief Executive Officer brings a wealth of experience to the business with his appointment being very well received and welcomed by clients and staff alike.

Second Half FY 2017

The new Chief Executive Officer, with a very hands-on approach to the business, has spent his first two months focusing on developing strategic plans to increase revenues across all business areas and has been re-focusing executives, leaders and consultants on retaining, supporting and servicing the needs of our key clients and directing attention to the acquisition of new clients.

This has commenced with our Chief Executive Officer and business leaders visiting our key clients to understand their current needs to further strengthen our relationships. The acquisition of new clients will be assisted by the Chief Executive Officer leveraging his extensive business networks, and those of the Directors, to drive and create new business opportunities and revenue pipelines.

This renewed focus on our clients and staff has resulted in greatly improved communication across the Group as we continue to roll-out the new Ignite brand and develop a one-team culture.

After a long and extensive due diligence process involving many potential global suppliers, the Company has selected its new applicant tracking system (ATS), which will replace the legacy system that has served the Group for over 16 years. The new ATS will provide a number of benefits to the Group, including:

- Rationalisation of databases;
- Supporting organisation-wide collaboration; and
- Assisting in the realisation of efficiencies and productivity improvements in the front office associated with client and candidate development.

The project to identify and implement a new payroll and invoicing system to replace the legacy system has also commenced with final due diligence being undertaken on alternative suppliers. A vendor is expected to be selected and a system implemented in the second half of the financial year. The new payroll and invoicing system will enable the business to achieve significant productivity improvements by automating and streamlining the current processes used to pay contractors and invoice clients, realising operating expenditure savings.

The issues which led to a disappointing half year relative to the prior half year have been largely identified and are in the process of being addressed. On the back of the new Ignite branding, and supported by the new executive leadership team as well as continued investment in technology infrastructure and training, the Company is well-positioned to attract, recruit and retain consultants to address the shortage of experienced consultants in the business. These initiatives will assist to develop our service lines, acquire new clients and deliver greater value for all stakeholders.

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the condensed consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

No matters or circumstances have arisen since the end of the half year ended 31 December 2016 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.

The Auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2016.

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

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Julian Sallabank
Chief Executive Officer

……………………………………………………………

Garry Sladden
Non-Executive Chairman

Dated at Sydney this 27th day of February 2017.

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Clarius Group Limited
Level 9, 1 York Street
Sydney NSW 2000

27 February 2017

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 2016, 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 2016

	Note	Consolidated Group Half Year to 31 Dec 2016 $000	Consolidated Group Half Year to 31 Dec 2015 $000
Continuing operations			
Revenue	5	**80,747**	95,456
On hired labour costs		**(64,153)**	(75,231)
Gross profit		**16,594**	20,225
Other income		**500**	-
Employee benefits expense		**(12,771)**	(13,672)
Depreciation and amortisation expense		**(512)**	(278)
Rental expense		**(1,903)**	(1,844)
Other expense		**(3,194)**	(4,561)
Results from operating activities		**(1,286)**	(130)
Finance income		**2**	3
Finance cost		**(75)**	(94)
Net finance costs		**(73)**	(91)
Loss before income tax		**(1,359)**	(221)
Income tax expense		**-**	-
Loss for the period attributable to the Owners of the Company		**(1,359)**	(221)

Other comprehensive loss		
Items that maybe subsequently reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	**(60)**	(9)
Income tax on other comprehensive loss	**-**	-
Other comprehensive loss for the period, net of income tax	**(60)**	(9)
Total comprehensive loss for the period	**(1,419)**	(230)

	Cents per Share	Cents per Share
Basic loss per share	**(1.52)**	(0.25)
Diluted loss per share	**(1.52)**	(0.25)

Notes to the condensed consolidated financial statements are included on pages 9 to 12.

Condensed Consolidated Statement of Financial Position as at 31 December 2016

	Note	Consolidated Group 31 Dec 2016 $000	Consolidated Group 30 Jun 2016 $000
Current assets			
Cash and cash equivalents	6	**1,862**	1,399
Trade and other receivables		**32,652**	39,420
Total current assets		**34,514**	40,819
Non-current assets			
Plant and equipment		**1,712**	2,074
Intangible assets		**3**	20
Total non-current assets		**1,715**	2,094
Total assets		**36,229**	42,913
Current liabilities			
Trade and other payables		**11,508**	17,774
Receivables financing facility	7	**3,152**	1,803
Finance leases		**120**	205
Provisions	8	**1,648**	1,525
Total current liabilities		**16,428**	21,307
Non-current liabilities			
Finance leases		**-**	17
Provisions	8	**629**	998
Total non-current liabilities		**629**	1,015
Total liabilities		**17,057**	22,322
Net assets		**19,172**	20,591
Equity			
Contributed equity	11	**83,541**	83,541
Reserves		**(854)**	(794)
Accumulated losses		**(63,515)**	(62,156)
Total equity		**19,172**	20,591

Notes to the condensed consolidated financial statements are included on pages 9 to 12.

Condensed Consolidated Statement of Changes in Equity for the Half Year Ended 31 December 2016

	Share Capital $000	Translation Reserve $000	Accumulated Losses $000	Total $000
Current Period				
Balance as at 1 July 2016	**83,541**	**(794)**	**(62,156)**	**20,591**
Total comprehensive loss for the period				
Loss for the period attributable to the Owners of the Company	-	-	(1,359)	(1,359)
Other comprehensive loss				
Foreign currency translation differences for foreign operations	-	(60)	-	(60)
Total other comprehensive loss for the period	-	(60)	(1,359)	(1,419)
Balance as at 31 December 2016	**83,541**	**(854)**	**(63,515)**	**19,172**
Prior Period				
Balance as at 1 July 2015	**83,541**	**(716)**	**(58,292)**	**24,533**
Total comprehensive loss for the period				
Loss for the period attributable to the Owners of the Company	-	-	(221)	(221)
Other comprehensive loss				
Foreign currency translation differences for foreign operations	-	(9)	-	(9)
Total other comprehensive loss for the period	-	(9)	(221)	(230)
Balance as at 31 December 2015	**83,541**	**(725)**	**(58,513)**	**24,303**

Notes to the condensed consolidated financial statements are included on pages 9 to 12.

Condensed Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2016

	Note	Consolidated Group Half Year to 31 Dec 2016 $000	 Half Year to 31 Dec 2015 $000
Cash flows from operating activities			
Receipts from customers		**134,198**	150,234
Other receipts		**500**	-
Payments to suppliers and employees		**(127,378)**	(141,539)
Interest received		**2**	3
Interest and other borrowing costs paid		**(75)**	(94)
Goods and services tax paid		**(8,116)**	(8,535)
Net cash (used in)/provided by operating activities		**(869)**	69
Cash flows from investing activities			
Purchase of plant and equipment		**(151)**	(476)
Net cash used in investing activities		**(151)**	(476)
Net decrease in cash held		**(1,020)**	(407)
Cash and cash equivalents at the beginning of the half year		**(404)**	638
Effect of exchange rates on cash holdings in foreign currencies		**134**	105
Cash and cash equivalents at the end of the half year	6	**(1,290)**	336

Notes to the condensed consolidated financial statements are included on pages 9 to 12.

Notes to the Condensed Consolidated Financial Statements

Note 1. Reporting Entity

Clarius Group Limited (the "Company") is a for-profit listed public company, incorporated and domiciled in Australia. The condensed consolidated financial statements of the Company as at and for the half year ended 31 December 2016 comprise the Company and its controlled entities (together referred to as the "Group").

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available upon request from the Company's registered office at Level 9, 1 York Street, Sydney, NSW 2000, or at www.igniteservices.com.

Note 2. Statement of Compliance

The condensed consolidated financial statements are general purpose financial statements 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'. These financial statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial statements.

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

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the condensed consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

These condensed consolidated financial statements were approved by the Board of Directors on 27 February 2017.

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 2016, 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 considered the impact of all new accounting standards that are relevant to the Group but not yet adopted and have not yet concluded on the impact on the disclosures or the amounts recognised in the condensed consolidated financial statements.

AASB 15 applies to annual periods beginning on or after 1 January 2018. The Directors of the Company anticipate that the application of AASB 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the Group performs a detailed review.

AASB 16 applies to annual periods beginning on or after 1 January 2019. The Directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

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 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 2016.

Note 5. Segment Reporting

The Group previously reported its business activities through two operating segments being Recruitment Services and Information Technology Services.

For the current financial period, the Group restructured and reports its business activities on an on-going basis through four operating segments across two geographic regions.

In Australia/New Zealand, these segments are Specialist Recruitment, Resource on Demand and Outsourced People Services and in China Specialist Recruitment.

	Australia and New Zealand						China			
	Specialist Recruitment		Resource on Demand		Outsourced People Services		Specialist Recruitment		Consolidated Group	
Operating Segments	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000
Revenue										
Services to external customers	**103,068**	117,463	**5,695**	7,602	**1,656**	846	**5,022**	5,617	**115,441**	131,528
Total segment revenue	**103,068**	117,463	**5,695**	7,602	**1,656**	846	**5,022**	5,617	**115,441**	131,528
Total segment revenue	**103,868**	117,463	**5,695**	7,602	**1,656**	846	**5,022**	5,617	**115,441**	131,528
(-) Reclassification of direct gross margin	**(34,694)**	(36,072)	**-**	-	**-**	-	**-**	-	**(34,694)**	(36,072)
Consolidated revenue	**68,374**	81,391	**5,695**	7,602	**1,656**	846	**5,022**	5,617	**80,747**	95,456
Reportable Segments										
Profit/(loss) before tax	**2,357**	3,406	**(68)**	369	**(261)**	70	**(38)**	483	**1,990**	4,328
Less: Corporate overheads									**(3,349)**	(4,549)
Consolidated loss before tax									**(1,359)**	(221)

	Australia		New Zealand		China		Consolidated Group	
Revenue	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000	Half Year to 31 Dec 2016 $000	Half Year to 31 Dec 2015 $000
External sales	**74,045**	85,113	**1,680**	4,726	**5,022**	5,617	**80,747**	95,456
Interest revenue	**1**	1	**-**	-	**1**	2	**2**	3
Total revenue	**74,046**	85,114	**1,680**	4,726	**5,023**	5,619	**80,749**	95,459
Non-current assets	**1,194**	1,417	**-**	13	**521**	279	**1,715**	1,709

The following summary describes the operations in each of the Group's four reportable segments across its two geographic regions:

Australia and New Zealand

Specialist Recruitment: Provision of permanent and contract recruitment services.

Resource on Demand: Outsourcing and technical support services delivering significant cost reductions and major process improvements.

Outsourced People Services: Management and transitioning of contractors, including outsourced human resource and payroll solutions.

China

Specialist Recruitment: Provision of permanent recruitment services.

Note 6. Note to the Condensed Consolidated Statement of Cash flow

	Consolidated Group	
	31 Dec 2016 $000	31 Dec 2015 $000
Reconciliation of cash at the end of the half year as shown in the condensed consolidated statement of cash flows:		
Cash and cash equivalents	**1,862**	2,620
Receivables financing facility	**(3,152)**	(2,284)
Total cash and cash equivalents as at the end of the half year	**(1,290)**	336

Note 7. Receivables Financing Facility

During the half year, the Group secured a new receivables financing facility with a new provider to be used to meet short-term working capital requirements. The facility limit is $10m (30 Jun 2016: $8.5m) and is subject to the Group's debtors eligible to be funded. As at 31 December 2016, the approved facility drawdown was $8.1m and the interest rate 7.25%. The previous trade debtor finance facility ceased on 7 November 2016.

Note 8. Provisions

	Consolidated Group	
	31 Dec 2016 $000	30 Jun 2016 $000
Current		
Employee benefits	**1,206**	1,104
Lease incentive	**412**	391
Work under guarantee	**30**	30
	1,648	1,525
Non-current		
Employee benefits	**31**	177
Lease incentive	**219**	432
Make good on leased premises	**379**	389
	629	998
Total	**2,277**	2,523

	Lease incentive	Make good on leased premises	Work under guarantee	Total
	$000	$000	$000	$000
Movement				
Carrying amount as at 30 June 2016	823	389	30	**1,242**
Additional provision recognised	439	305	-	**744**
Amounts utilised	(631)	(315)	-	**(946)**
Carrying amount as at 31 December 2016	**631**	**379**	**30**	**1,040**

Note 9. Contingent Liability

There are no contingent liabilities.

Note 10. Dividends

No dividend was declared and paid during the half year ended 31 December 2016 (31 Dec 2015: Nil).

Note 11. Equity Securities

	31 Dec 2016 No.	30 Jun 2016 No.	31 Dec 2016 $000	30 Jun 2016 $000
Issues of ordinary shares during the half year				
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 half year ended 31 December 2016 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 12 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2016 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:

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Garry Sladden
Non-Executive Chairman

Dated at Sydney this 27th day of February 2017.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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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 2016, 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 13.

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 2016 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 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.

Deloitte.

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 2016 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, 27 February 2017