Clarius Group

2017 Annual Report

Clarius Group Limited

ABN 43 002 724 334

Registered Office and Principal Place of Business

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Share Registry

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Chairman

Garry Sladden

Chief Executive Officer

Julian Sallabank

Chief Financial Officer

Mahendra Tharmarajah

Company Secretary

Ian Gilmour

Australian Securities Exchange Listing

CND

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Solicitor

Lander & Rodgers Lawyers
Level 19, 123 Pitt Street
Sydney NSW 2000

Banker

National Australia Bank
Level 36, 255 George Street
Sydney NSW 2000

2017 Annual Report

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Chairman's Letter

Dear Shareholder

The 2017 financial year has been extremely challenging for the Clarius Group Limited (the "Company") and this is despite all of the significant effort and work that has gone into the restructuring and repositioning of the entire business over the past four years.

The first half of the 2017 financial year was very disruptive with a number of senior leadership changes required to ensure that we had the right executive team in place in Australia and China who possessed the passion, drive, skills and experience to create and implement the organisational culture and strategy to guide the business on its journey back to profitability. The second half of the 2017 financial year saw the development of the "2020 vision" and the "Back in Black" strategy which are discussed in further detail in the "Operational and Financial Review".

In early 2017, the Board appointed a new non-executive Director, Craig Saphin, who brings a wealth of broad business experience and in particular, significant first-hand Asia-Pacific recruitment industry knowledge and operational expertise.

During the 2017 financial year the Company posted negative year-on-year results against many of its key financial performance criteria. Revenue and gross profit from continuing operations declined over the year, while the loss for the year reduced slightly against the prior year.

Revenues were negatively impacted from the reduction in demand from our, previously, largest customer. However, as a result of our renewed focus on this customer relationship during the second half of 2017, we were reinstated as one of their main service providers subsequent to the reporting date. We are confident this will lead to a positive revenue impact in the 2018 financial year. In addition to this, our On Demand business was recently awarded one of its largest long-term contracts with a major customer in many years.

With the appointment of a new hands-on, customer and employee focused Chief Executive Officer, Julian Sallabank, a highly experienced Chief Financial Officer, Mahendra Tharmarajah, and the addition of several new senior leaders, we have renewed the focus on our people and our customers to deliver sustainable and profitable growth and success for all stakeholders.

In the second half of the 2017 financial year, we have focused on driving operating expenditure efficiencies, and with the renewed focus on retaining and growing our customer base, we are starting to deliver positive results. We are confident in the continuing improvement in the Company's performance for the 2018 financial year and beyond.

The Directors have chosen not to recommend a dividend for the 2017 financial year.

My fellow Directors and the senior leadership team believe that the Company is now well placed to deliver value for our shareholders and we thank you for your continuing support.

Yours faithfully

Garry Sladden
Independent Non-Executive Chairman

Operational and Financial Review

The Year in Review

I take great pleasure in presenting my first annual report to you since being appointed Chief Executive Officer in December 2016, and look forward to being able to present more appealing results in the coming years.

With the organisational knowledge gained from my role as a non-executive Director since October 2014, and familiarity with our key focus areas, my newly appointed Chief Financial Officer, Mahendra Tharmarajah, and I immersed ourselves into the business with great purpose at every level.

In my first six months our new leadership team adopted a very hands-on approach to the business. Our major area of focus was on the development and implementation of a sustainable, scalable strategic plan for the four business units: Specialist Recruitment, On Demand and People Services in Australia/New Zealand and Specialist Recruitment in China. The aim during this period was to develop an understanding of our shared mission, vision and values across the Company, and to ensure that our people were aligned behind a cohesive and effective strategic plan. The strategic plan "Back in Black" focuses on three core areas:

- Retaining, supporting and servicing the needs of our current customers and candidates;
- Acquiring new customers to deliver revenue and margin upside for the organisation; and
- Developing operational efficiencies in the back office and front office recruitment processes.

The renewed focus on the organisation's four business units is complemented with additional emphasis on supporting and developing our people. This approach has delivered greatly improved communication and collaboration throughout the organisation and has resulted in account wins across our business units (as discussed below in "The Year Ahead").

During the second half of the 2017 financial year, the Company continued to focus on enhancing customer relationships, investing in technology to generate efficiencies throughout the organisation and increasing the support provided to our people and candidates in the Asia-Pacific region. This focus has been underpinned by:

- Roll-out of our rebrand to better position our organisation within the Australian marketplace;
- Refinement of our specialist recruitment service offering across key offices delivering revenue diversification; and
- Investment in a new applicant tracking system and a new payroll and billing system, both scheduled for release in the second quarter of the 2018 financial year.

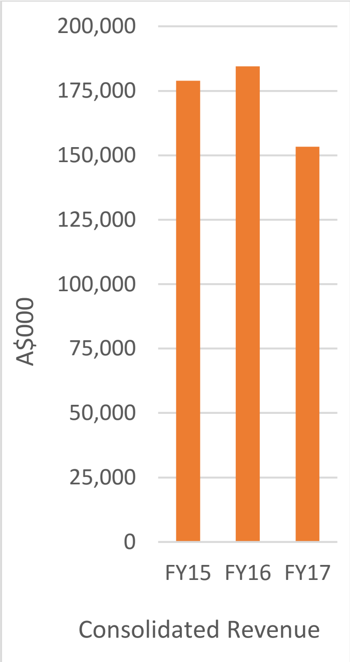
Key Performance Metrics

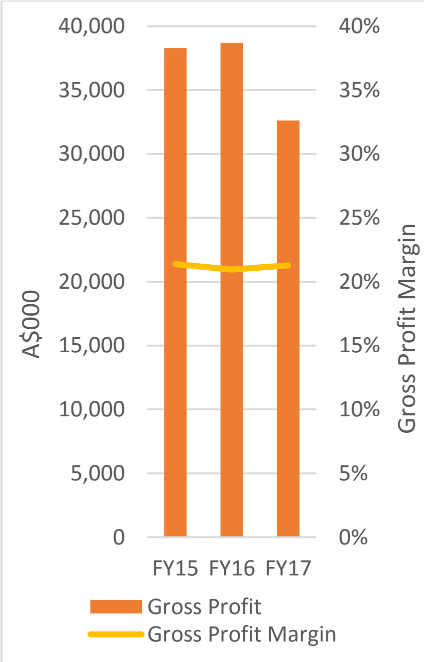
Year ended 30 June 2017	2017 $000	2016 $000	Change
Revenue	153,282	184,567	(17.0%)
Gross profit	32,627	38,690	(15.7%)
Gross profit margin	21.3%	21.0%	
Loss for the year	(3,724)	(3,864)	3.6%
Operating cash flow	239	540	(55.7%)
Net assets	16,591	20,591	(19.4%)

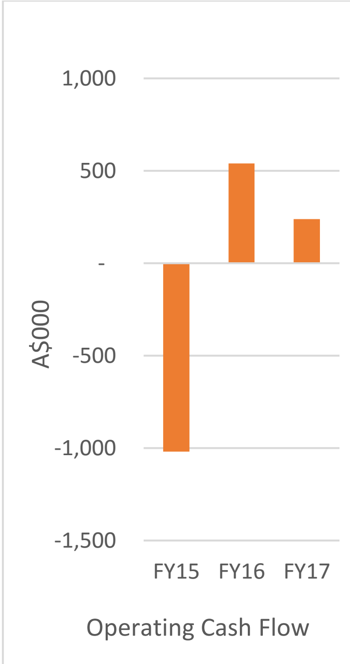
Operational Performance

Despite the significant inroads made during the second half of 2017 to refocus the Company on its four business units, full-year revenue declined 17.0% from $184,567k to $153,282k, while gross profit decreased 15.7% to $32,627k (2016: $38,690k) and gross profit margin improved slightly to 21.3% from 21.0%. Overall, the loss for the year reduced by 3.6% to $3,724k from $3,864k in the prior year.

The Australia/New Zealand Specialist Recruitment business accounted for 85.1% of revenue, while the China Specialist Recruitment business represented 6.8% and the On Demand business accounted for 6.4%. The People Services business made up the balance of revenue.





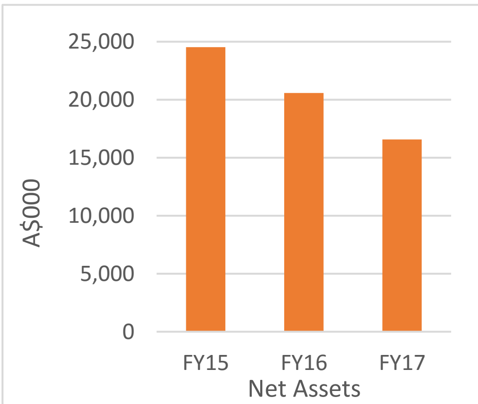


An ongoing focus on processes and efficiencies resulted in a 9.6% improvement in indirect operating expenditure to $36,750k (2016: $40,646k). Efficiencies included three office relocations following the expiration of property leases for costly over-sized offices enabling us to right-size these offices to suit our current operations and staffing, reduction in non-core back office roles in our shared services function, contracting a new service provider for telephony and communications infrastructure, and the benefit of one-time restructuring and bad debts expenditure incurred in 2016. We expect to realise the full-year benefits of the reduced property lease expenditure in the 2018 financial year.

Revenue from the Company's largest customer in the Australian Specialist Recruitment business declined by 54.0% to $27,318k. As a result of our renewed focus on the relationship with this customer during the second half of the 2017 financial year I am confident there will be a positive revenue impact in 2018 (as discussed below in "The Year Ahead").

The Company finished the year with a net cash balance of $1,788k (2016: $1,399k) while net cash from operating activities was $239k, a decrease of $301k on the prior year.

At 30 June 2017 the Company had net assets of $16,591k (2016: $20,591k). The Company's total assets of $35,008k (2016: $42,913k) primarily consist of net trade receivables of $21,238k (2016: $30,092k) and accrued income of $8,493k (2016: $7,614k). The Company's total liabilities of $18,417k (2016: $22,322k) primarily comprise trade and other payables of $12,875k (2016: $17,774k) and the debtor finance facility of $3,253k (2016: $1,803k).



Australia/NZ Specialist Recruitment

Revenue from the Australia/New Zealand Specialist Recruitment business declined 17.9% in the 2017 financial year from $157,111k to $130,460k. This reduction was primarily due to the decline in demand from our largest customer from the prior year. Despite this the ACT market continued to grow revenue on the prior year.

On Demand

The On Demand business saw revenue decline from $13,191k to $9,778k during 2017. This decline was mainly due to the completion of several major projects in the first half of the 2017 financial year and the subsequent reduction in demand associated with a key customer. The Company took the opportunity at the beginning of the second half of 2017 to refresh the business unit leadership and appointed a suitably experienced and culturally aligned general manager. The new leadership has refocused efforts around business development activities, including the appointment of new business development executives, engaging and expanding relationships with existing customers and pursuing new strategic customer opportunities.

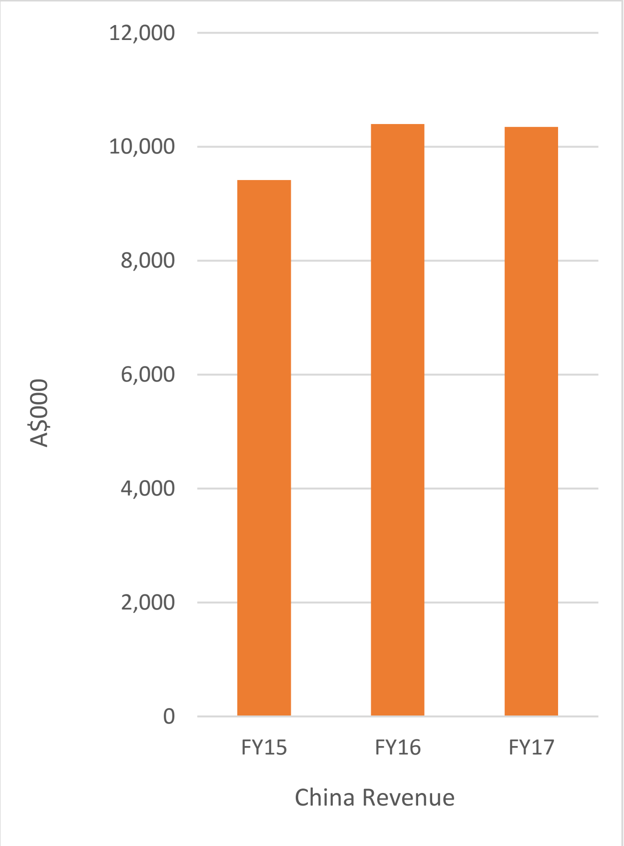
People Services

People Services experienced a 30.8% decline in 2017 revenue from $3,863k to $2,697k. The loss before tax for the year was $630k due to the unsuccessful investment in and expansion into new geographic markets. Following a challenging year, a strategic decision was made late in the 2017 financial year to refocus People Services on its core ACT market, where it traditionally held a solid and profitable operation, before embarking on a more sustainable and scalable growth strategy.

China Specialist Recruitment

As we noted last year, China's rapidly changing demographics, rising incomes, increased consumer discretionary spending and a more open business environment have all helped to make the Chinese recruitment market increasingly attractive for the Company. Local management challenges at the end of the prior year were addressed by the establishment of two super regions sharing back office resources and led by separate regional directors.

Overall the China Specialist Recruitment business, trading as Lloyd Morgan, delivered slightly reduced revenue in the 2017 financial year, decreasing from $10,402k to $10,347k. While the China North (Beijing, Guangzhou and Chengdu) region experienced 44.5% revenue growth, the China South (Shanghai and Suzhou) region experienced a decline in revenue. In order to address this underperformance a more suitable regional director was appointed subsequent to the reporting date. We are optimistic that this region will return to revenue growth in the 2018 financial year.



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The Year Ahead

Mission and Vision

In the second half of the 2017 financial year we developed and announced our new mission statement:

> ***We exist to:***
>
> - ***Ignite the potential of our people and our customers;***
> - ***Reimagine the future of the working world; and***
> - ***Deliver exceptional and sustainable outcomes for all our stakeholders.***

This mission statement is supported by our 2020 vision:

> ***To be one of Australasia's leading providers of recruitment, on demand and people services.***

To achieve our 2020 vision we will continue to focus on our people, our customers, our candidates and our operating efficiency. The combination should deliver a return to profitability in a timely, sustainable and scalable manner.

Our People

Focus on our people has commenced and includes a range of initiatives that will:

- Improve the leadership capabilities amongst our executives and business leaders;
- Reduce the time and investment required to take a consultant from induction to productivity; and
- Increase the productivity of our consultants through a new technology enabled sales platform.

These initiatives should improve our ability to attract, acquire, train and retain our people.

Our Customers

Focus on our customers has commenced specifically targeting:

- Further development of our customer relationships; and
- Development and implementation of key customer account plans.

This focus has already increased opportunities for both contractor and permanent placements across all business units. For example, after significant effort and focus, our bids and tenders win loss ratio achieved its best performance in many years and we were reinstated as one of the main service providers for a major customer. In addition to this, our On Demand business was recently awarded one of its largest long-term contracts with a major customer in many years.

Reporting

In the second half of 2017 our organisation developed an array of accurate, up-to-the-minute activity dashboards. These dashboards are focused on our consultants' activity and their key performance metrics, and roll-up into team, office, divisional and organisational reports. These activity dashboards will ensure that:

- Training and development is provided to our consultants when they need it;
- Necessary support is provided to our leaders, teams, offices and divisions when needed; and
- Management of our customer and candidate interactions is appropriately monitored, analysed and amended as required.

This enhanced reporting will ensure that the opportunities generated in the second half of the 2017 financial year materialise into profitable revenues in 2018.

Efficiencies

In the second half of 2017, we commenced the implementation of an industry leading applicant tracking system for our front office. This, combined with our enhanced reporting, will deliver substantial efficiency improvements and will assist with customer sharing and collaboration across all business units and geographies. This long overdue and critical long-term system investment will be completed during the second quarter of the 2018 financial year.

Another primary focus for 2018, commenced in the second half of 2017, is to deliver an efficient back office. Our organisation has invested in several technological solutions to assist with our business as usual activities, including a new payroll and billing system. This system will ensure efficiencies are developed and that we are better placed to ensure the fine margins and compliance obligations associated with contractor recruitment is both sustainable and scalable.

Our efficiency initiatives will include further refinement and automation of our front office recruitment processes leading to productivity gains. In addition, our focus will be on further operating expenditure efficiencies ensuring that our organisation invests its finite resources in strategic and operational initiatives that will deliver tangible returns for our people, customers, candidates and shareholders.

Deliverables

Via the strategic and tactical initiatives outlined above, we will ensure profitability is delivered in a timely and sustainable manner. Our continued focus on our people, our customers and operational efficiencies will address the challenges faced in previous years, enabling us to improve our overall business performance and deliver sustainable and scalable returns for all our stakeholders.

In the second half of the 2017 financial year we developed a simple, focused and logical plan. I am happy to report that during the first eight months of my leadership we have retained and grown existing customers, been re-instated as a trusted provider with other customers and won new opportunities across our business units.

With our renewed focus and confidence in our abilities, I am looking forward to working closely with my team to create a successful and profitable business for all our stakeholders.

Directors' Report

The Directors present their report together with the financial report of Clarius Group Limited, (the "Company") and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2017 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Garry Sladden	
Jennifer Elliott	
Gabrielle Trainor	(Resigned 25 July 2017)
Craig Saphin	(Appointed 20 March 2017)
Julian Sallabank	(Resigned 19 December 2016)

Principal activities

The principal activity of the consolidated entity during the financial year was the provision of permanent and contingent recruitment and payroll services ("Specialist Recruitment"); on demand human resources ("On Demand"); and outsourced recruitment and human resource consulting services ("People Services"). There were no significant changes in the nature of the consolidated entity's principal activities during the financial year. Refer also to the Chairman's Letter and the commentary in the Operational and Financial Review which forms part of the Directors' Report for the financial year ended 30 June 2017.

Review of operations

The loss attributable to equity holders of the Company for the financial year was $3,724k (2016: loss $3,864k). Refer also to the commentary in the Operational and Financial Review which forms part of the Directors' Report for the financial year ended 30 June 2017.

Dividends

No dividends were paid, declared or recommended to members during the financial year. On 30 August 2017 the Directors resolved not to declare a final dividend for the year ended 30 June 2017.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to the reporting date

Subsequent to the end of the financial year, the Chief Executive Officer was granted options pursuant to the Company's Equity Incentive Plan, as disclosed in Note 21.

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

Future developments

The consolidated entity continues to pursue a strategy centred on the provision of Specialist Recruitment, On Demand and People Services in the Asia-Pacific region.

Environmental issues

The consolidated entity's operations are regulated by relevant Commonwealth and State legislation in Australia and legislation in New Zealand and China. The nature of the consolidated entity's business does not give rise to any significant environmental issues.

Information on Directors

Garry Sladden

Independent Non-Executive Chairman

Garry is a business and strategic adviser who has a diversified business background in the areas of real estate, private equity, business operations, banking and finance, and equity raising. He was General Manager Operations at Consolidated Press Holdings for six years.

Garry is Chairman of Folkestone Limited, Chairman of Ashton Manufacturing Pty Limited and Chairman of FivePointFour Holdings Pty Ltd.

Garry is Chairman of the Board of Directors, a member of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

Jennifer Elliott

Independent Non-Executive Director

Jennifer has broad experience across senior executive roles in financial services, with a particular focus on strategic planning, risk and compliance, joint ventures in Asia and global human resources. During a 20 year career with Moody's Corporation, Jennifer held a variety of analytic and management roles, including over 5 years as head of Moody's Investors Service Asian business, and also several years as Chief Human Resources Officer for Moody's Corporation.

Jennifer currently sits on several boards as an independent director, including both not-for-profit and listed entities. She holds a Master of Asian Business Studies from SOAS, University of London, and arts and law degrees from the University of Sydney.

Jennifer is Chairman of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

Craig Saphin GAICD

Independent Non-Executive Director

Craig Saphin is a seasoned executive with over 30 years' experience in Asia-Pacific operations. He has held chief executive officer, general management, executive and non-executive directorships and board oversight roles with full profit and loss experience for public, private and not-for-profit organisations.

Previously Craig was Executive Director with the technology and HR services company, en Japan, Inc., which is a publicly listed company in Tokyo. He also held the role of Chief Executive Officer at en world where he led the growth strategy across Asia for the recruitment company.

Prior to this he worked in executive roles leading diverse teams in Australia, China, Japan and Asia for the US technology company, EFI, Inc. and Japanese company, Fuji Xerox. He has been Chairman for the NFP English service lifeline in Japan, "TELL".

Craig is Chairman of the Board Remuneration and Nomination Committee and a member of the Board Audit, Risk and Compliance Committee.

Directors' interests in shares and options

At the date of this report, the particulars of shares and options in which each Director has a relevant interest either directly or indirectly are disclosed in the Remuneration Report on page 12.

Company Secretary

Ian Gilmour **FGIA, FCIS, CA, FAICD**
Company Secretary

Ian was appointed as Company Secretary on 23 November 2016. He is company secretary of Property Exchange Australia Limited, Optalert Holdings Pty Limited and Sydney Institute of Marine Science. He is director and company secretary of Gilmour & Co Pty Ltd. Ian was formerly director and company secretary of AQRB Pty Ltd (formerly Audit Quality Review Board Ltd) and company secretary of RedHill Education Limited, Goodman Fielder Limited and provided company secretary services to a number of Australian Stock Exchange ("ASX") listed companies.

Audited remuneration report

The remuneration report is set out under the following headings:

- Director Remuneration
- Principles Used to Determine the Nature and Amount of Executive Remuneration
- Details of Directors' and Key Management Personnel Remuneration
- Short-Term Incentive
- Long-Term Incentive
- Employment Contracts
- Option Holdings
- Shareholdings

The information provided under these headings includes remuneration disclosures that are required under the Corporations Act 2001. These disclosures have been transferred from the financial report and have been audited.

Director Remuneration

The policy of the Board of Directors ("Board") is to remunerate Directors at market rates for comparable companies. Such remuneration is provided in recognition of the time, commitment and responsibilities assumed by Directors. The Board Remuneration and Nomination Committee determines payments to Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Directors is $500,000 per annum as approved by shareholders at the 2005 Annual General Meeting. Fees for Directors are not linked to the performance of the consolidated entity. Directors do not receive options or any form of equity as remuneration.

Directors are entitled to a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

Principles Used to Determine the Nature and Amount of Executive Remuneration

Executive Remuneration Principles

The Board Remuneration and Nomination Committee's Charter includes setting out the terms and conditions by which executive's remuneration is determined. The Board Remuneration and Nomination Committee did not seek professional advice from independent external consultants in the financial year. All executives receive a base salary (which is based on factors such as experience) and superannuation and are eligible for fringe benefits and performance incentives. The Board Remuneration and Nomination Committee reviews senior executive remuneration annually, as requested by the Chief Executive Officer, by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The consolidated entity's executive remuneration practices have been designed to align executive and shareholder interests and objectives. The Board believes these practices to be appropriate and effective in attracting and retaining skilled executives to manage and operate the business.

The performance of executives is measured against criteria agreed annually with each executive. The criteria are based predominantly on the forecast financial performance of the consolidated entity. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can review the Board Remuneration and Nomination Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract and retain skilled executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives may also be invited to participate in the Company's Equity Incentive Plan.

Executives are entitled to a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

All remuneration paid to executives is valued at cost to the Company and expensed.

Performance Based Remuneration

As part of the Chief Executive Officer and executives' remuneration packages there is a performance-based component, related to Key Performance Indicators ("KPIs"). The intention of this program is to facilitate congruence of goals between executives and those of the business and shareholders. The KPIs are set annually, in consultation with executives to ensure their commitment to achieving those goals.

The KPIs target the areas the Board believes hold the greatest potential for the consolidated entity's expansion and profitability, covering financial and non-financial as well as short-term and long-term goals. The measures are specifically tailored to the areas of each executive's involvement within the business and over which they have control. The level set for each KPI is based on budgeted amounts for the consolidated entity and industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information. The Chief Executive Officer's achievement of KPIs is determined by the Board while the executive's achievement of KPIs is determined by the Chief Executive Officer.

Following the annual assessment, the KPIs are reviewed by the Chief Executive Officer, with assistance as may be required from the Board Remuneration and Nomination Committee in light of the desired and actual outcomes for that year. The KPIs are then set for the year in order to align with the consolidated entity's objectives.

Consequences of Performance on Shareholder Wealth

In considering the consolidated entity's performance and impact on shareholder wealth, the Board Remuneration and Nomination Committee has regard to the following information in respect of the current financial year and prior four financial years.

	2017 $000	2016 $000	2015 $000	2014 $000	2013 $000
Loss attributable to Owners of the Company	(3,724)	(3,864)	(11,328)	(1,677)	(42,214)
Loss excluding impairment and de-recognition of tax losses	(3,724)	(2,033)	(7,790)	(1,677)	(933)

	$	$	$	$	$
Share price at the beginning of the year	0.19	0.27	0.24	0.20	0.43
Share price at the end of the year	0.08	0.19	0.27	0.24	0.20
Return on capital employed	-	-	-	-	-

	Cents	Cents	Cents	Cents	Cents
Basic loss per share	(4.16)	(4.31)	(12.65)	(1.87)	(47.15)
Diluted loss per share	(4.16)	(4.31)	(12.65)	(1.87)	(46.62)

Details of Directors' and Key Management Personnel Remuneration

The remuneration of Directors and key management personnel of the consolidated entity is as follows:

	Short-term Employment Benefits		Post-Employment Benefits	Long-term Employment Benefits	
	Salary $	Bonus $	Superannuation $	Long Service Leave $	Total Remuneration $
Directors					
Garry Sladden					
2017	99,000	-	9,405	-	108,405
2016	118,100	-	9,098	-	127,198
Jennifer Elliott					
2017	53,425	-	5,075	-	58,500
2016	53,425	-	5,075	-	58,500
Gabrielle Trainor(1)					
2017	53,425	-	5,075	-	58,500
2016	31,164	-	2,961	-	34,125
Craig Saphin(2)					
2017	15,411	-	1,464	-	16,875
2016	-	-	-	-	-
Julian Sallabank(3)					
2017	24,658	-	2,342	-	27,000
2016	53,425	-	5,075	-	58,500
Key Management Personnel					
Julian Sallabank(3)					
2017	204,822	-	11,198	-	216,020
2016	-	-	-	-	-
Mahendra Tharmarajah(4)					
2017	154,108	-	24,652	-	178,760
2016	-	-	-	-	-
Peter Wilson(5)					
2017	378,862	-	18,228	-	397,090
2016	444,190	115,875	19,308	-	579,373
Andy Watt(6)					
2017	147,780	-	11,035	-	158,815
2016	280,769	16,974	19,308	-	317,051

(1) Gabrielle Trainor resigned on 25 July 2017.

(2) Craig Saphin was appointed on 20 March 2017.

(3) Julian Sallabank resigned as a Non-Executive Director on 19 December 2016 and was appointed Chief Executive Officer on 19 December 2016.

(4) Mahendra Tharmarajah was appointed Chief Financial Officer on 12 December 2016.

(5) Peter Wilson resigned as Chief Executive Officer on 16 December 2016.

(6) Andy Watt resigned as Chief Financial Officer on 9 December 2016.

The relative proportions of remuneration that are fixed and performance based are as follows:

	Fixed Remuneration %[8]	Performance Based Remuneration %[7]	% Vested in Year[8]	% Forfeited in Year
Directors				
Garry Sladden				
2017	100	-	-	-
2016	100	-	-	-
Jennifer Elliott				
2017	100	-	-	-
2016	100	-	-	-
Gabrielle Trainor[1]				
2017	100	-	-	-
2016	100	-	-	-
Craig Saphin[2]				
2017	100	-	-	-
2016	100	-	-	-
Julian Sallabank[3]				
2017	100	-	-	-
2016	100	-	-	-
Key Management Personnel				
Julian Sallabank[3]				
2017	100	-	-	-
2016	-	-	-	-
Mahendra Tharmarajah[4]				
2017	88	12	-	100
2016	-	-	-	-
Peter Wilson[5]				
2017	67	33	-	100
2016	67	33	50	50
Andy Watt[6]				
2017	86	14	-	100
2016	86	14	37	63

(1) Gabrielle Trainor resigned on 25 July 2017.

(2) Craig Saphin was appointed on 20 March 2017.

(3) Julian Sallabank resigned as a Non-Executive Director on 19 December 2016 and was appointed Chief Executive Officer on 19 December 2016.

(4) Mahendra Tharmarajah was appointed Chief Financial Officer on 12 December 2016.

(5) Peter Wilson resigned as Chief Executive Officer on 16 December 2016.

(6) Andy Watt resigned as Chief Financial Officer on 9 December 2016.

(7) Fixed remuneration % and performance based remuneration % are based on the entitlements of each key management person during the financial year.

(8) Vesting percentages are based on actual bonuses paid in the financial year.

The remuneration packages of key management personnel contain a performance based remuneration component related to achievement of agreed KPIs. The remuneration of key management personnel and the returns to the Company's shareholders are aligned through the remuneration policies implemented by the Board as follows.

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive is a bonus provided in the form of cash, while the long-term incentive is provided as options pursuant to the rules of the Company's Equity Incentive Plan.

Short-Term Incentive

The objective of the short-term incentive ("STI") is to reward key management personnel for their contribution to the achievement of the consolidated entity's annual financial objectives, as well as individual KPIs. Each year the Board Remuneration and Nomination Committee sets KPIs for the key management personnel. The KPIs generally include measures relating to the consolidated entity, the relevant segment, and the individual, and include financial, people, customer and strategy measures. The measures are chosen as they directly align an individual's reward to the KPIs of the consolidated entity and to its strategy and performance.

The Company's STI plan provides for a cash payment based on achieving pre-determined KPIs and is assessed and paid annually. The financial performance objectives are set annually as deemed appropriate by the Board Remuneration and Nomination Committee and include measures such as gross margin, earnings before interest and tax ("EBIT") margins and EBIT margin % targets. The non-financial objectives vary with role and responsibility and include measures such as achieving strategic outcomes, adhering to legal and operational compliance, customer satisfaction and staff development. Each financial and non-financial objective accounts for between 20 to 40 percent of the maximum STI.

The KPIs assigned to key management personnel directly impact the amount of bonus payments made and potential salary increases. These KPIs are directly linked to the profitability of the consolidated entity, and the achievement of the consolidated entity's financial goals during the financial year. Therefore, the level of remuneration of key management personnel is directly linked to the performance of the consolidated entity in each financial year.

At the end of the financial year, the Board Remuneration and Nomination Committee assesses the actual performance of the consolidated entity, the relevant segment and the individual against the KPIs set at the beginning of the financial year. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information.

Long-Term Incentive

The objective of the long-term incentive ("LTI") is to reward the Chief Executive Officer and key management personnel for their contribution to the creation of shareholder value over the long-term. Options are granted under the Company's Equity Incentive Plan which provides for key management personnel to receive options as part of their remuneration. The options are granted based on performance criteria and to encourage staff retention.

The goal is to increase congruence of goals between executives and those of the business and shareholders. Options only vest where the performance and tenure hurdles are satisfied.

Employment Contracts

It is the consolidated entity's policy that service contracts for key management personnel are on-going until terminated by either party. Remuneration and other terms of employment for the key management personnel are formalised in contracts of employment. Each of these contracts of employment specify the remuneration terms including the fixed and performance based remuneration components providing for cash bonuses, options and other benefits. There are no specified lengths of service included within the contracts of employment. The contracts of employment of the key management personnel may be terminated by either party with three months' notice.

Option Holdings

No options were granted or exercised by key management personnel during the financial year as part of their remuneration. All options previously granted have lapsed and expired.

Shareholdings

	Balance 1 July 2016	Movement	Balance 30 June 2017
Directors			
Garry Sladden	42,000	68,142	110,142
Jennifer Elliott	-	-	-
Gabrielle Trainor(1)	-	100,000	100,000
Craig Saphin	-	50,000	50,000
Key Management Personnel			
Julian Sallabank	-	-	-
Mahendra Tharmarajah	-	-	-

(1) Gabrielle Trainor resigned on 25 July 2017.

No shares were issued during the year to key management personnel pursuant to the exercise of options.

Shareholdings are unchanged as at the date of this report.

End of Audited Remuneration Report

Meetings of Directors and Board committees

During the financial year, the following meetings of Directors, the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee were held with attendances as indicated:

	Meetings of Directors		Board Audit, Risk and Compliance Committee Meetings		Board Remuneration and Nomination Committee Meetings	
Directors	Meetings Held(1)	Meetings Attended	Meetings Held(1)	Meetings Attended	Meetings Held(1)	Meetings Attended
Garry Sladden	11	11	4	4	2	2
Jennifer Elliott	11	11	4	4	2	2
Gabrielle Trainor	11	11	4	4	2	2
Craig Saphin	3	3	1	1	1	1
Julian Sallabank	4	4	2	2	1	1

(1) The number of meetings held during the time the Director was a member of the Board or Committee.

Indemnifying Officers

The Company has entered into deeds of indemnity, insurance and access with each of the Directors and the Company Secretary. The form of these deeds was approved by shareholders at the 2001 Annual General Meeting. The indemnity will only indemnify a Director and the Company Secretary to the extent permitted by the law and the Company's Constitution.

During the year the Company paid a premium to insure the Directors and the Company Secretary listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of non-executive officers of the Company. The terms of the policy prohibit disclosure of the premium paid.

Directors' benefits

No Director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Company, a controlled entity or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than as disclosed in the Remuneration Report.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Company's financial statements, or the fixed salary of a full-time employee of the Company, a controlled entity or a related body corporate.

Proceedings on behalf of the Company

No person has applied for leave of the Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Board, in accordance with advice from the Board Audit, Risk and Compliance Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board are satisfied that the services disclosed in Note 23 did not compromise the external auditor's independence for the following reasons:

- The nature and scope of all non-audit services are reviewed and approved by the Board Audit, Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants.

Refer to Note 23 for amounts paid or payable during the financial year to the external auditors in respect of non-audit services.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2017 is set out on page 19 of the Directors' Report.

Rounding of amounts

The Company 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 financial statements are rounded off to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated.

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

Garry Sladden
Independent Non-Executive Chairman

Dated at Sydney this 30th of August 2017

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

30 August 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 audit of the financial statements of Clarius Group Limited for the year ended 30 June 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Corporate Governance Statement

This statement sets out the material governance principles and processes of the Company and the consolidated entity. The Board has followed recommendations established in the ASX Corporate Governance Principles and Recommendations, 3rd Edition (the "ASX Recommendations").

The Directors have resolved to consider and apply these ASX Recommendations unless it is determined that, in the circumstances of the consolidated entity, there is a sound reason in the interests of shareholders not to do so.

Features of the consolidated entity's corporate governance regime are summarized below. Details of the consolidated entity's corporate governance codes, charters and policies are available on the consolidated entity's website under Investor Information - Corporate Governance (www.igniteservices.com./investor-information/corporate-governance) ("Website").

Principle 1 – Lay solid foundations for management and oversight

The role of the Board is to approve the strategic direction of the consolidated entity, guide and monitor management and the business in achieving its strategic plans and oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including customers, contractors, candidates, vendors, employees and the wider community.

The responsibilities and accountabilities of the Board have been framed in a Board Charter which reflects its governance principles. The Board Charter is available on the consolidated entity's Website.

During the year the Board met 11 times. Meetings are held at regular intervals throughout the year supplemented by additional meetings as required in the conduct of the Board's responsibilities.

The Board operates on the principle that all significant matters are dealt with by the full Board and has specifically reserved the following matters for its decisions:

- Strategy and planning
- Staffing
- Remuneration
- Capital management and financial reporting
- Performance monitoring
- Risk management
- Audit, risk and compliance
- Board processes and policies

To assist in its deliberations, the Board has established two main committees which, apart from routine matters, act primarily in a review or advisory capacity on the matters set out in their respective charters. These are the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee. The charters of each Committee are summarised in this report. Other committees may be established to address specific issues as may be required from time to time.

Chairman's Responsibilities

The Chairman's responsibilities are expressly identified in the Board Charter. The Chairman is responsible for ensuring that the Board receives timely, clear and relevant information to facilitate the efficient organisation and conduct of the Board's duties in regard to strategic direction, governance and monitoring the performance of management. The Chairman is also responsible for ensuring that procedures to assess the performance of the Board and the Directors are operating; facilitating Board discussion and effective contribution of all Directors; and overseeing representations to and communications with the shareholders.

Director Selection

It is the role of the Board Remuneration and Nomination Committee to identify suitable candidates to complement the existing Board and to make recommendations to the Board on their appointment. The Board considers the appointment or retirement of Directors annually under succession plan principles having regard to the size of the consolidated entity and to the appropriate skills and experience of Directors. Skills and experience regarded as important include experience as a chief executive officer; recruitment and broader service industry experience; experience in financial markets, including acquisitions; financial experience; and broad experience in governance and risk management, including ASX listed companies.

Before appointing a Director, the Company undertakes comprehensive due diligence including employment, character reference, criminal history, bankruptcy and disqualified company director investigations.

Directors' Performance Review

During the year the Board surveyed the Directors regarding the performance of the Chairman, the Directors, the Board and its committees and discussed the results.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman, on all governance matters. Biographical details showing the relevant skills, experience and expertise held by the Company Secretary are included in the Directors' Report.

Role of the Chief Executive Officer

The responsibility for implementing the approved business plans and for the day-to-day operations of the consolidated entity is delegated to the Chief Executive Officer who, with the management team, is accountable to the Board. The Board approves the Delegation of Authority which sets out the authority limits for the Chief Executive Officer and the management team.

Performance Based Remuneration

Across the consolidated entity, there is a strong performance management discipline teamed with competitive reward and incentive programs. As part of the Chief Executive Officer and management's remuneration packages there is a performance-based component, related to Key Performance Indicators (KPI's). The intention of this program is to facilitate congruence of goals between management and those of the business and shareholders. The KPI's are set annually, in consultation with management to ensure their commitment to achieving those goals. The measures are specifically tailored to the areas of each manager's involvement within the business and over which they have control. Performance reviews have been carried out in accordance with policy during the financial year.

Diversity Policy

The consolidated entity understands that a diverse workforce is one that recognises and embraces the varied skills and perspectives that people bring to the organisation through their differences.

The consolidated entity values the differences between people and the contribution these differences make to its business. The consolidated entity recognises its talented and diverse workforce is a key competitive advantage and that its business success is a reflection of the quality and skills of its people. As such the consolidated entity is committed to seeking out and retaining the best people to ensure business growth and performance.

Above all, the consolidated entity is committed to ensuring that all employees, customers, consultants, suppliers and third party stakeholders are treated with respect and dignity. It strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the consolidated entity, regardless of their differences.

The Board understands the importance of maintaining a diversity policy. The values are set out in the consolidated entity's diversity policy which is available on the consolidated entity's Website.

As part of monitoring its diversity policy, the Board measures its gender diversity noting the respective proportions of men and women on the Board, in key management roles and within broader management. However, the Board has determined not to set measurable objectives for achieving gender diversity for the foreseeable future.

	30 June 2017		30 June 2016	
Gender Diversity	Female (%)	Male (%)	Female (%)	Male (%)
Board of directors	34%	66%	50%	50%
Key management personnel	0%	100%	0%	100%
Management	43%	57%	45%	55%
Consolidated entity	64%	36%	64%	36%

Principle 2 – Structure the Board to add value

The Board comprises three Directors. The Board considers this number appropriate in the present circumstances of the Company. The Board Charter requires that there be a majority of Directors who are independent and non-executive. All Directors in office are independent and non-executive. One-third of the Board is required to retire at each Annual General Meeting and may stand for re-election. The Director(s) to retire shall be those who have been longest in office since their last election. A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next Annual General Meeting, when they must retire, and seek re-election by shareholders at the meeting.

Biographical details showing the relevant skills, experience and expertise of each Director are included in the Information on Directors section of the Directors' Report.

The Board comprises the following Directors at the date of this report:

Name	Position	Appointed
Garry Sladden	Independent non-executive Chairman	September 2013
Jennifer Elliott	Independent non-executive Director	May 2014
Craig Saphin	Independent non-executive Director	March 2017

Directors' Independence

The Board has established a policy on Directors' independence. An "independent non-executive Director" is independent of management, free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment, and otherwise meets the criteria for independence set out in the ASX Recommendations.

Directors are considered to be independent if they meet the following criteria:

- they are not a substantial (5% or greater) shareholder of the Company or an officer of a substantial shareholder of the Company;
- they have not been employed in an executive capacity in the last three years by the Company or a subsidiary of the Company;
- they have not been employed as a principal of a material professional advisor to the consolidated entity during the past three years;
- they are not a material supplier or customer of the Company or any subsidiary of the Company;
- they have no material contractual relationship with the consolidated entity (other than as a Director of the Company); and

- they are free from any interest, business or personal, which could, or could reasonably be perceived to materially interfere with their ability to act in the best interests of the consolidated entity.

In determining whether or not a material relationship exists with a third party such as a supplier, professional advisor or customer, the Board considers that relationship to be material if it meets the following criteria:

- the customer accounts for more than 5% of the consolidated entity's consolidated gross revenue per annum;
- the consolidated entity accounts for more than 5% of the supplier's consolidated revenue;
- the total value of any contract or relationship between the consolidated entity and the Director (other than as a Director of the Company) exceeds $200,000.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Company's expense. The consent of the Board is required prior to obtaining such advice and the concerned Director does not participate in the Board's consideration of its consent.

Induction of New Directors and Ongoing Development

New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of appointment, including their duties and responsibilities, required time commitment, requirement to disclose notifiable interests or other interests and matters affecting independence.

New Directors participate in an induction program designed to introduce the Director to all aspects of the consolidated entity's business and corporate strategies, as well as incorporating information in relation to areas in which the Director will particularly be involved. The new Director will meet with the Chairman and each Director, the Chief Executive Officer and management in order to gain an insight in to the values and culture of the consolidated entity.

On an ongoing basis, Directors are provided with presentations and briefings on matters impacting the strategy and operations of the consolidated entity.

Board Skills Matrix

The Board skills matrix is set out below:

Strategic Areas	Skills
Strong capital management and appropriate oversight of financial controls and risk	• Risk management • Financial accounts literacy • Shareholder and investor relations • Investment banking and capital management
Understanding of employment/labour hire business	• Employment/labour hire business acumen • Information technology • Marketing • Digital strategy
International business experience	• Senior management experience leading international divisions • Strategy
Other areas	• Executive/senior management experience • Corporate governance experience • Diversity and inclusion

Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee operates under a Charter approved by the Board. The Committee Charter is available on the consolidated entity's Website. The Committee's objective is to assist the Board in the consideration of personnel and remuneration issues within the consolidated entity. The Committee ordinarily comprises a minimum of three Directors, a majority of whom are independent non-executive Directors.

The members of the Committee during the year were:

Name	Status
Garry Sladden	Member of the Committee
Jennifer Elliott	Member of the Committee
Gabrielle Trainor	Resigned as a Director and Chairman of the Committee in July 2017
Craig Saphin	Appointed as a member of the Committee in March 2017 and Chairman of the Committee in July 2017
Julian Sallabank	Resigned as a Director and Chairman of the Committee in December 2016

Qualifications of Committee members are set out in the Information on Directors section of the Directors' Report.

The Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

The responsibilities of the Board Remuneration and Nomination Committee are delegated by the Board and include:

- recommending the structure and constituency of the Board such that it has the effective composition, size and commitment to properly discharge its responsibilities and duties;
- ensuring appropriate Board succession planning, including identification, induction and training of new Directors as required;
- performance assessment in relation to the Board and individual Directors;
- assisting the Chairman in relation to the efficacy of Board processes;
- recommending Chairman and non-executive Director remuneration;
- recommending remuneration framework and levels for the Chief Executive Officer and management;
- assisting the Chairman in relation to performance goals for, and assessment of, the Chief Executive Officer and management;
- policies and procedures regarding the management team for recruitment, retention, remuneration, training and succession planning; and
- policies on superannuation arrangements for the consolidated entity.

For details on the amount of remuneration, and all monetary and non-monetary components for each of the key management personnel who were not Directors during the year, and for all Directors, refer to the Details of Directors' and Key Management Personnel Remuneration section of the Directors' Report. In relation to the payment of bonuses, granting of options, and other incentive payments, discretion is exercised by the Board having regard to the overall performance of the consolidated entity and the performance of the individual during the period.

There is no scheme to provide retirement benefits to non-executive Directors, other than statutory superannuation.

Principle 3 – Act ethically and responsibly

Code of Conduct/Ethical Business Behaviour

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Board has adopted a Code of Conduct applicable to all Directors, management and employees. The Code directs standards of behaviour and interpersonal dealings. Within the letter and spirit of the Code, the Directors, management and all employees are expected to act lawfully, in a professional manner, and with the utmost integrity and objectivity in their dealings with customers, contractors, candidates, vendors, competitors, the community and each other, striving at all times to enhance the reputation and performance of the consolidated entity.

The Code is available on the consolidated entity's Website.

In addition, the consolidated entity has implemented a whistle-blower policy empowering employees to report instances of workplace misconduct. The procedures are protective of the interests and concerns of employees who are genuinely exposed to such instances.

Share Ownership and Dealings

Details of shareholdings of Directors in the Company are set out in the Directors' Report.

Securities Trading Policy

Directors, management and employees are subject to the Corporations Act 2001 which restricts their buying, selling or trading in securities in the Company if they are in possession of inside information.

The Board has adopted a formal policy for securities trading which is available on the consolidated entity's Website.

Directors, management and employees of the consolidated entity are not permitted to undertake any transactions in relation to shares in the Company in the period between the end of the financial half-year or full-year and the release of the financial information relating to that period. Directors, management and employees of the consolidated entity are further prohibited from undertaking transactions involving the Company's shares at any time whilst in possession of information which is not in the public domain and which could reasonably lead to a change in the share price of the Company.

Principle 4 – Safeguard integrity in corporate reporting

Board Audit, Risk and Compliance Committee

The Board Audit, Risk and Compliance Committee operates under a Charter approved by the Board. The Committee Charter is available on the consolidated entity's Website. The Committee's objectives are to assist the Board in safeguarding integrity in financial reporting; making timely and balanced disclosure to shareholders, and potential shareholders in accordance with the principles of continuous disclosure; recognising and managing risk; and overseeing the Company's process for monitoring compliance with laws and regulations and the code of conduct. The Committee ordinarily comprises a minimum of three Directors, all of whom are to be independent non-executive Directors.

The members of the Committee during the year were:

Name	Status
Garry Sladden	Member of the Committee
Jennifer Elliott	Chairman of the Committee
Gabrielle Trainor	Resigned as a Director and member of the Committee in July 2017
Craig Saphin	Appointed as a member of the Committee in March 2017
Julian Sallabank	Resigned as a Director and member of the Committee in December 2016

Qualifications of Committee members are set out in the Information on Directors section of the Directors' Report.

The Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

The responsibilities of the Board Audit, Risk and Compliance Committee are delegated by the Board and include:

- monitoring the integrity of statutory reporting and reviewing, with recommendations, the policies and disclosures inherent in the half-year and full-year financial statements;
- reviewing and approving financial policies and procedures so as to ensure the effectiveness of financial management and reporting; the completeness of compliance obligations; and adherence with continuous disclosure requirements;
- monitoring and appropriately advising the Board in relation to related party transactions;
- monitoring and assessing the consolidated entity's internal control frameworks and risk management strategies and processes, including recommending the insurance strategy;
- overseeing the scope, cost and performance of external audit; and directing the strategies and scope of internal audit; and
- recommending the appointment of external auditors and monitoring the independence of external auditors.

External Auditors

The consolidated entity's policy is to appoint external auditors who are independent and who demonstrate that independence.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in Note 23 to the Financial Statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board and to explain the basis upon which non-audit services do not impair their independence.

The external auditor will attend the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and preparation and content of the Independent Auditor's Report.

Financial Reporting

The Chief Executive Officer and Chief Financial Officer have stated, in writing, to the Board that the consolidated entity's financial statements for the year ended 30 June 2017 present a true and fair view in all material respects of the consolidated entity's financial position and its operations for the year, and that they are in accordance in all material respects with all relevant accounting standards. The Chief Executive Officer and Chief Financial Officer have further stated to the Board, in writing, that the consolidated entity's records have been properly maintained under law; that the financial statements are underpinned by sound systems of risk management and internal compliance and control which are operating effectively in all material respects; and that there are no post 30 June 2017 events which would materially impact the effectiveness of those systems.

Principle 5 – Make timely and balanced disclosure

The consolidated entity's practice, as reflected in the Communication and the Continuous Disclosure Policies which is available on the consolidated entity's Website, is to release all price-sensitive information in a timely manner and in accordance with practices directed by the ASX Listing Rules. For disclosure purposes, price-sensitive information is taken to be information that a reasonable person would expect to have a material effect on the price of the Company's securities.

All material information issued to ASX, published annual reports, half-year and full-year results and presentation material provided to analysts, is published on the consolidated entity's Website.

The Company Secretary is the primary person responsible for communication with ASX.

The Chairman and Chief Executive Officer are the authorised spokespersons who can communicate on behalf of the consolidated entity with shareholders, the media or the investment community.

Principle 6 – Respect the rights of shareholders

The rights of shareholders are detailed in the Company's Constitution. Those rights include electing members of the Board. In addition, shareholders have the right to vote on important matters which have an impact on the Company. To allow shareholders to effectively exercise these rights, the Board is committed to improving the communication to shareholders of high quality, relevant and useful information in a timely manner, through:

- ASX announcements;
- Company publications including annual reports;
- The Annual General Meeting; and
- The consolidated entity website (www.igniteservices.com).

Shareholders are encouraged to make their views known to the Company and to directly raise matters of concern. Shareholders are encouraged to attend the Annual General Meeting and use this opportunity to ask questions. The Annual General Meeting will remain the main opportunity each year for the majority of shareholders to comment and to question the Board and management. The Company encourages two way communication with investors and to this end has set up electronic communications facility via its website (www.igniteservices.com/contact-us).

Principle 7 – Recognise and manage risk

The Board has a Risk Management Framework which formalises the approach to management of material business risks. The policy is in the process of being fully implemented through a top down and bottom up approach to identifying, assessing, monitoring and managing key risks across the consolidated entity's businesses.

The Board is responsible for approving strategies and policies in relation to the identification of and management of risk and compliance. The Board oversees the effective management of risk and compliance, including delegation to the Board Audit, Risk and Compliance Committee and to management. The Board Audit, Risk and Compliance Committee reports to the Board on the effectiveness of the Risk Management Framework that is in place and all material business risks.

The external audit function, which is separate and independent to the internal audit function, also reviews the consolidated entity's risk assessment and risk management.

The consolidated entity monitors its exposure to all material business risks including economic, social, governance and environmental risks. The consolidated entity has no material exposure to environment and social sustainability risks, other than in the normal course of business.

Internal Audit

The Board and the Board Audit, Risk and Compliance Committee are yet to implement an internal audit function.

In the absence of an internal audit function, management regularly review the consolidated entity's risk management and internal control processes to ensure that they meet the evolving needs of the business.

Workplace Health and Safety

The consolidated entity recognises the importance of workplace health and safety issues and is committed to the highest level of performance. The Board Audit, Risk and Compliance Committee facilitates the systematic identification of issues relevant to all workers under the consolidated entity's responsibility, and ensures effective management of them.

Principle 8 – Remunerate fairly and responsibly

The Board Remuneration and Nomination Committee's Charter include setting out the terms and conditions by which the Chief Executive Officer and management remuneration is determined. The Board Remuneration and Nomination Committee seeks professional advice from independent external consultants where required. All management receive a base salary and superannuation which may include fringe benefits, options and performance incentives. The Board Remuneration and Nomination Committee reviews management remuneration annually, as requested by the Chief Executive Officer, by reference to the consolidated entity's performance, individual performance and comparable information from industry sectors and other listed companies in similar industries.

The consolidated entity recognises the importance of ensuring that any recommendations given in relation to the remuneration of key management personnel provided by remuneration consultants are provided independently of those to whom the recommendations relate.

Management may be invited to participate in the Company's Equity Incentive Plan, subject to the rules of the Plan. Pursuant to Section 5.3 of the Plan participants must not hedge the value of, or enter into a derivative arrangement in respect of, unvested or vested options.

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $000	2016 $000
Continuing operations			
Revenue		153,282	184,567
On hired labour costs		(120,655)	(145,877)
Gross profit		32,627	38,690
Other income		500	-
Employee benefits expense		(26,183)	(27,119)
Depreciation and amortisation expense	6	(1,127)	(917)
Restructuring expense		-	(397)
Operating rental expense		(3,556)	(3,737)
Other expenses	6	(5,884)	(8,476)
Loss from operating activities		(3,623)	(1,956)
Finance income		5	7
Finance cost		(206)	(103)
Loss before income tax		(3,824)	(2,052)
Income tax benefit/(expense)	7	100	(1,812)
Loss for the year attributable to the Owners of the Company		(3,724)	(3,864)
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		(276)	(78)
Income tax on other comprehensive loss		-	-
Other comprehensive loss for the year, net of income tax		(276)	(78)
Total comprehensive loss for the year		(4,000)	(3,942)

		2017 Cents	2016 Cents
Basic loss per share	20	(4.16)	(4.31)
Diluted loss per share	20	(4.16)	(4.31)
Net tangible assets per share	20	18.27	22.96

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes on pages 33 to 61.

Consolidated Statement of Financial Position
As at 30 June 2017

	Note	2017 $000	2016 $000
Current assets			
Cash and cash equivalents	8	1,788	1,399
Trade and other receivables	9	31,244	39,420
Total current assets		33,032	40,819
Non-current assets			
Plant and equipment	10	1,750	2,074
Intangible assets	11	226	20
Total non-current assets		1,976	2,094
Total assets		35,008	42,913
Current liabilities			
Trade and other payables	12	12,875	17,774
Debtor finance facility	13	3,253	1,803
Provisions	14	1,471	1,525
Finance lease liability	16	17	205
Total current liabilities		17,616	21,307
Non-current liabilities			
Provisions	14	801	998
Finance lease liability	16	-	17
Total non-current liabilities		801	1,015
Total liabilities		18,417	22,322
Net assets		16,591	20,591
Equity			
Contributed equity	18	83,541	83,541
Reserves	19	(1,070)	(794)
Accumulated losses		(65,880)	(62,156)
Total equity		16,591	20,591

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes on pages 33 to 61.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	Contributed Equity $000	Reserves $000	Accumulated Losses $000	Total $000
Current Year				
Balance as at 1 July 2016	83,541	(794)	(62,156)	20,591
Loss for the year attributable to the Owners of the Company	-	-	(3,724)	(3,724)
Other comprehensive loss for the year				
Foreign currency translation differences for foreign operations	-	(276)	-	(276)
Total comprehensive loss for the year	-	(276)	(3,724)	(4,000)
Balance as at 30 June 2017	83,541	(1,070)	(65,880)	16,591
Prior Year				
Balance as at 1 July 2015	83,541	(716)	(58,292)	24,533
Loss for the year attributable to the Owners of the Company	-	-	(3,864)	(3,864)
Other comprehensive loss for the year				
Foreign currency translation differences for foreign operations	-	(78)	-	(78)
Total comprehensive loss for the year	-	(78)	(3,864)	(3,942)
Balance as at 30 June 2016	83,541	(794)	(62,156)	20,591

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 33 to 61.

Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers		246,910	282,751
Payments to suppliers and employees		(233,143)	(265,859)
Interest received		5	7
Interest and other borrowing costs paid		(206)	(103)
Goods and services tax paid		(13,327)	(16,256)
Net cash provided by operating activities	22	239	540
Cash flows from investing activities			
Purchase of plant and equipment		(799)	(1,395)
Payments for intangible assets		(225)	(28)
Net cash used in investing activities		(1,024)	(1,423)
Net decrease in cash held		(785)	(883)
Cash and cash equivalents at the beginning of the year		(404)	638
Effect of exchange rates on cash holdings in foreign currencies		(276)	(159)
Cash and cash equivalents at the end of the year	8	(1,465)	(404)

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 33 to 61.

Note 1 Reporting Entity

The Company is a company limited by shares, incorporated and domiciled in Australia. The consolidated financial statements represent the consolidated entity as at and for the financial year ended 30 June 2017.

Note 2 Basis of Preparation

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated entity incurred a loss for the year of $3,724k and generated cash from operating activities of $239k. As such the consolidated entity is reliant on the existence and continuity of the debtor finance facility disclosed at Note 13 to meet its short-term working capital requirements. The Board have adopted, and consider it appropriate to adopt, the basis of going concern in preparing the financial statements. In making this assessment the Directors have assumed continuity of the debtor finance facility and have considered the drawdown conditions and overall limit associated with the facility in the context of the consolidated entity's forecast performance and cash flows.

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

The consolidated financial statements were authorised for issue by the Directors on the 30th of August 2017.

Note 3 Significant Accounting Policies

(a) Principles of consolidation

The Company and its controlled entities are collectively referred to in the consolidated financial statements as the consolidated entity. The consolidated financial statements incorporate the assets and liabilities of the consolidated entity as at 30 June 2017 and the results of all controlled entities for the year ended 30 June 2017.

The consolidated entity controls the controlled entities when it has power over the entities, it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The consolidated entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the control elements.

Entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of entities by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between entities comprising the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests, presented as part of equity, represent the portion of an entity's profit or loss and net assets that is not held by the consolidated entity. The consolidated entity attributes total comprehensive income or loss of controlled entities between the owners of the parent entity and the non-controlling interests based on their respective ownership interests.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated entity and specific criteria have been met for each of the consolidated entity activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Permanent Recruitment Revenue

Permanent recruitment revenue is brought to account once the sourcing and placement services of the consolidated entity are completed and the full time, part-time or fixed-term employee is hired by the customer. Services provided but not yet billed are taken up as accrued revenue.

(ii) Contingent Recruitment Revenue

Contingent recruitment revenue is brought to account once the services of the temporary contract worker, independent contractor or consultant sourced and contracted by the consolidated entity are provided to the customer. Services provided but not yet billed are taken up as accrued revenue.

(iii) Payroll Services Revenue

Payroll service revenue is brought to account once the services of the temporary contract worker, independent contractor or consultant sourced by the customer and contracted by the consolidated entity are provided to the customer. Services provided but not yet billed are taken up as accrued revenue.

(iv) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Income tax

Income tax expense comprises current and deferred tax. The charge for current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred income tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting profit or loss or taxable income.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is recorded in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be recorded directly to equity, in which case the deferred tax is recorded directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Tax Consolidation Legislation

The Company and its wholly-owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation legislation whereby the Company is the head entity within the tax consolidated group and all members are taxed as a single entity.

Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the members of the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the Company and the other members of the group in accordance with the arrangement.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the Australian Tax Office are presented as operating cash flows.

(e) Foreign currency translation

(i) Functional and Presentation Currency

Items included in the financial statements of each entity that is included in the consolidated entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

(ii) Currency Translation

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(iii) Foreign Operations

The results and financial position of all the entities included in the consolidated entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates during the financial year unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

- All resulting exchange differences are recognised in other comprehensive loss and presented in the foreign currency translation reserve in equity.
- Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of a foreign entity and translated at the exchange rates at the reporting date.

(f) Financial instruments

Classification

The consolidated entity classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determine the classification of investments at initial recognition.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables represent trade and other receivables on the consolidated statement of financial position.

(ii) Financial Liabilities

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Financial liabilities comprise trade payables and the debtor finance facility.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

Recognition and De-recognition

Regular purchases and sales of financial assets are recognised or derecognised on trade-date being the date on which the consolidated entity commits to purchase or derecognise the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is the net present value of the future cash inflows. It is determined using a present value model based on management's estimate of future net cash inflows from continued use, including movements in working capital and subsequent disposal of assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses in respect of goodwill are not reversed.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- Investments in money market instruments with less than 14 days to maturity; and
- The debtor finance facility as shown in current liabilities in the consolidated statement of financial position.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. Trade receivables are generally due for settlement within 30 days.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off to profit or loss. An impairment allowance on trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original trading terms. Significant financial difficulties of the debtor, probability that the debtor will become insolvent, and default or delinquency in payments outside the trading terms are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision is recognised in the consolidated statement of profit or loss and other comprehensive income in "other expenses". When a trade receivable for which a provision for impairment has been recognised becomes uncollectable in a subsequent period, it is written-off against the provision account. Subsequent recoveries of amounts previously written-off are credited against "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

(j) Plant and equipment

Plant and equipment is brought to account at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of its recoverable amount.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets, including capitalised leased assets, are depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the consideration at the date of acquisition plus costs directly attributable to bringing the assets to a working condition for their intended use.

The gain or loss on disposal of all fixed assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in profit or loss in the year of disposal.

The depreciation rates and methods used for each class of depreciable assets are:

Class of asset	Rate	Method
Plant and equipment	9% - 60%	Straight Line
Leasehold improvements	11% - 50%	Straight Line

(k) Intangible assets

Software development costs are capitalised where it is expected they will contribute to a future period financial benefit through revenue generation and/or expenditure reduction. Otherwise such costs are expensed in the period in which they are incurred. Capitalised software development costs include external direct costs of materials and services, direct payroll and payroll related costs of employee time spent on the project. These costs are amortised over periods between three and five years on the basis of the expected useful life of the resulting software.

Unamortised costs are reviewed at each reporting date to determine the amount (if any) that is no longer recoverable and any amount so identified is written-off.

(l) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Recruitment Services Under Guarantee

A provision is recognised to represent the liability associated with refunds for permanent placement fall-outs within the guarantee period provided to customers. This is based on the average permanent placement fees and historical experience with fall-outs.

(ii) Lease Incentives

Lease incentives under operating leases for premises are recognised as a liability and amortised on a straight-line basis over the lease term.

(iii) Make Good on Leased Premises

A provision is recognised for the expected cost to restore leased premises to their original condition at the expiration of the operating lease. The provision is based on an estimate of the costs to fulfil the obligations within individual operating leases.

(iv) Onerous Leases

The provision for onerous operating leases represents the present value of the future lease payments that the consolidated entity is presently obligated to make under non-cancellable onerous operating leases, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable.

(m) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the reporting date. Short-term employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave have been measured as the amounts expected to be paid when the liability is settled plus related on-costs. Other long-term employee benefits payable and annual leave expected to be settled in more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity on behalf of employees to defined contribution superannuation funds and are charged as expenses when incurred.

Share Based Payments

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The employee benefits expense recognised in the equity reserve is based on the revised number of options that have vested as at the reporting date. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits at the earlier of when the offer of the termination benefit can no longer be withdrawn and when the costs for a restructuring that is within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets involving the payment of a termination benefit is recognised. If the termination benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

(n) Leases

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. If there is no reasonable certainty of ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Leases of assets where substantially all the risks and benefits remain with the lessor are classified as operating leases. Lease payments are recognised in the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of lease expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Earnings/(loss) per share

(i) Basic Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted Earnings/(Loss) per Share

Diluted earnings/(loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares which comprise relevant share options granted to employees.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(p) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at the reporting date.

(q) Critical accounting estimates and judgements

(i) Income Taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the consolidated entity's provision for income taxes.

(ii) Impairment of Receivables

Included in trade receivables is a provision for impairment as disclosed in Note 9. At the reporting date this amount represents balances that are uncertain in relation to collectability.

(r) Segment reporting

The consolidated entity determines and presents operating segments based on the information that is provided internally to the Board who are the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segment results are reviewed regularly by the Board in order to assess the performance of each segment and make decisions about the allocation of resources.

The consolidated entity have restructured and organised around four operating segments across two geographic regions. In Australia and New Zealand, these segments are Specialist Recruitment, On Demand and People Services operating under the "Ignite" brand while in China it is Specialist Recruitment operating under the "Lloyd Morgan" brand.

The following summary describes the operations in each of the consolidated entity's four reportable segments across its two geographic regions, which are all labour related.

Australia and New Zealand

(i) Specialist Recruitment

The provision of permanent and contingent recruitment and payroll services. Permanent recruitment comprises the sourcing and placement of full time, part-time and fixed-term employees with customers. Contingent recruitment comprises the sourcing and placement of temporary contract workers, independent contractors and consultants contracted by the Company. Payroll services comprises the placement of temporary contract workers, independent contractors and consultants sourced by the customer and contracted by the consolidated entity.

(ii) On Demand

The provision of pre-qualified information technology resources allowing customers to access a network of suitable candidates from which to consume information technology skills and services on-demand on a pay-per-use basis. Customers are provided with immediate access to skilled information technology resources as required, whether on a short, medium or long-term basis, to cover demand for specific projects, organic business growth and seasonality.

(iii) People Services

The provision of outsourced recruitment and human resource consulting services. Outsourced recruitment services are underpinned by innovative and valid assessment methodologies and utilise online screening and assessment tools to deliver quality outcomes on high volume outsourced recruitment events, including: graduate recruitment and bulk recruitment campaigns. Human resource consulting services support organisational change processes through organisational design, capability assessment, workforce planning and job sizing services.

China

Specialist Recruitment

The provision of permanent recruitment services. Permanent recruitment comprises the sourcing and placement of full time, part-time and fixed-term employees with customers.

(s) Removal of parent entity financial statements

The consolidated entity has applied amendments to the Corporations Act 2001 that remove the requirement for the disclosure of parent entity financial statements. Parent entity financial statements have been replaced by the specific disclosure in Note 28.

Registered office and principal place of business
Level 9, 1 York Street
Sydney NSW 2000

(t) Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report have been rounded to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated. Auditors', Directors' and executive remuneration has been rounded to the nearest dollar.

(u) New standards and accounting interpretations not yet adopted

New and Revised AASBs Affecting Amounts Reported and/or Disclosures in the Financial Statements

In the current year, the consolidated entity applied a number of new and revised standards issued by the Australian Accounting Standards Board ("AASBs") that are relevant to the consolidated entity including:

- AASB 2014-4 "Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation"
- AASB 2015-1 "Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle"
- AASB 2015-2 "Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101"

Impact of the Application of New and Revised AASBs

The Board have considered the impact of all new and revised AASBs on the disclosures or the amounts recognised in the consolidated financial statements. The consolidated entity does not intend to adopt any of these pronouncements before their effective date.

(i) Standards and Interpretations in Issue Not Yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below that are relevant to the consolidated entity were in issue but not yet effective.

Standard/Interpretation mandatory beyond June 2017	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 "Financial Instruments", and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 "Revenue from Contracts with Customers", AASB 2014-5 "Amendments to Australian Accounting Standards arising from AASB 15", AASB 2015-8 "Amendments to Australian Accounting Standards – Effective date of AASB 15" and AASB 2016-3 "Amendments to Australian Accounting Standards – Clarifications to AASB 15"	1 January 2018	30 June 2019
AASB 16 "Leases"	1 January 2019	30 June 2020
AASB 2015-10 "Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128"	1 January 2018	30 June 2019
AASB 2016-1 "Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses"	1 January 2017	30 June 2018
AASB 2016-2 "Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107"	1 January 2017	30 June 2018
AASB 2016-5 "Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions"	1 January 2018	30 June 2019
AASB 2017-1 "Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments"	1 January 2018	30 June 2019
AASB 2017-2 "Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle"	1 January 2017	30 June 2018

(ii) Impact of the Application of Standards Not Yet Adopted

The Board have considered the impact of all new accounting standards that are relevant to the consolidated entity but not yet adopted and, with the exception of AASB 15 and AASB 16, have not yet concluded on the impact on the disclosures or the amounts recognised in the consolidated financial statements.

The Board anticipates that the application of AASB 15 and AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the consolidated entity's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effects of AASB 15 and AASB 16 until the consolidated entity performs a detailed review which is expected to occur subsequent to the reporting date.

(v) Comparatives

Comparative amounts have been reclassified where necessary to provide consistency with current period disclosures.

Note 4 Financial Risk Management

The Board of the Company has a formally constituted Board Audit, Risk and Compliance Committee (the "Committee") which operates under a charter approved by the Board. The Committee's objectives are to assist the Board in safeguarding integrity in financial reporting, making timely and balanced disclosure to shareholders and potential shareholders in accordance with the principles of continuous disclosure, and recognising and managing risk.

In meeting these objectives, the Committee is responsible for, among other matters, identifying, monitoring and assessing the consolidated entity's internal control framework and risk management strategies and processes in relation to specific risks associated with financial, economic, operational, compliance, intellectual capital, security and human capital.

The risks of the consolidated entity are periodically assessed and the Committee, with management, agree on risk mitigation strategies, including monitoring and reporting.

In regard to financial risk, the consolidated entity has identified potential exposure to:

- Market risk (including foreign exchange risk and interest rate risk);
- Credit risk; and
- Liquidity risk.

The consolidated entity uses a variety of methods to measure these financial risks including sensitivity analysis for market risks, ageing analysis and pre-trade credit assessment for credit risks and cash flow forecasting and debt covenant monitoring for liquidity risks.

The consolidated entity holds the following financial instruments:

	Note	2017 $000	2016 $000
Financial assets			
Cash and cash equivalents	8	1,788	1,399
Trade receivables (net of provision for impairment)	9	21,238	30,092
Other debtors		1,079	1,231
Total financial assets		24,105	32,722
Financial liabilities			
Trade and other payables		12,875	17,774
Debtor finance facility	13	3,253	1,803
Finance lease liability		17	205
Total financial liabilities		16,145	19,782

(a) Market risk

Foreign Exchange Risk

The consolidated entity operates internationally and is primarily exposed to foreign exchange risk arising from foreign currency exposures to the Chinese renminbi (CNY), the Hong Kong dollar (HKD), the New Zealand dollar (NZD) and the Singapore dollar (SGD).

Foreign Currency Risk

To limit the exposure to foreign currency risk, the consolidated entity's foreign controlled entities' transactions are carried out in their local currency such that cash inflows and outflows are largely offset to minimise the impact of foreign currency translation. The consolidated entity does not undertake any hedging activities with respect to day-to-day foreign currency exposures.

The consolidated entity's exposure to foreign currency risk was as follows, based on notional amounts:

	CNY $000	HKD $000	NZD $000	SGD $000
30 June 2017				
Cash and cash equivalents	7,044	-	488	-
Trade and other receivables	15,463	4	577	2
Trade and other payables	(9,170)	-	(173)	(4)
Net exposure on consolidated statement of financial position	13,337	4	892	(2)
30 June 2016				
Cash and cash equivalents	5,550	-	310	70
Trade and other receivables	11,729	4	1,630	43
Trade and other payables	(6,255)	-	(210)	(15)
Net exposure on consolidated statement of financial position	11,024	4	1,730	98

The following foreign exchange rates applied during the financial year:

	Average Rate		Reporting Date Spot Rate	
	2017	2016	2017	2016
CNY	5.122	4.692	5.207	4.934
HKD	5.850	5.659	6.003	5.762
NZD	1.057	1.087	1.050	1.049
SGD	1.047	1.012	1.060	1.003

Currency Sensitivity on Consolidated Entity

The following table details the consolidated entity's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. A 10% sensitivity rate represents management's assessment of the reasonably possible movement in foreign exchange rates.

	CNY $000	HKD $000	NZD $000	SGD $000
Impact of 10% increase in AUD against foreign currencies on consolidated balances				
30 June 2017				
Equity	(192)	-	(150)	(8)
Impact on net loss after tax	(12)	(3)	24	(2)
30 June 2016				
Equity	(203)	-	(150)	(9)
Impact on net loss after tax	115	(2)	(156)	2
Impact of 10% decrease in AUD against foreign currencies on consolidated balances				
30 June 2017				
Equity	212	-	165	9
Impact on net loss after tax	13	3	(27)	2
30 June 2016				
Equity	223	-	165	10
Impact on net loss after tax	(127)	2	172	(2)

Cash Flow and Fair Value Interest Rate Risk

The Company's policy is to utilise its debtor finance facility to accommodate its short-term working capital requirements that vary with its on hired labour funding cycle whilst minimising its interest costs. As at the reporting date, the consolidated entity had the following variable rate borrowings:

	Weighted Average Interest Rate		Balance	
	2017	2016	2017	2016
	%	%	$000	$000
Debtor finance facility (Note 13)	6.3	4.3	3,253	1,803

Consolidated Entity Sensitivity

	1% increase in average interest rate		1% decrease in average interest rate	
	2017	2016	2017	2016
	$000	$000	$000	$000
Impact on net loss after tax	(19)	(14)	19	14

Price Risk

The consolidated entity does not hold any investments in equities or commodities and is therefore not subject to price risk for any recognised financial assets.

(b) Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk arises from credit exposures to customer trade receivable balances. Independent credit assessments are used for all new customers and only those with a low risk of default rating are accepted. If there is insufficient credit history to provide an accurate rating, other factors such as assessment of financial position, nature of proposed transactions and directors' personal guarantees are considered. Compliance to credit limits is monitored internally by the consolidated entity's management. Trade receivable reports are submitted regularly to the Board for review.

The consolidated entity maintains standard credit terms in its terms and conditions. Some preferred supplier agreements dictate longer payment terms, however, the credit risk remains unaffected.

The carrying value less provision for impairment of trade receivables is considered a reasonable approximation of fair value due to their short term nature.

The following table demonstrates the consolidated entity's aged trade receivables at the reporting date aged from their due dates.

Consolidated Entity Receivables

	Current	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
	$000	$000	$000	$000	$000	$000
30 June 2017						
Consolidated entity receivables	17,151	3,231	738	212	161	21,493
	80%	15%	3%	1%	1%	100%
30 June 2016						
Consolidated entity receivables	24,582	3,638	1,009	604	461	30,294
	81%	12%	3%	2%	2%	100%

All of the consolidated entity's trade and other receivables have been reviewed for indicators of impairment. As a result of this review there were doubts over the recoverability of certain trade receivables and a provision of $255k (2016: $202k) has been recorded. The provision for impairment includes amounts that are not considered to be recoverable from debtors and amounts that are expected to be credited to debtors as disclosed in Note 9.

(c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring daily cash flows and ensuring that adequate finance facilities are maintained. The consolidated entity maintains cash and cash equivalents to meet its liquidity requirements through its debtor finance facility and also raises equity when required. Funding for long-term liquidity needs is secured by having adequate finance facilities in place.

Compliance with debt covenants is monitored as part of the cash flow management process.

Refer to Note 13 for a summary of the debtor finance facility as at the reporting date.

The carrying values of trade payables are considered to approximate their fair values due to their short term nature. Trade payables are settled within six months.

Note 5 Segment Reporting

The consolidated entity previously reported its business activities through two operating segments being Recruitment Services and Information Technology Services. In the current financial year the consolidated entity has restructured and organised around four operating segments across two geographic regions. In Australia and New Zealand, these segments are Specialist Recruitment, On Demand and People Services while in China it is Specialist Recruitment. Segment information for the financial year is as follows:

(a) Segments

	Australia and New Zealand						China			
	Specialist Recruitment		On Demand		People Services		Specialist Recruitment		Consolidated	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Operating segments										
Segment revenue – external sales	191,016	226,645	9,778	13,191	2,697	3,863	10,347	10,402	213,838	254,101
(-) Reclassification of direct gross margin	(60,556)	(69,534)	-	-	-	-	-	-	(60,556)	(69,534)
Consolidated revenue	130,460	157,111	9,778	13,191	2,697	3,863	10,347	10,402	153,282	184,567
Reportable segments										
Profit/(loss) before tax	3,366	4,186	527	1,073	(630)	968	314	862	3,577	7,089
Less: Corporate overheads									(7,401)	(9,141)
Consolidated loss before tax									(3,824)	(2,052)

	Australia		New Zealand		China		Consolidated Entity	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
External sales[(1)]	140,331	166,198	2,604	7,967	10,347	10,402	153,282	184,567
Interest revenue	2	3	-	-	3	4	5	7
Total revenue	140,333	166,201	2,604	7,967	10,350	10,406	153,287	184,574
Non-current assets	1,562	1,552	-	-	414	542	1,976	2,094

(1) Reconciles to statutory revenue.

(b) Segment accounting policies

Segment information is prepared in accordance with the accounting policies of the consolidated entity as disclosed in Note 3(r) and accounting standard AASB 8 Segment Reporting. The consolidated entity's on hired labour revenue contributes 91% (2016: 92%) of the consolidated revenue while permanent recruitment services contributes 9% (2016: 8%). During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

(c) Income

The consolidated entity derived income from the provision of contract, temporary and on hired labour and permanent recruitment services for government, non-government entities and private customers throughout the Asia-Pacific region.

(d) Inter-segment transactions

The pricing of inter-segment transactions is the same as prices charged on transactions with parties outside the consolidated entity. Such transactions are eliminated on consolidation, with the exception of margin earned on the transactions where the services will ultimately be provided outside of the consolidated entity.

(e) Information about major customers

Included in revenue arising from specialist recruitment in Australia of $191,016k (2016: $226,645k) are revenues of approximately $52,473k (2016: $72,142k) which arose from sales to the consolidated entity's two largest customers. The largest customer contributed $27,318k (2016: $59,380k) and the second largest customer accounted for $25,155k (2016: $12,762k). No other single customer contributed 10% or more to the consolidated entity's revenue for both 2017 and 2016.

Note 6 Expenses

	Consolidated	
	2017 $000	2016 $000
Depreciation and amortisation		
Plant and equipment	559	459
Leasehold improvements	549	425
Capitalised software development costs	19	33
Total depreciation and amortisation expense	1,127	917
Other expenses		
Professional fees	916	953
Marketing and advertising costs	430	347
Office expenses	441	454
Consultancy fees	286	1,018
Subscriptions	286	445
Software support	189	222
Bad and impaired debts	153	646
Other operating overheads	3,183	4,391
Total other expenses	5,884	8,476
Payments to defined contribution superannuation plans	2,597	2,590

Note 7 Income Tax (Benefit)/Expense

	Consolidated	
	2017	2016
	$000	$000
Current year income tax benefit	(100)	-
Adjustment for prior year	-	(27)
Deferred income tax expense	-	1,839
Total income tax (benefit)/expense	(100)	1,812
The prima facie tax on loss before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax benefit on loss before income tax at 30%	(1,147)	(616)
Add tax effect of:		
Non-deductible expenses	20	35
De-recognition of tax losses	-	1,839
Current year losses for which no deferred tax asset is recognised	1,127	581
Overseas tax adjustment	(100)	-
Tax rate adjustment on wholly-owned foreign subsidiaries	-	(27)
Total income tax (benefit)/expense	(100)	1,812

Note 8 Cash and Cash Equivalents

		Consolidated	
		2017	2016
	Note	$000	$000
Cash at bank and on hand		1,788	1,399
Debtor finance facility	13	(3,253)	(1,803)
Net debt		(1,465)	(404)

Note 9 Trade and Other Receivables

	Consolidated	
	2017	2016
	$000	$000
Trade receivables	21,493	30,294
Provision for impairment	(255)	(202)
	21,238	30,092
Accrued income	8,493	7,614
Prepayments	434	483
Other debtors	1,079	1,231
Total trade and other receivables	31,244	39,420

All trade and other receivables are current and are non-interest bearing. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short term nature. Refer to the disclosure in Note 4 regarding financial risk management.

(a) Movement in the provision for impaired trade receivables

	Consolidated	
	2017	2016
	$000	$000
Balance at the beginning of the year	202	2,051
Provision for impairment recognised during the year	153	202
Amounts written-off during the year as uncollectible	(100)	(2,051)
Balance at the end of the year	255	202

All of the consolidated entity's trade and other receivables have been reviewed for indicators of impairment. The provision in respect of trade and other receivables is used to record impairment losses unless the consolidated entity is satisfied that no recovery of the amounts owing are possible at which point they are considered irrecoverable and are written-off against the financial asset directly. The creation and release of the provision for impaired receivables has been included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

(b) Past due but not impaired

As at the reporting date, trade receivables of $4,087k, relating to a number of customers for whom there was no history of default, were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
	$000	$000	$000	$000	$000
30 June 2017					
Trade receivables	3,231	738	118	-	4,087
30 June 2016					
Trade receivables	3,638	1,009	574	289	5,510

Note 10 Plant and Equipment

	Consolidated	
	2017	2016
	$000	$000
Plant and equipment, at cost	1,884	2,111
Accumulated depreciation	(1,137)	(1,083)
	747	1,028
Leasehold improvements, at cost	2,520	2,490
Accumulated depreciation	(1,517)	(1,444)
	1,003	1,046
Total plant and equipment	1,750	2,074

Movements in carrying amounts

	Plant and Equipment	Leasehold Improvements	Total
	2017	2017	2017
	$000	$000	$000
Balance at the beginning of the year	1,028	1,046	2,074
Additions	284	515	799
Loss on disposal	(6)	(9)	(15)
Depreciation expense	(559)	(549)	(1,108)
Balance at the end of the year	747	1,003	1,750
	2016	2016	2016
	$000	$000	$000
Balance at the beginning of the year	660	922	1,582
Additions	846	549	1,395
Loss on disposal	(19)	-	(19)
Depreciation expense	(459)	(425)	(884)
Balance at the end of the year	1,028	1,046	2,074

Note 11 Intangible Assets

	Consolidated	
	2017	2016
	$000	$000
Capitalised software development costs	2,496	2,520
Accumulated amortisation	(2,495)	(2,500)
	1	20
Work in progress	225	-
Total intangible assets	226	20

Movements in carrying amounts

	Capitalised Software Development Costs	Capitalised Software Development Costs
	2017	2016
	$000	$000
Balance at the beginning of the year	20	25
Additions	225	28
Amortisation expense	(19)	(33)
Balance at the end of the year	226	20

Intangible assets have finite useful lives. The current year amortisation expense in respect of intangible assets is included under depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

Note 12 Trade and Other Payables

All trade and other payables are non-interest bearing. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short term nature. Trade payables are settled within six months.

Note 13 Debtor Finance Facility

On 23 August 2016 the Company accepted an offer from a major financial institution for the provision of a secured debtor finance facility of up to $10,000k on a 24 month contract (the "Facility") (2016: $8,500k) to meet short-term working capital requirements. The Company transitioned to the Facility, which is subject to certain drawdown conditions and approvals, on 7 November 2016, at which time the previous debtor finance facility ceased. As at the reporting date the approved Facility drawdown was $7,452k and the interest rate was 7.77%.

	Consolidated	
	2017	2016
	$000	$000
Debtor finance facility	7,452	8,500
Amount utilised under debtor finance facility	(3,253)	(1,803)
Unused debtor finance facility	4,199	6,697

Note 14 Provisions

	Consolidated	
	2017	2016
	$000	$000
Current		
Employee benefits	1,067	1,104
Lease incentives	374	391
Recruitment services under guarantee	30	30
Total current provisions	1,471	1,525
Non-current		
Employee benefits	259	177
Lease incentives	58	432
Make good on leased premises	484	389
Total non-current provisions	801	998

Movements in provisions

Movements in provisions during the financial year, other than employee benefits, are set out below:

	Lease Incentives	Recruitment Services Under Guarantee	Make Good on Leased Premises	Total
	$000	$000	$000	$000
Balance at the beginning of the year	823	30	389	1,242
Additional provision recognised	790	-	492	1,282
Amounts utilised	(1,181)	-	(397)	(1,578)
Balance at the end of the year	432	30	484	946

Note 15 Deferred Tax Assets

There are unrecognised deferred income tax assets in relation to tax losses (on revenue account) of $10,184k (2016: $8,963k). Unrecognised deferred income tax assets are reassessed at each reporting date and will be recognised to the extent that the Board considers it probable that future taxable profit will allow the deferred income tax asset to be realised.

Note 16 Finance Lease Liability

This obligation represents the liability associated with the lease financing of software licenses over a 3 year period. At the end of the lease term ownership of the asset transfers to the Company.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2017 $000	2016 $000	2017 $000	2016 $000
Not later than one year	17	205	17	205
Later than one year but not later than five years	-	19	-	17
	17	224	17	222
Less future finance charges	-	(2)	-	-
Present value of minimum lease payments	17	222	17	222
Included in the consolidated statement of financial position:				
Current liabilities	-	-	17	205
Non-current liabilities	-	-	-	17
	-	-	17	222

Note 17 Operating Lease Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	Consolidated	
	2017 $000	2016 $000
Not later than one year	3,978	4,036
Later than one year but not later than five years	5,460	6,853
	9,438	10,889

(a) Operating leases

Operating lease commitments relate to leases for 13 office locations (2016: 13) in Australia and China with initial lease terms of between 6 months and 5 years. The consolidated entity does not have an option to purchase the leased premises at the expiry of the lease terms. Certain lease arrangements contain clauses for market rental reviews and options to renew the lease terms.

(b) Financial guarantees

Bank guarantees for $1,034k (2016: $1,067k) have been provided on behalf of the Company to third parties in relation to the Company's operating leases. In the event of default, the issuing bank has recourse to the Company for these amounts.

Note 18 Contributed Equity

The Company does not have authorised capital or par value in respect of its listed ordinary shares. All issued ordinary shares are fully paid and rank equally with regards to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Consolidated	
	2017	2016
	$000	$000
Paid up share capital at the beginning of the year	83,541	83,541
Paid up share capital at the end of the year	83,541	83,541

	No.	No.
Issued shares at the beginning of the year	89,582,175	89,582,175
Issued shares at the end of the year	89,582,175	89,582,175

Capital risk management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern, so that the Company can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the balance sheet plus debt.

		Consolidated	
		2017	2016
	Note	$000	$000
Cash and cash equivalents	8	1,788	1,399
Debtor finance facility	13	(3,253)	(1,803)
Net debt	8	(1,465)	(404)
Total equity		16,591	20,591
Total capital		15,126	20,187
Gearing ratio		9.7%	2.0%

Note 19 Reserves

	Consolidated	
	2017	2016
	$000	$000
Foreign currency translation	(1,070)	(794)

Foreign currency translation

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities. The reserve is recognised in profit or loss when the net investment is disposed.

Note 20 Dividends and Per Share Information

(a) Dividends

On 30 August 2017 the Directors resolved not to declare a final dividend for the year ended 30 June 2017. No dividends were paid by the Company in the previous corresponding period.

(b) Franking account balance

	2017 $000	2016 $000
Franking credits available to:		
The Company	15,679	15,679
Candle Holdings Limited	1,623	1,623

(c) Per share information

	Consolidated	
	2017 Cents	2016 Cents
Basic loss per share	(4.16)	(4.31)
Diluted loss per share	(4.16)	(4.31)
Net tangible assets per share	18.27	22.96

Reconciliation of Loss per Share

	Consolidated	
	2017 $000	2016 $000
Loss after tax used in calculating basic loss per share	(3,724)	(3,864)
Loss after tax used in calculating diluted loss per share	(3,724)	(3,864)
Net tangible assets	16,366	20,571

Weighted Average Number of Shares Used as the Denominator

	Consolidated	
	2017 No.	2016 No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	89,582,175	89,582,175
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	89,582,175	89,582,175

Note 21 Share Based Payments

There were no share based payment transactions in the financial year (2016: Nil). No options have been granted during the financial year (2016: Nil).

Subsequent to the end of the financial year, the Chief Executive Officer was granted 335,000 options pursuant to the Company's Equity Incentive Plan. The options have an exercise price of $0.15 each, vest at the expiration of 2 years from the date of appointment, being 19 December 2016, and expire 5 years from the date of grant.

Note 22 Cash Flow Information

Reconciliation of loss after tax to net cashflow from operating activities

	Consolidated	
	2017 $000	2016 $000
Loss after income tax for the year	(3,724)	(3,864)
Adjustments for:		
Depreciation and amortisation	1,127	917
Loss on disposal of fixed asset	15	12
Income tax expense	-	1,812
Changes in assets and liabilities:		
Decrease in trade debtors and accrued income	8,127	3,242
Decrease/(increase) in prepayments	49	(94)
Decrease in trade creditors and accruals	(5,104)	(1,063)
Increase in provisions	(251)	(422)
Net cash provided by operating activities	239	540

Note 23 Remuneration of Auditors

During the financial year, the following fees were paid or were payable for services provided by the auditor of the Company and its related practices and to audit firms of controlled entities:

	Consolidated	
	2017 $	2016 $
Audit services		
Auditors of the Company	177,000	155,000
Network firm of the Company auditor	55,134	93,817
	232,134	248,817
Taxation services		
Auditors of the Company	21,000	31,999
Network firm of the Company auditor	27,372	6,350
	48,372	38,349

Note 24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant controlled entities in accordance with the accounting policy described in Note 3(a). The Company does not have any holdings in joint ventures or associates.

Subsidiary	Principal Activity	Country of Incorporation	Class of Shares	Equity Holding %[1] 2017	2016
Alliance Recruitment Pty Ltd	Dormant	Australia	Ordinary	100	100
Candle IT & T Recruitment Pty Limited	Dormant	Australia	Ordinary	100	100
Ignite Management Services Pty Limited	Dormant	Australia	Ordinary	100	100
JAV IT Group Pty Limited	Dormant	Australia	Ordinary	100	100
Lloyd Morgan International Pty Limited	Dormant	Australia	Ordinary	100	100
Candle Holdings Limited	Holding	New Zealand	Ordinary	100	100
Candle New Zealand Limited	Operating	New Zealand	Ordinary	100	100
Candle IT&T Recruitment Limited	Dormant	New Zealand	Ordinary	100	100
Doughty Contractors Limited	Dormant	New Zealand	Ordinary	100	100
Lloyd Morgan Limited	Holding	Hong Kong	Ordinary	100	100
Lloyd Morgan Hong Kong Limited	Holding	Hong Kong	Ordinary	100	100
Candle Recruitment Pte Limited	Operating	Singapore	Ordinary	100	100
Beijing Candle Technology Service Co Ltd	Dormant	China	Ordinary	100	100
Lloyd Morgan China Limited	Operating	China	Ordinary	89	89

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

During the financial year the following wholly-owned non-operating subsidiaries were de-registered:

Non-operating Subsidiary	Country of Incorporation
Candle Australia Pty Limited	Australia
Choice IT Pty Limited	Australia
Freeman Adams Pty Limited	Australia
Lloyd Morgan (Brisbane) Pty Limited	Australia
Lloyd Morgan (Sydney) Pty Limited	Australia
Premier Personnel Pty Limited	Australia
The One Umbrella Pty Limited	Australia
Workskills Professionals Pty Limited	Australia

Note 25 Related Party Disclosures

(a) Parent entity

The ultimate parent entity and ultimate controlling entity within the consolidated entity is Clarius Group Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

(c) Directors and key management personnel

The aggregate compensation made to Directors and key management personnel of the consolidated entity is set out below:

	2017 $	2016 $
Short-term employment benefits	1,131,491	1,141,371
Post-employment benefits	88,474	63,433
	1,219,965	1,204,804

(d) Terms and conditions

All transactions between related parties were made on normal commercial terms and conditions. There are no fixed terms for the repayment of loans between entities within the consolidated entity.

Note 26 Contingent Liabilities

The consolidated entity has no material contingent liabilities to disclose at the reporting date.

Note 27 Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 (the "Class Order"), Alliance Recruitment Pty Ltd ("Alliance"), a wholly-owned subsidiary of the Company, is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' report.

It is a condition of the Class Order that the Company and each of its controlled entities relying on the Class Order enter into a Deed of Cross Guarantee (the "Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any controlled entity under certain provisions of the Corporations Act 2001 (the "Act"). If a winding up occurs under the provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. Each controlled entity that is a party to the Deed has also given similar guarantees in the event that the Company is wound up. Alliance became a party to the Deed on 20 April 2011 by virtue of a Deed of Assumption.

The Company and Alliance entered into a Deed of Revocation dated 19 April 2017 to revoke the Deed which was subsequently lodged with ASIC on 3 May 2017 and gazetted on 30 May 2017. The Deed of Revocation becomes effective six months after gazetting.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and its controlled entities which are party to the Deed, after elimination of all transactions between parties to the Deed at 30 June 2017, is set out as follows.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	2017 $000	2016 $000
Revenue from continuing operations	140,831	147,325
On hired labour costs	(118,244)	(123,290)
Gross profit	22,587	24,035
Employee benefits expense	(18,965)	(18,563)
Depreciation and amortisation expense	(677)	(450)
Restructuring expense	(122)	127
Operating rental expense	(2,371)	(2,500)
Other expenses	(4,150)	(3,281)
Impairment loss	-	(7,379)
Loss from operating activities	(3,698)	(8,011)
Finance income	2	2
Finance cost	(206)	(65)
Loss before income tax	(3,902)	(8,074)
Income tax benefit/(expense)	100	(2,502)
Total comprehensive loss for the year	(3,802)	(10,576)
Accumulated losses at the beginning of the year	(70,666)	(60,090)
Loss after income tax	(3,802)	(10,576)
Accumulated losses at the end of the year	(74,468)	(70,666)

Statement of Financial Position
As at 30 June 2017

	2017 $000	2016 $000
Current assets		
Cash and cash equivalents	9	7
Trade and other receivables	32,314	36,085
Total current assets	32,323	36,092
Non-current assets		
Plant and equipment	1,319	1,308
Intangible assets	226	14
Total non-current assets	1,545	1,322
Total assets	33,868	37,414
Current liabilities		
Trade and other payables	19,509	19,556
Debtor finance facility	3,253	1,803
Provisions	1,274	2,837
Finance lease liability	17	205
Total current liabilities	24,053	24,401
Non-current liabilities		
Provisions	742	121
Finance lease liability	-	17
Total non-current liabilities	742	138
Total liabilities	24,795	24,539
Net assets	9,073	12,875
Equity		
Contributed equity	83,541	83,541
Accumulated losses	(74,468)	(70,666)
Total equity	9,073	12,875

Note 28 Parent Entity Disclosure

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	2017 $000	2016 $000
Revenue from continuing operations	140,831	147,325
On hired labour costs	(118,244)	(123,290)
Gross profit	22,587	24,035
Employee benefits expense	(18,965)	(18,563)
Depreciation and amortisation expense	(677)	(450)
Restructuring expense	(122)	127
Operating rental expense	(2,371)	(2,500)
Other expenses	(4,150)	(3,281)
Impairment loss	-	(7,379)
Loss from operating activities	(3,698)	(8,011)
Finance income	2	2
Finance cost	(206)	(65)
Loss before income tax	(3,902)	(8,074)
Income tax benefit/(expense)	100	(2,502)
Total comprehensive loss for the year	(3,802)	(10,576)
Accumulated losses at the beginning of the year	(70,666)	(60,090)
Loss after income tax	(3,802)	(10,576)
Accumulated losses at the end of the year	(74,468)	(70,666)

Statement of Financial Position
As at 30 June 2017

	2017 $000	2016 $000
Assets		
Current assets	32,323	36,092
Non-current assets	1,545	1,322
Total assets	33,868	37,414
Liabilities		
Current liabilities	24,053	24,401
Non-current liabilities	742	138
Total liabilities	24,795	24,539
Equity		
Contributed equity	83,541	83,541
Accumulated losses	(74,468)	(70,666)
Total equity	9,073	12,875

Parent Entity Contingencies

The Company has no material contingent liabilities to disclose at the reporting date (2016: Nil).

The Company has no capital commitments for the acquisition of property, plant and equipment at the reporting date (2016: Nil).

Parent Entity Guarantees

A number of bank guarantees have been provided to third parties on behalf of the Company (refer Note 17(b)). In the event of default, the issuing bank has recourse to the Company for these amounts.

The Company has entered into a Deed (refer Note 27) with the effect that it guarantees to each creditor payment in full of any debt in the event of winding up of its controlled entity Alliance, which is a non-operating entity as of the reporting date.

Note 29 Events Subsequent to the Reporting Date

Subsequent to the end of the financial year, the Chief Executive Officer was granted options pursuant to the Company's Equity Incentive Plan, as disclosed in Note 21.

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

Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:

   (a) the consolidated financial statements and notes that are contained in pages 29 to 61 and the remuneration report in the Directors' Report, set out on pages 12 to 17, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial 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 consolidated entity will be able to pay its debts as and when they become due and payable.

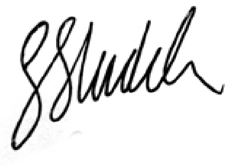
2. There are reasonable grounds to believe that the Company and the controlled entity identified in Note 27 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and the controlled entity pursuant to ASIC Class Order 98/1418.

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

4. The Directors draw attention to Note 2 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Garry Sladden
Independent Non-Executive Chairman

Dated at Sydney this 30th day of August 2017.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Clarius Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Clarius Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td><u>Debtor finance facility</u>

Refer to note 2 for the disclosure included in respect of the Basis of Preparation of the financial statements. The Group is reliant upon a debtor finance facility of up to $10 million as disclosed in note 13 to meet its liabilities and obligations at certain points within its cash flow cycle.

There is a significant degree of management judgement relating to the future performance of the Group and the continuing availability of the debtor finance facility in reaching the conclusion that the financial statements should be prepared on a going concern basis.</td><td>Our procedures included, but were not limited to:

• inquiring of management and the directors as to knowledge of events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
• challenging the assumptions contained in management's forecast in relation to the Group's ability to continue as a going concern;
• comparing the cash flow forecasts with the Board approved budget;
• assessing the historical accuracy of budgets and forecasts prepared by management; and
• reviewing correspondence with the provider of the Group's financing facility to assess its continuing availability.

We also assessed the appropriateness of the disclosures in the Basis of Preparation note to the financial statements.</td></tr>
<tr><td><u>Provision for uncertain tax positions</u>

The Group operates in multiple tax jurisdictions increasing the inherent complexity in the Group's tax affairs.

Provisions for uncertain tax positions recorded at year end, represent management's best estimate of the amounts likely to be required to settle these matters. As at 30 June 2017 these provisions totalled $783,000 and are included within the balance of current trade and other payables.</td><td>Our procedures included, but were not limited to:

• engaging our tax specialists to review the tax position across relevant jurisdictions;
• challenging the adequacy of the Group's provisions for potential exposure to each material tax matter through enquiry of management and reviewing correspondence with the relevant tax authorities to understand the relevant associated risks;
• challenging the judgements made by management to assess whether appropriate provisions have been recognised based on the most likely outcome; and
• evaluating the accuracy of previous judgements made by management within the relevant jurisdictions.

We also assessed the appropriateness of the disclosures in note 12 to the financial statements.</td></tr>
</table>

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Clarius Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 30 August 2017

Additional Information

The following information is required by ASX.

(a) Classes of securities and voting rights

There are two classes of equity securities, being ordinary shares and options. The ordinary shares are quoted on ASX, while the options are unlisted.

The voting rights in respect of the ordinary shares are established by the Company's Constitution which reads as follows:

Clause 5.12: "On a show of hands every Eligible Member present has one vote. On a poll every Eligible Member has one vote for each fully paid up share."

There is currently no on-market buy-back.

No securities on issue are currently subject to voluntary escrow.

(b) Shareholders and option holders

As at 15 August 2017, the number of shareholders holding less than marketable parcels is 1,338 and the details and distribution of holders of ordinary shares and holders of options are as follows:

Category of Shareholding	Number of Holders of Ordinary Shares
1-1,000	448
1,001-5,000	764
5,001-10,000	332
10,001-100,000	439
100,001 and over	57
	2,040

Category	Number
Options granted	335,000
Number of holders of options	1

(c) Substantial shareholders

As at 15 August 2017, the names of the substantial shareholders listed in the Company's register are:

Shareholder	Number of Ordinary Shares
EGO PTY LIMITED	22,957,459
SANDON CAPITAL PTY LTD	10,150,664
COLLINS ST ASSET MANAGEMENT ATF COLLINS ST VALUE FUND	9,226,986

(d) Twenty largest shareholders

As at 15 August 2017, the names of the twenty largest shareholders according to the Company's share registry are:

Rank	Shareholder	Number of Ordinary Shares	%
1	EGO PTY LIMITED	22,957,459	25.63
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,739,781	13.11
3	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	7,591,834	8.47
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,826,177	4.27
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,722,716	4.16
6	NATIONAL NOMINEES LIMITED	3,472,890	3.88
7	AVANTEOS INVESTMENTS LIMITED <3495510 SOUTHSIDE A/C>	2,895,020	3.23
8	CITICORP NOMINEES PTY LIMITED	2,230,754	2.49
9	MR IAN WALLACE EDWARDS + MRS JOSEPHINE EDWARDS <THE EDWARDS SUPER FUND A/C>	1,083,072	1.21
10	MR MATTHEW DONALD MULLINS	1,026,611	1.15
11	G J P INVESTMENTS PTY LTD <THE LANGHAM A/C>	764,886	0.85
12	SUPER SMART INVESTMENTS PTY LTD <BARRY & NAOMI KING S/F A/C>	700,000	0.78
13	MR DAVID C SCICLUNA + MR ANTHONY A SCICLUNA <SCICLUNA 1913 UNIT A/C>	636,179	0.71
14	MR ROGER ALAN CATTON	550,000	0.61
15	MR WILLIAM YUE	440,230	0.49
16	MR RICHARD EWAN BROMLEY MEWS + MRS WEE KHOON MEWS <MEWS SUPERANNUATION A/C>	430,000	0.48
17	FIVE TALENTS LIMITED	425,266	0.47
18	MR CHRISTOPHER ANDREW GRUMMET	422,491	0.47
19	MR WARWICK CRUMBLIN + MRS MARY CRUMBLIN	400,000	0.45
20	FRETENSIS PTY LTD	400,000	0.45
		65,715,366	73.36