

**2018**

**CLARIUS GROUP LIMITED**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT – 30 JUNE 2018**

**ABN 43 002 724 334**

Lodged with the ASX under Listing Rule 4.3A

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## REPORT PERIOD

FINANCIAL YEAR ENDED:

30 June 2018

PREVIOUS CORRESPONDING PERIOD:

30 June 2017

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Description	30 June 2018 \$000	30 June 2017 \$000	Change \$000	Change %
Revenue from ordinary activities	142,236	153,282	(11,046)	(7.2%)
Loss from ordinary activities after tax attributable to members	(2,566)	(3,724)	1,158	31.1%
Net loss for the period attributable to members	(2,566)	(3,724)	1,158	31.1%

In the 2018 financial year, while revenue from ordinary activities for Clarius Group Limited and its controlled entities (the "Group") declined 7.2% from \$153,282k to \$142,236k and gross profit decreased 1.3% from \$32,627k to \$32,209k, the gross profit margin improved from 21.3% in 2017 to 22.6%. The revenue decline was largely due to the loss of two large payrolling services customers. However, as a result we also saw significant improvements in our financial metrics, including trade debtors, net cash/(debt) and operating cash flow.

The Australia and New Zealand Specialist Recruitment business accounted for 83.6% of revenue (2017: 85.1%), the China Specialist Recruitment business represented 7.9% (2017: 6.8%), the On Demand business accounted for 6.6% (2017: 6.4%) and the People Services business made up the balance.

Consolidated profit before corporate overheads and tax improved 36.4% to \$4,878k (2017: \$3,577k), reflecting improvements in the performance of the four operating segments.

The loss from operating activities decreased 42.5% to \$2,084k (2017: \$3,623k loss) largely due to favourable movements in employee benefits expense of \$2,351k (9.0% reduction) and operating rental expense of \$222k (6.2% reduction). Employee benefits expense reductions came from a combination of lower headcount, vacancies in senior management roles and workforce efficiencies from the implementation of the applicant tracking system and the payroll and billing system. The operating rental expense decrease this year was associated with relocating the Sydney South office to a more cost-effective location and delays in the relocation to the new Brisbane premises.

The China operations generated taxable income and having fully utilised all accumulated tax losses in that jurisdiction were in a tax paying position.

Operating cash flow also improved significantly for the year to \$4,117k (2017: \$239k) due to a combination of improved collection activities, loss of two large payrolling services customers and strong cash inflows in China.

The loss from ordinary activities after tax decreased 31.1% to \$2,566k (2017: \$3,724k loss).

At 30 June 2018 the Group had net assets of \$14,075k (2017: \$16,591k). The Group's total assets of \$27,966k (2017: \$35,008k) primarily consisted of net trade receivables of \$17,848k (2017: \$21,238k) and accrued income of \$4,856k (2017: \$8,493k). Net trade receivables declined 16.0% primarily on the back of improved collections and reduced billings to payrolling services customers. The Group's total liabilities of \$13,891k (2017: \$18,417k) primarily comprised trade and other payables of \$11,198k (2017: \$12,875k).

The cash balance at 30 June 2018 improved 55.6% to \$2,782k (2017: \$1,788k). The improvements in trade debtors and cash flow saw the debtor finance facility utilised at the end of the financial year decrease 80.7% to \$628k (2017: \$3,253k). As a result, gearing at 30 June 2018 was zero (2017: 8.1%) with net cash of \$2,154k (2017: \$1,465k net debt).

### DIVIDENDS OR DIVIDEND DISTRIBUTION PLAN

On 30 August 2018, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2018. No dividends were paid by the Group in the previous corresponding period.

## PARENT ENTITY

The ultimate parent entity and ultimate controlling entity within the Group is Clarius Group Limited. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities.

Entity Name	Country of Incorporation	Class of Shares	Equity Holding %*	
			2017	2016
Candle IT & T Recruitment Pty Limited	Australia	Ordinary	100	100
Ignite Management Services Pty Limited	Australia	Ordinary	100	100
JAV IT Group Pty Limited	Australia	Ordinary	100	100
Lloyd Morgan International Pty Limited	Australia	Ordinary	100	100
Candle Holdings Limited	New Zealand	Ordinary	100	100
Candle New Zealand Limited	New Zealand	Ordinary	100	100
Lloyd Morgan Limited	Hong Kong	Ordinary	100	100
Lloyd Morgan Hong Kong Limited	Hong Kong	Ordinary	100	100
Candle Recruitment Pte Limited	Singapore	Ordinary	100	100
Beijing Candle Technology Service Co Ltd	China	Ordinary	100	100
Lloyd Morgan China Limited	China	Ordinary	89	89

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

During the financial year the following non-operating controlled entities were deregistered.

Entity Name	Country of Incorporation
Alliance Recruitment Pty Ltd	Australia
Candle IT & T Recruitment Limited	New Zealand
Doughty Contractors Limited	New Zealand

## ASSOCIATES AND JOINT VENTURES

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

## OTHER DISCLOSURE REQUIREMENTS

This preliminary final report has been prepared using financial statements that have been audited. Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the audited financial statements, included as part of the Clarius Group Limited 2018 Annual Report lodged separately to this document. This document should be read in conjunction with the 2018 Annual Report and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2011 and ASX Listing Rules.

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