



ASX Preliminary Final Report

Period ended 30 June 2014

Lodged with the ASX under Listing Rule 4.3A
26 August 2014

Clarius Group (ASX: CND), one of Asia Pacific's leading professional employment services providers announces its financial results for the year ended 30 June 2014.

Summary of Audited Financial Results

	2014	2013	% change	
	AUD million	AUD million		
Revenue	\$179.4	\$225.3	Down	20.4%
Gross profit	\$37.1	\$37.5	Down	1.1%
Operating loss	\$2.3	\$41.6	Down	94.5%
Loss before income tax	\$2.5	\$41.8	Down	94.0%
Loss for the year attributable to members	\$1.7	\$42.2	Down	96.0%
Net cash	\$2.5	\$0.2	Up	1150.0%
Net assets	\$35.5	\$37.0	Down	4.1%

	2014	2013	% change	
Basic loss per share	\$1.87	\$47.15	Down	96.0%
Diluted loss per share	\$1.87	\$47.15	Down	96.0%
Net tangible assets per security (cents per share)	36.23	38.50	Down	5.9%-

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Commentary on results for the year ended 30 June 2014 compared to the year ended 30 June 2013

Results for announcement to the market

Audited financial report (attachment)

Financial Performance

Although the 2014 financial year ended with a decrease in group revenue of \$45.9m to \$179.4m (FY2013: \$225.3m), there was a strong improvement in gross margin to 20.7% (FY2013: 16.6%). The group's mix of temporary and permanent business has shifted in favour of higher margin permanent business, now contributing 41.0% (FY2013: 30.6%) of gross margin.

Revenues from Recruitment services was \$259.1m (FY2013: \$274.5m), IT Services \$15.2m (FY2013: \$13.0m) and Managed services \$28.6m (FY2013: \$43.0m). The Australian recruitment business continued to face challenges from difficult market conditions. Recruitment operations in Asia which include China and Singapore, provided revenue growth of 111% to \$9.2m (FY 2013: \$4.4m). The business in China is providing a solid contribution to the group's overall profitability with our 4 offices in Greater China ending strongly for the financial year. The New Zealand recruitment business performed well, with growth in revenues as a result of improved hiring in the IT sector.

Competition in the Australian labour hire market has led to a number of agencies reducing prices and margin in order to sustain market share. As a group, we have continued to negotiate competitive pricing models with our key customers as well as deliver an excellent quality of service.

Investment continued in the payroll and invoicing system integration project, which has resulted in greater scalability and efficiencies. The Group has commenced significant enhancement to our sales tools, which will provide the group with a competitive advantage.

Net loss after tax for the year is \$1.7m (FY2013: Loss \$42.2m). We have increased headcount in our growth markets and made reductions in those areas where market conditions are weaker. The group headcount now stands at 351 (FY2013: 290) primarily due to our expanding China operations. The number of offices has reduced to 36 (FY2013: 38).

The Group maintained a strong net cash position of \$2.5m (FY2013: \$0.2m). Net cash from operating activities is \$3.3million (FY2013: \$4.4m) with a reduction in cash due to investing activities. The group continues to focus on working capital management, with a small allowance for doubtful debts at the end of the financial year of \$0.3m.

The Group is in a sound financial position with no debt at year end. The Directors believe the Group is well positioned to continue to manage through the current economic cycle whilst its cost base and resourcing levels continue to be optimised so as to ensure strong profit conversion when market conditions improve.

Dividend

The Board has resolved not to pay a final dividend.

Results for announcement to the market

This announcement is to be read in conjunction with the attached audited financial report.

For further information

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Chairman
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About Clarius Group

13 Cities

36 Offices

351 Employees

Clarius Group (ASX: CND) is one of Asia Pacific's leading professional employment services providers, specialising in permanent, contract and temporary placements across all levels of seniority.

The Group recruits in the accounting, banking, corporate services, engineering, finance, information technology, information management, sales and marketing disciplines as well as provide aligned services including contractor management, outsourced payroll and managed IT services.

Established thirty years ago and listed on the Australian Securities Exchange in 1997, Clarius Group maintains a reputation for high-quality delivery and remains one of the longest standing recruitment suppliers in the region.

Clarius Group operates through a number of specialist brands:

Recruitment

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

Aligned Services

Managed Services

- **Ignite** – Contractor Management and Outsourced Payroll

IT Services

- **JAV IT** – Managed IT Services

Clarius Group employs over 351 staff through a network of offices located in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney in Australia; Auckland and Wellington in New Zealand; Singapore; and Beijing, Shanghai and Suzhou in China.