

Clarius Group Limited and Controlled Entities

Appendix 4D

Results for Announcement to the Market for
the Half Year Ended 31 December 2014

The background of the lower half of the page is a dark blue gradient. On the left, there is a faint, dotted map of the world. On the right, there are several overlapping, glowing, multi-colored loops (blue, green, yellow, orange, red) that resemble stylized orbits or data paths. In the bottom left corner, the Clarius Group logo is displayed.

Clarius
Group

Results

Revenue – \$92 million up 0.8% on PCP* of \$91.3 million

Net Loss after tax and before restructuring and adjustments – loss \$1.0 million vs PCP loss of \$1.4 million

Net Loss after Tax and after restructuring and adjustments – loss of \$8.3 million vs PCP loss of \$1.5 million

Restructuring costs – \$1.9 million vs PCP \$0.1 million

Loss per share (EPS) – loss of 9.30 cents vs PCP loss 1.65 cents

Operating Cash Flow – positive \$1.2 million vs PCP \$1.2 million

No interim dividend to be paid

**PCP = compared to previous corresponding period*

Reconciliation of Statutory Result:

	Half Year to 31 December 2014 \$m	Half Year to 31 December 2013 \$m
Loss for the period attributed to the owners of the Company as per consolidated statement of profit or loss and other comprehensive income	(8.3)	(1.5)
Add : Restructuring expenses	[^]1.9	0.1
Add: Impairment of software	2.9	-
Add: De-recognition of tax losses	0.9	-
Add: Lease provision	0.7	-
Add: Tax provision	0.9	-
Loss after tax and before adjustments	(1.0)	(1.4)

[^] Includes write down of fixed assets of \$0.5m

Commentary on Results for Half Year Ended 31 December 2014

Review of Operations

Operational review

Clarius Group (ASX: CND) is a specialist in the employment services market providing recruitment, contractor and staff services in the information and communications technology, banking, finance, commercial accounting, library, records and senior management markets to governments and corporations across the Asia Pacific region.

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

Clarius Group operates through a number of quality specialist brands:

Recruitment Services

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

IT Services

JAV IT - Managed IT Services and outsourced payroll

During the half year, Recruitment Services generated 91% of total revenue, followed by IT Services of 6% and Managed Services of 3%.

Clarius Group employs 333 staff through a network of offices located in Australia, New Zealand, China and Singapore.

Below is a summary of revenue contribution, offices and employees during the period.

	Australia	New Zealand	China / Singapore	Total
Revenue	\$81.4m	\$5.7m	\$4.9m	\$92.0m
Offices	28	3	7	38
Employees	180	9	144	333

Commentary on Results for Half Year Ended 31 December 2014 (Continued)

Financial review

Review of Revenue and Profit

The Group's contractor labour revenue makes up 92% (31 December 2013: 93%) of the consolidated revenue, and 8% (31 December 2013: 7%) relates to permanent recruitment services. During the half year there were no changes in segment accounting policies that had a material effect on the segment information.

Permanent hires in Australia and New Zealand continued to decline as a result of customers delaying hiring decisions in addition to the weak economic climate across all sectors. Permanent hires in China continue to perform above expectations. Contracting business areas are showing solid performance and growth potential, notably the resource on demand division, JAV IT, and the Clarius Major Accounts division.

The Group is focusing on simplifying and evolving the current business model across all service lines which has resulted in a number of restructuring activities during the half year ended 31 December 2014. These included one-off costs, provisions and write downs totalling \$7.3m.

Operating Cash Flow

Cash from operating activities was \$1.2m (31 December 2013: \$1.2m). Close monitoring of cash collections from customers remains a focus for the Group. Cash and cash equivalents amounted to \$4.8m (30 June 2014: \$2.5m) with bank overdraft of \$1.4m as at 31 December 2014 (30 June 2014: Nil).

Net Assets

Net assets of \$27.6m at 31 December 2014 decreased by \$7.9m against the balance of \$35.5m on 30 June 2014. The reduction in net assets includes the impairment of software of \$2.9m, the de-recognition of deferred tax assets of \$0.9m, and the write down of fixed assets of \$0.5m.

For further information

Peter Wilson, Chief Executive Officer

Tel. 02 9250 8100

For a copy of the Half Year Report, visit our website www.clarius.com.au

Results for Announcement to the Market

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

Half year ended 31 December 2014

Previous corresponding period is half year ended 31 December 2013.

				\$'000
Revenue from ordinary activities	Up	0.8%	To	92,047
Profit / (Loss) from ordinary activities after tax attributable to members	Down	457%	To	(8,328)
EBIT for the period	Down	263%	To	(6,771)
Earnings per security	Cents			
Basic EPS / (loss) (cents per share)	Up	459%	To	(9.30)
Diluted EPS / (loss) (cents per share)	Up	459%	To	(9.30)
Operating cash flow	Positive \$1.2 million			
Net tangible assets per security	31 December 2014	28 cents per share		
	31 December 2013	36 cents per share		
Dividends	Amount per security	Franked amount per security		
Interim dividend	N/A	N/A		
Record date	N/A	N/A		
Ex-dividend date	N/A	N/A		
Payment date	N/A	N/A		

Clarius Group Limited and Controlled Entities

ASX Report for the Half Year Ended
31 December 2014

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Clarius
Group

Directors' Report

The directors present their report together with the financial report of Clarius Group Limited, (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2014.

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

Garry R Sladden	Non-Executive Chairman (Appointed as Director on 10 September 2013, Chairman on 7 November 2013 and Interim CEO on 1 July 2014)
Penelope (Penny) Morris AM	Independent Non-Executive Director (Appointed as Chairman from 9 August 2013 to 7 November 2013) Resigned 25 November 2014
Jennifer Elliott	Independent Non-Executive Director (Appointed as Director on 20 May 2014)
Julian Sallabank	Independent Non-Executive Director (Appointed as Director on 23 September 2014)

Operational review

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 providing aligned services including contractor management, outsourced payroll and managed IT services.

Established over 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

Directors' Report

During the half year, Recruitment services generated 91% of total revenue, followed by IT Services of 6% and Managed services of 3%.

Clarius Group employs 333 staff through a network of offices located in Australia, New Zealand, China and Singapore.

Below is a summary of revenue contribution, offices and employees during the period.

	Australia	New Zealand	China / Singapore	Total
Revenue	\$81.4m	\$5.7m	\$4.9m	\$92.0m
Offices	28	3	7	38
Employees	180	9	144	333

Financial review

Summary of Performance

- Revenue increased by \$0.7m (0.8%) to \$92.0m compared to \$91.3m in the prior corresponding period;
- Gross profit increased by \$2.0m (11%) to \$19.6m from \$17.6m in the prior corresponding period;
- Loss after tax and before restructuring costs and adjustments was \$1.0m (a 28% improvement on the prior corresponding period loss of \$1.4m);
- Cash from operating activities was \$1.2m (unchanged from the prior corresponding period);
- No interim dividend was declared or paid;
- Net assets of \$27.6m (30 June 2014: \$35.5m).

Reconciliation of Statutory Result:

	Half Year to 31 December 2014 \$m	Half Year to 31 December 2013 \$m
Loss for the period attributed to the owners of the Company as per consolidated statement of profit or loss and other comprehensive income	(8.3)	(1.5)
Add : Restructuring expenses	^1.9	0.1
Add: Impairment of software	2.9	-
Add: De-recognition of tax losses	0.9	-
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^ Includes write down of fixed assets of \$0.5m

Review of Revenue and Profit

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Permanent hires in Australia and New Zealand continued to decline as a result of customers delaying hiring decisions in addition to the weak economic climate across all sectors. Permanent hires in China continue to perform above expectations. Contracting business areas are showing solid performance and growth potential, notably the resource on demand division, JAV IT, and the Clarius Major Accounts division.

The Group is focusing on simplifying and evolving the current business model across all service lines which has resulted in a number of restructuring activities during the half year ended 31 December 2014. These included one-off costs, provisions and write downs totalling \$7.3m.

Directors' Report

Operating Cash Flow

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Net Assets

Net assets of \$27.6m at 31 December 2014 decreased by \$7.9m against the balance of \$35.5m on 30 June 2014. The reduction in net assets includes the impairment of software of \$2.9m, the de-recognition of deferred tax assets of \$0.9m, and the write down of fixed assets of \$0.5m.

The Group has applied the relief available to it in ASIC Class Order 98/100, and accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

The Lead Auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2014.

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



Garry Sladden
Non-Executive Chairman

Dated at Sydney this 25th day of February 2015.

The Board of Directors
Clarius Group Limited
Level 9, 1 York Street
SYDNEY NSW 2000

25 February 2015

Dear Board Members,

Clarius Group Limited

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

As lead audit partner for the review of the financial statements of Clarius Group Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner

For the half year ended 31 December 2014

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

Financial Statements

Condensed Consolidated Statement of Financial Position

As at 31 December 2014

	Note	Consolidated Group	
		31 Dec 2014 \$000	30 Jun 2014 \$000
Current assets			
Cash and cash equivalents		4,820	2,500
Trade and other receivables		40,434	48,868
Current tax receivables		-	36
Total current assets		45,254	51,404
Non-current assets			
Plant and equipment		1,361	2,112
Deferred tax assets		2,049	2,690
Intangible assets	6	90	3,033
Total non-current assets		3,500	7,835
Total assets		48,754	59,239
Current liabilities			
Trade and other payables		15,096	20,684
Bank overdraft		1,440	-
Current tax liability		881	-
Provisions	8	2,033	1,999
Total current liabilities		19,450	22,683
Non-current liabilities			
Provisions	8	1,720	1,068
Total non-current liabilities		1,720	1,068
Total liabilities		21,170	23,751
Net assets		27,584	35,488
Equity			
Share capital	11	83,541	83,541
Reserves		679	255
Accumulated losses		(56,636)	(48,308)
Total equity		27,584	35,488

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

Financial Statements

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2014

Current Year

	Share Capital \$000	Translation Reserve \$000	Share Based Payment Reserve \$000	Accumulated Losses \$000	Total \$000
Balance as 1 July 2014	83,541	(1,089)	1,344	(48,308)	35,488
Total comprehensive income for the period					
Loss for the period attributed to the owners of the company	-	-	-	(8,328)	(8,328)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	424	-	-	424
Total comprehensive income for the period	-	424	-	(8,328)	(7,904)
Balance as at 31 December 2014	83,541	(665)	1,344	(56,636)	27,584

Prior Year

	Share Capital \$000	Translation Reserve \$000	Share Based Payment Reserve \$000	Accumulated Losses \$000	Total \$000
Balance as 1 July 2013	83,541	(1,274)	1,344	(46,631)	36,980
Total comprehensive income for the period					
Loss for the period attributed to the owners of the company	-	-	-	(1,481)	(1,481)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	467	-	-	467
Total comprehensive income for the period	-	467	-	(1,481)	(1,014)
Balance as at 31 December 2013	83,541	(807)	1,344	(48,112)	35,966

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

Financial Statements

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2014

	Note	Consolidated Group	
		Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000
Cash flows from operating activities			
Receipts from customers		177,729	158,602
Payments to suppliers and employees		(166,563)	(149,916)
Interest received		5	4
Interest and other borrowing costs paid		(147)	(76)
Income tax refund		160	1,197
GST paid		(9,954)	(8,596)
Net cash provided by operating activities		1,230	1,215
Cash flows from investing activities			
Purchase of plant and equipment		(37)	(222)
Payments for software development and intangible assets		(427)	(463)
Net cash used in investing activities		(464)	(685)
Net increase in cash held		766	530
Cash and cash equivalents at the beginning of the half year		2,500	234
Effect of exchange rates on cash holdings in foreign currencies		114	58
Cash and cash equivalents at the end of the half year	7	3,380	822

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

Financial Statements

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2014

Note 1. Reporting Entity

Clarius Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a recruitment supplier in the Asia Pacific region, and provides services across a broad spectrum of industries and disciplines through its specialist group of brands with the backing and infrastructure of a large corporate.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Level 8, Suite 806, 70 Pitt Street, Sydney, NSW 2000, or at www.clarius.com.au.

Note 2. Statement of Compliance

The condensed consolidated financial statements is a general purpose financial statement prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2014.

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

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

These condensed consolidated financial statements were approved by the Board of Directors on the 25th Feb 2015.

Note 3. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

The directors have considered the impact of new and revised standards. These standards have no material impact on the disclosures or amounts recognised in the condensed consolidated financial statements.

Financial Statements

Note 4. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

Note 5. Segment Reporting

(a) Segments

Operating Segments	Recruitment Services		Information Technology Services		Managed Services		Consolidated	
	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000
Revenue								
Services to external customer	139,916	126,972	9,590	6,889	4,145	5,941	153,651	139,802
Inter-segment revenues	-	-	-	-	8,956	9,163	8,956	9,163
Total segment revenue	139,916	126,972	9,590	6,889	13,101	15,104	162,607	148,965
Total segment revenue	-	-	-	-	-	-	162,607	148,965
(-) Inter-segment elimination	-	-	-	-	-	-	(8,956)	(9,163)
(-) Costs relating to Directs	-	-	-	-	-	-	(61,604)	(48,464)
Consolidated revenue							92,047	91,338
Reportable Segment Profit before tax	2,314	1,933	769	199	149	205	3,232	2,337
Less: Impairment of software	-	-	-	-	-	-	(2,946)	-
Less: Fixed assets write down	-	-	-	-	-	-	(514)	-
Less: Corporate overheads	-	-	-	-	-	-	(6,685)	(4,252)
Consolidated loss before tax							(6,913)	(1,915)
Interest Revenue	4	3	-	-	1	1	5	4
Interest Expense	(147)	(76)	-	-	-	-	(147)	(76)
Depreciation and amortisation	(706)	(528)	(17)	(20)	(2)	(3)	(725)	(551)

Financial Statements

Note 5. Segment Reporting (continued)

Geographic Segments	Australia		New Zealand		Asia		Consolidated	
	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000	Half Year to 31 Dec 2014 \$000	Half Year to 31 Dec 2013 \$000
Revenue								
External sales	81,404	83,729	5,792	3,517	4,851	4,092	92,047	91,338
Interest revenue	5	2	-	2	-	-	5	4
Total segment revenue	81,409	83,731	5,792	3,519	4,851	4,092	92,052	91,342

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

Recruitment Services

- (i) Provision of recruitment services (permanent and contract placements).

Information Technology Services

- (ii) Outsourcing and technical support services delivering significant cost reductions and major process improvements.

Managed Services

- (iii) Management and transitioning of contractors, including outsourced payroll solutions.

(b) Segment accounting policies

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

(c) Income

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

(d) Inter-Segment Transactions

The pricing of inter-segment transactions is the same as prices charged on transactions with parties outside the Group. Such transactions are eliminated on consolidation.

Financial Statements

Note 6. Intangible Assets

	Consolidated Group	
	Dec 2014 \$000	Jun 2014 \$000
Candidate databases	1,876	1,876
Accumulated amortisation	(1,876)	(1,876)
	-	-
Capitalised software and development costs	6,733	6,307
Accumulated amortisation	(3,697)	(3,274)
Impairment	(2,946)	-
	90	3,033
Goodwill	77,094	77,094
Accumulated impairment losses	(77,094)	(77,094)
	-	-
Total intangible assets	90	3,033

The group carried out a review of the recoverable amount of software capitalised. Recoverable amount is assessed on the basis of value in use. These assets included the group's in-house developed CRM application and timesheet portal together with an externally developed payroll system and Client Portal. Based on the impairment testing performed at 31 December 2014, the value in use was less than the carrying amounts. Accordingly, the recognition of an impairment loss of \$2,946k has been recognised in profit or loss.

Note 7. Note to the Consolidated Statement of Cash Flows

	Consolidated Group	
	Dec 2014 \$000	Dec 2013 \$000
Reconciliation of cash at the end of the half year (as shown in the consolidated statement of cash flows comprises):		
Cash and cash equivalents	4,820	1,260
Bank overdrafts	(1,440)	(438)
Total cash and cash equivalents at the end of the half year	3,380	822

Financial Statements

Note 8. Provisions

	Consolidated Group	
	Dec 2014 \$000	Jun 2014 \$000
Current		
Employee benefits	1,713	1,888
Lease incentives	290	81
Work under guarantee	30	30
	2,033	1,999
Non-Current		
Employee Benefits	159	184
Lease incentives	800	839
Onerous Lease Provision	715	-
Make good on leased premises	46	45
	1,720	1,068
Total	3,753	3,067

The Group has sublet office space relating to one of the Group's existing leases. An onerous lease provision of \$715k has been made which relates to the net variance between cash payable under the head lease and the cash receivable under the sublease. This provision will be amortised over the life of the lease which concludes in April 2020.

Note 9. Contingent Liabilities

The Group has terminated a service agreement with a software provider and has not provided for disputed invoices amounting to \$210k which were unpaid at 31 December 2014.

Note 10. Dividends

No dividend was declared and paid during the half year ended 31 December 2014 (31 December 2013: NIL)

Note 11. Equity Securities

	Dec 2014 No.	Jun 2014 No.	Dec 2014 \$000	Jun 2014 \$000
Issues of ordinary shares during the half year				
Balance at the beginning of the period	89,582,175	89,582,175	83,541	83,541
Reduction in share capital	-	-	-	-
Exercise of employee options	-	-	-	-
Balance at the end of the period	89,582,175	89,582,175	83,541 [^]	83,541 [^]

[^] net of transaction costs

Note 12. Subsequent Events

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

Financial Statements

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

- (a) the financial statements and notes that are set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial half year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Garry Sladden
Non-Executive Chairman

Dated at Sydney this 25th day of February 2015

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

We have reviewed the accompanying half-year financial report of Clarius Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clarius Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited


Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne

Partner

Chartered Accountants

Sydney, 25 February 2015