Clarius Group

2015

CLARIUS GROUP ANNUAL REPORT

WWW.CLARIUS.COM.AU

CLARIUS GROUP LIMITED

ABN 43 002 724 334

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CHAIRMAN

Garry Sladden

CHIEF EXECUTIVE OFFICER

Peter Wilson

CHIEF FINANCIAL OFFICER

Andy Watt

COMPANY SECRETARY

Nicholas Geddes
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AUSTRALIAN SECURITIES EXCHANGE LISTING

CND

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

SOLICITOR

M&K Lawyers
Level 21, 20 Bond Street
Sydney NSW 2000

BANKER

Westpac Banking Corporation
273 George Street
Sydney NSW 2000

2015

CLARIUS GROUP ANNUAL REPORT

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ABOUT CLARIUS GROUP

Clarius Group (ASX:CND) is an Australian Securities Exchange listed company limited by shares, incorporated and domiciled in Australia. The Group is made up of six specialty recruitment businesses and an IT services business that exist for the clear purpose of connecting great people in order to fulfil clients' business needs and candidates' work aspirations.

Recruitment

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

IT Services

- JAV IT – Managed IT Services

For more than 30 years the company has been using its deep industry expertise and extensive relationships to unite permanent and contract workers with private sector and government clients of all sizes throughout Asia Pacific.

With more than 250 employees, Clarius Group operates in 14 cities across Australia, New Zealand and China.

CHAIRMAN'S LETTER

Dear Shareholder

Financial year 2015 has been a significant year for your company; a year of challenge and transformation to establish a sound business platform with which to create the Clarius of the future.

Many of the changes implemented across the broader business in FY15 were well overdue and as a result, a number of significant one-off costs were incurred during this process. This included widespread changes implemented at the senior management and lower management levels throughout the Group, including China, and the write-down of legacy software and platform costs.

The Group now has a new highly and broadly experienced executive team, including our new Chief Executive Officer, Chief Financial Officer, Chief Technology Officer and Managing Director (China) with a drive and experience for future growth.

The new Clarius team, headed by our CEO Peter Wilson, is creating a performance and measurement based culture. We are now seeing the results of the extensive work undertaken in FY15, with the underlying business reporting profitable trading months in May, June and July 2015.

During the year, a thorough review of the Group's performance and cost structure resulted in a number of significant restructuring activities. These included the decisions to withdraw from the Singapore market and to restructure our WA business, leading to its return to profitability. A new Country Manager was appointed in New Zealand and an investment made in business operations to build a sustainable platform for future growth.

In early 2015, our China operations underwent a very costly and complete senior management change which resulted in the appointment of a new Managing Director in June 2015. The impact of these necessary changes is now being seen in the recent positive trading results.

With all that has occurred in FY15 we now have a platform to leverage into FY16 and beyond with increased confidence.

The focus for FY16 will be on the follow key areas:

- Recapturing a leadership position in traditional recruitment services in selected industry verticals and returning the traditional core recruiting business to sustainable profit. This in turn will allow the Group to generate the cash flows required to invest in new growth opportunities.
- Driven by increasing demand from our clients and customers for greater workforce flexibility, our resource on demand division represents an area of significant growth opportunity beyond technology roles.
- China: with new leadership in place our key focus will be on consolidating our areas of specialisation to ensure we are recognised as the market leader. Despite the various challenges facing China, China still has significant growth opportunities within the recruiting sector. With our offices located in 5 key cities we are well placed to create a profitable and industry leading recruitment brand. We will also be focusing on building strong relationships between Chinese and Australian companies that currently operate or wish to operate in China and Australia. Our strong knowledge and understanding of the recruiting requirements and employment laws of both countries will allow us to greatly assist these companies with their talent needs.
- Creating our own "disruptive" recruiting technologies and industry leading solutions. With the recent appointment of our CTO and restructure of our technology team we are now well placed to implement solutions that will drive greater operational efficiencies, and will deliver solutions that will benefit our clients internal talent acquisition teams and our candidates career journey.

With the hard work now behind us and the new Clarius team in place, we look forward to creating a growing and profitable business that our shareholders will be proud of.

The Directors have resolved not to recommend a dividend for 2015.

On behalf of my fellow Directors, I would like to sincerely thank the senior management team and all of our passionate and dedicated staff, led by Peter Wilson, for the enormous effort undertaken in FY15 and we look forward to seeing the results of this work in FY16 and beyond.

Garry Sladden
Chairman

OPERATIONAL & FINANCIAL REVIEW

KEY PERFORMANCE METRICS

	FY15 $M	FY14 $M	% CHANGE
Year ended 30 June 2015			
Statutory Revenue	179.0	179.4	(0.2%)
Gross Profit	38.3	37.1	3.2%
Gross Profit Margin	21.4%	20.7%	3.4%
Loss for the Year Attributable to Owners of the Company	(11.3)	(1.7)	
Add: One-off costs, provisions and write downs	9.9	-	
Adjusted (loss) after tax	(1.4)	(1.7)	
Operating Cash (Outflow)/Inflow	(1.0)	3.3	
Net Assets	**24.5**	**35.5**	

KEY OPERATIONAL INITIATIVES

During financial year 2015 the Clarius Group (the Group) made a loss from ordinary activities of $11.3m (FY2014: loss of $1.7m). During this period the Group focused on simplifying and evolving the current business model across all service lines which resulted in a number of significant restructuring activities.

These activities included:

- The establishment of a new executive team.
- An extensive review of the China operations.
- An operational restructure exercise in New Zealand.
- The decision to withdraw from the Singapore market.
- The significant write-down of legacy software and platform costs.
- A review of the debtor assets and provisions.

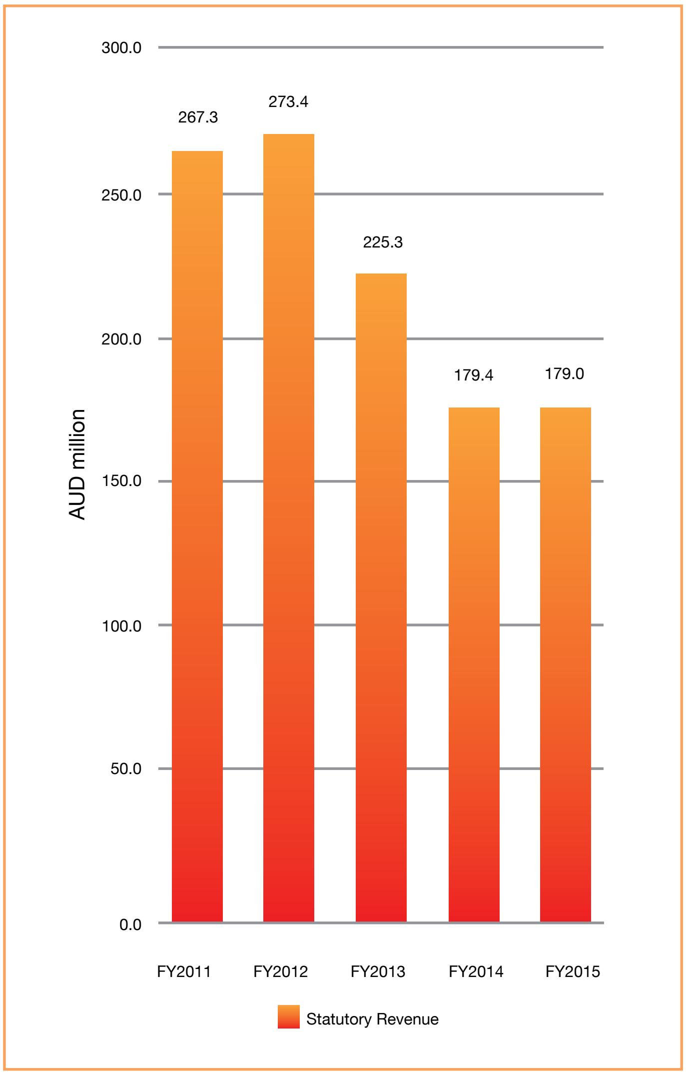
As a consequence of these activities the Group made a number of one-off costs, provisions and write-offs totalling $9.9m. This includes a $2.9m software impairment loss as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Without these non-recurring items the underlying net loss position would have been $1.4m (FY2014: loss of $1.7m).

A summary of the non-recurring items is as follows:

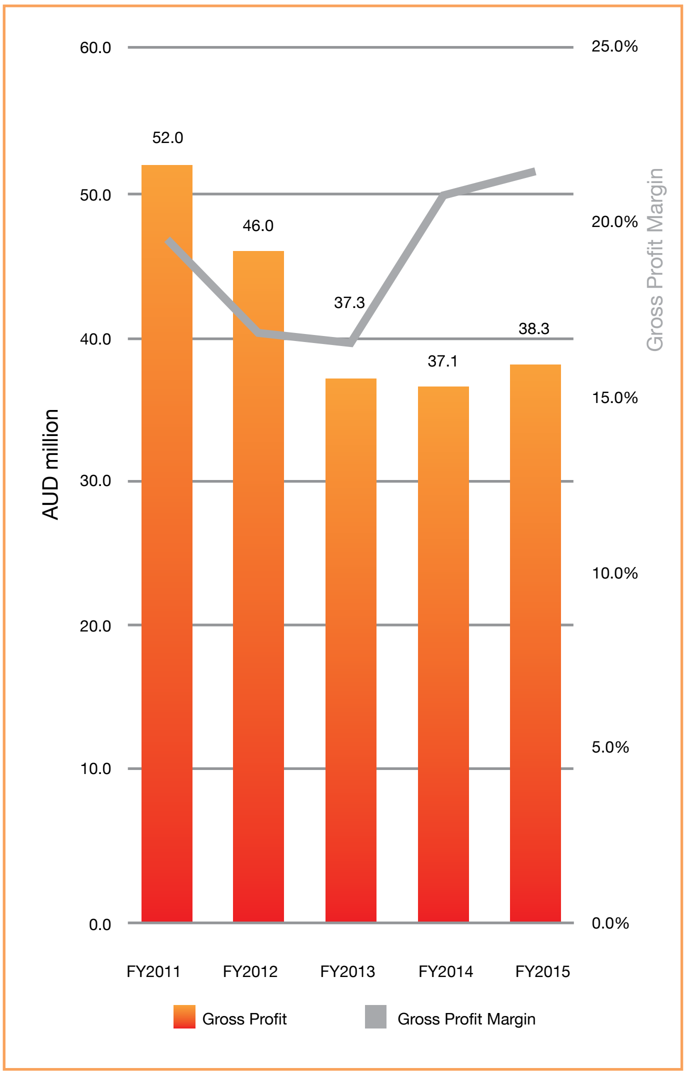
	FY15 $M
Restructuring and other one-off costs	3.0
Impairment of software	2.9
Bad debt provision	1.8
Overseas tax provision	0.9
Onerous lease provision	0.7
Derecognition of tax losses	0.6
	9.9

REVENUE AND GROSS MARGIN PERFORMANCE

STATUTORY REVENUE



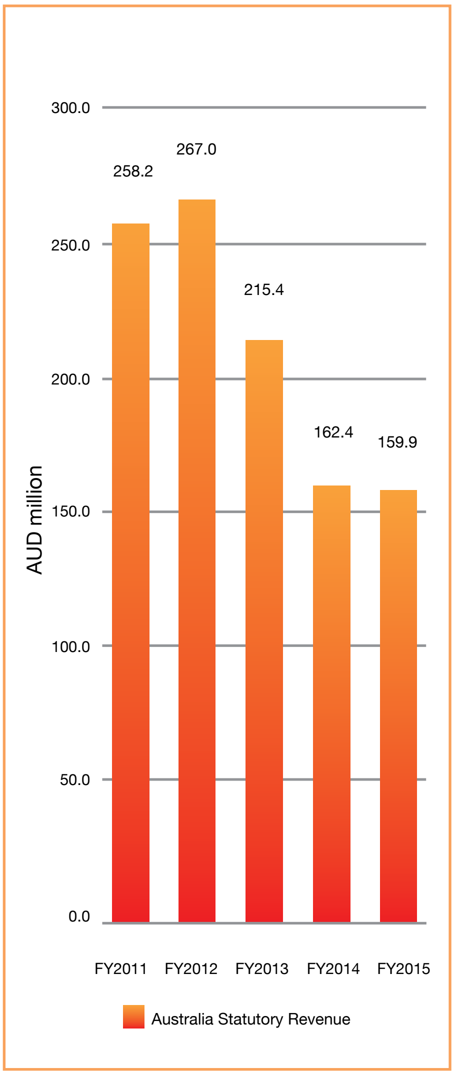
GROSS PROFIT



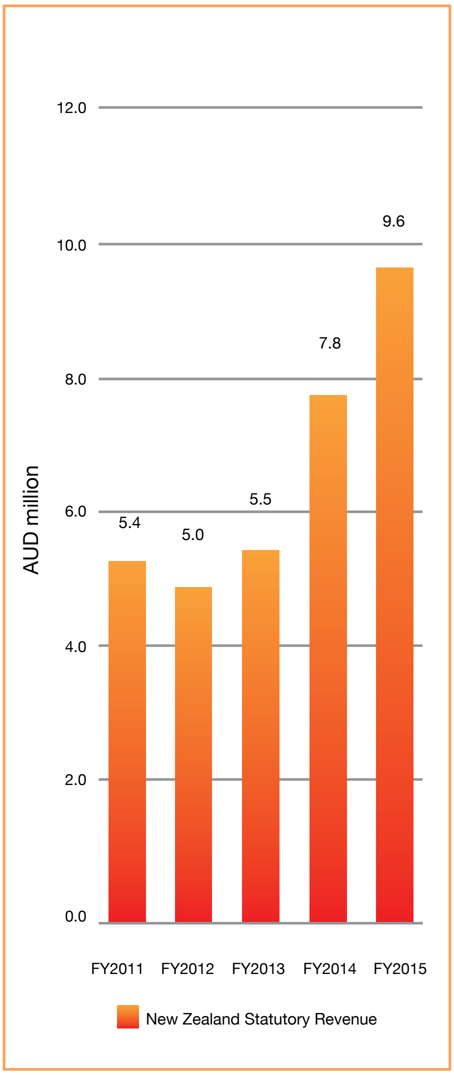
During financial year 2015 revenue from ordinary activities was $179.0m (FY2014: $179.4m). Gross profit for the period grew 3.2% to $38.3m (FY2014: $37.1m). The improvement in gross profit margin to 21.4% (FY2014: 20.7%) reflects the continuing efforts to focus on contracting services, together with the increased contribution of higher margin permanent recruitment services.

In light of the significant restructuring activities carried out during the course of the year, the improved gross profit margin performance of the business represents a major achievement as the company builds the platform for future growth.

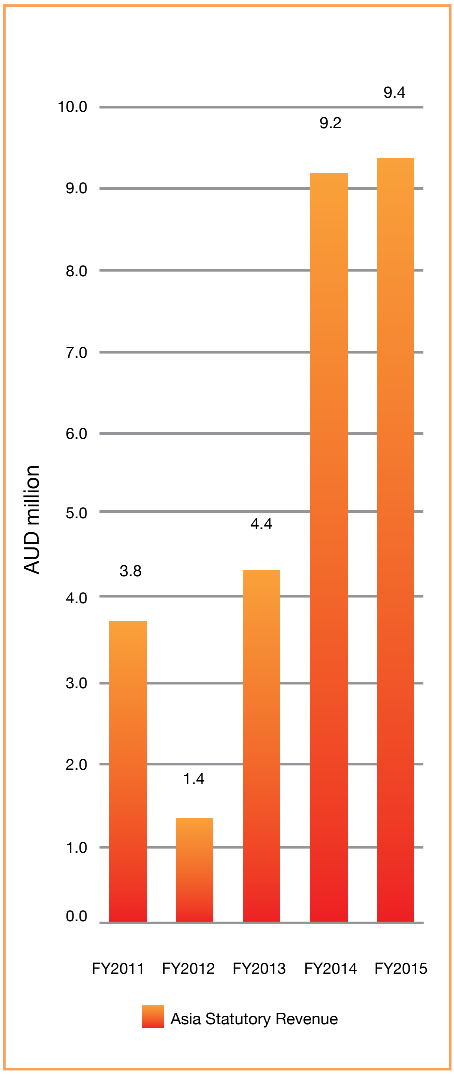
AUSTRALIA STATUTORY REVENUE



NEW ZEALAND STATUTORY REVENUE



ASIA STATUTORY REVENUE



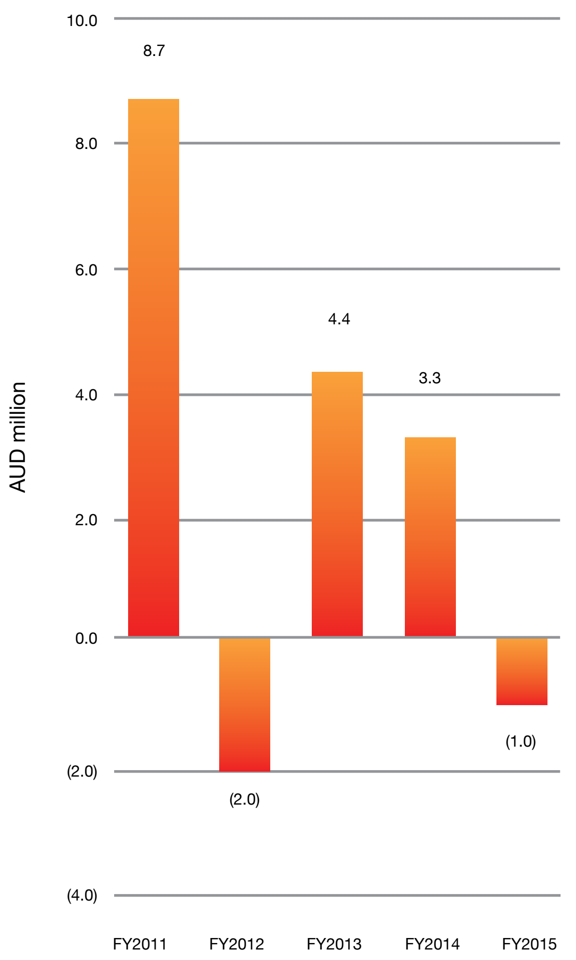
The Australian recruitment business continued to face challenging economic conditions which, combined with the extensive business transformation, resulted in a 1.5% decrease in revenue to $159.9m (FY2014: $162.4m). Competition in the Australian labour hire market remains intense and the Group continues to focus its efforts on acquiring and retaining higher margin contracting services. There is also a heightened focus on developing the On Demand IT Services business which represents a significant growth opportunity.

The success of the restructure exercise in New Zealand is demonstrated by the 23.1% year-on-year revenue growth to $9.6m (FY2014: $7.8m). Revenues in Asia grew marginally to $9.4m (FY2014: $9.2m).

As a result of the extensive restructure of the China operations which included a 30% reduction in headcount, the increase in revenue represents a significant improvement in productivity that will continue to drive benefits into financial year 2016.

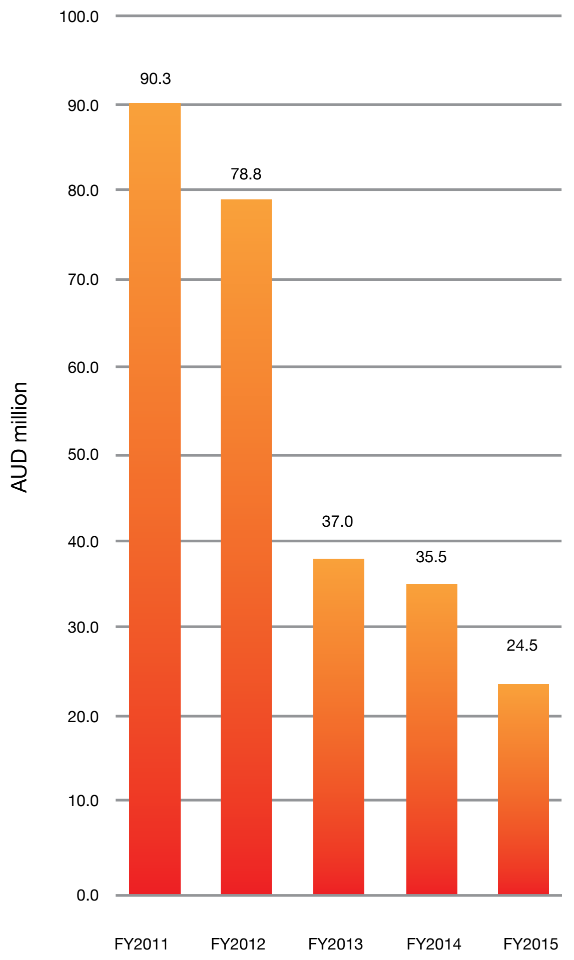
CASH FLOW AND BALANCE SHEET PERFORMANCE

OPERATING CASH INFLOW/(OUTFLOW)



Despite the significant restructuring activities undertaken in financial year 2015 the Group finished the year with a net cash balance of $0.6m (FY2014: $2.5m). Net cash from operating activities fell by $4.3m to ($1.0m) reflecting one-off restructure costs and timing differences as a result of moving from quarterly to monthly superannuation payments.

NET ASSETS



At 30 June 2015 the Group had net assets of $24.5m (FY2014: $35.5m). The group's net assets primarily consist of net trade receivables $34.9m (FY2014: $41.3m), accrued income of $6.1m (FY2014: $6.8m) and trade and other payables of $18.8m (FY2014: $20.7m). Net assets as at 30 June 2015 reduced by $11.0m mainly due to the one-off items identified on page 2 which include a reduction in non-current assets as a result of the tangible and intangible asset write-downs.

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 2015 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	Non-Executive Chairman (Appointed acting Chief Executive Officer from 1 July 2014 to 16 October 2014. Appointed Executive Chairman from 16 October 2014 to 24 February 2015. Non-Executive Chairman from 24 February 2015)
Jennifer Elliott	Independent Non-Executive Director
Julian Sallabank	Independent Non-Executive Director (Appointed 23 September 2014)
Penelope Morris AM	Independent Non-Executive Director (Appointed as Chairman from 9 August 2013 to 7 November 2013 and resigned on 25 November 2014)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the provision of permanent, contract and temporary employment 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 & Financial Review which forms part of the Directors' Report for the financial year ended 30 June 2015.

REVIEW OF OPERATIONS

The consolidated loss attributable to equity holders of the entity for the financial year was $11.3m (FY2014 Loss: $1.7m).

Refer also to the commentary in the Operational & Financial Review which forms part of the Directors' Report for the financial year ended 30 June 2015.

DIVIDENDS

No dividends were paid, declared or recommended to members during the financial year 2015. On 31 August 2015, the Directors resolved not to declare a final dividend for the year ended 30 June 2015.

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

The Group has signed a credit approved term sheet with a major financial institution for the provision of a Debtor Finance Facility and a Bank Guarantee Facility. Both facilities will be provided on a 12 month term and will be subject to annual review. The facilities are secured by a limited and capped personal guarantee and cash deposit from a substantial shareholder in the Company. The cash security is provided on normal commercial terms and is interest bearing from the date at which the cash security was set-up.

FUTURE DEVELOPMENTS

The Group will continue to pursue a strategy to return the traditional core recruiting business back to sustainable profit and to invest in new growth opportunities as they arise.

ENVIRONMENTAL ISSUES

The consolidated entity's operations are regulated by the relevant Commonwealth and State legislation.

The nature of the Company's business does not give rise to any significant environmental issues.

INFORMATION ON DIRECTORS

GARRY SLADDEN

Non-Executive Chairman

Appointed acting Chief Executive Officer from 1 July 2014 to 16 October 2014. Appointed Executive Chairman from 16 October 2014 to 24 February 2015. Non-Executive Chairman from 24 February 2015.

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 a General Manager Operations at Consolidated Press Holdings for six years. Garry is Non-Executive Chairman of Folkestone Limited, Non-Executive Director of Vision Eye Institute Limited and Non-Executive Director of Melanoma Institute Australia. Garry holds a Bachelor of Business, Accounting and Finance.

Garry is 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 previously held the roles of Managing Director, Head of Moody's Asia Pacific, Chief Human Resources Officer, Moody's Corporation and solicitor with Clayton UTZ, Solicitor and Attorneys. Jennifer holds an MA, Asian Business Studies – School of Oriental and Asian Studies, London University and a BA (Hons), LLB (Hons) – University of Sydney.

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

JULIAN SALLABANK

Independent Non-Executive Director (appointed 23 September 2014)

Julian is an entrepreneur and strategic corporate advisor with experience in commercialising and growing national and international businesses. Julian has worked across a range of industries including financial services, international trade, health, education, advertising and information technologies. Most recently he was CEO / Director of Student Edge 2010 – 2014: an organisation focused on assisting secondary and tertiary students with financial management, part time jobs and career pathways. Julian holds a Master of Business and Technology (AGSM).

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

PENELOPE MORRIS AM

Independent Non-Executive Director (resigned 25 November 2014)

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:

Garry Sladden
None

Jennifer Elliott
None

Julian Sallabank
None

COMPANY SECRETARY

Nick Geddes FCA, FCIS Company Secretary is the principal of Australian Company Secretaries, a Company secretarial practice that he formed in 1993. Nick is a past President of Chartered Secretaries Australia (now the Governance Institute of Australia) and a former Chairman of the NSW Council of that Institute. His previous experience, as a Chartered Accountant and Company Secretary, includes investment banking, development and venture capital in Europe, Africa, the Middle East and Asia.

Qualifications: Chartered Accountant (Fellow of the Institute of Chartered Accountants in England & Wales) and Fellow of the Institute of Chartered Secretaries (Chartered Secretaries Australia).

REMUNERATION REPORT – AUDITED

The remuneration report is set out under the following headings:

- Non-Executive Director Remuneration
- Principles used to determine the Nature and Amount of Executive Remuneration
- Details of Directors' and Key Management Personnel Remuneration
- Short Term Incentive Bonus and Long Term Incentive
- Employment Contracts
- Share-Based Payments

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.

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies. Such remuneration is provided in recognition of the time, commitment and responsibilities assumed by Non-Executive Directors. The Remuneration and Nomination Committee determines payments to the Non-Executive 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 Non-Executive Directors is $500,000 per annum as approved by shareholders at the 2005 Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. Non-Executive Directors do not receive options or any form of equity as remuneration.

The Non-Executive 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 Terms of Reference include setting out the terms and conditions by which the Chief Executive Officer and other senior executives' remuneration is determined. The 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 Remuneration and Nomination Committee reviews 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 Group'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 run and manage the business.

The performance of executives is measured against criteria agreed bi-annually with each executive. The criteria are based predominantly on the forecast growth of the consolidated entity's profits and earnings per share. 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 recommend changes to 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 skilled executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share option arrangements.

The Non-Executive Directors and 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. Options are valued using the American Call Option Pricing methodology.

Performance Based Remuneration

As part of the Chief Executive Officer and senior executives' 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 executives and those of the business and shareholders. The KPI's are set bi-annually, in consultation with executives to ensure their commitment to achieving those goals. The measures are specifically tailored to the areas of each executive's involvement within the business and over which they have control.

The annual KPI's include cash flow targets, earnings per share growth targets and those relating to succession planning and management team development. The KPI's 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 level set for each KPI is based on budgeted figures for the consolidated entity and industry standards.

Performance in relation to the KPI's is assessed bi-annually, with bonuses being awarded depending on the number and deemed difficulty of the KPI's achieved. Following the annual assessment, the KPI's 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 and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information.

Consequences of Performance on Shareholder Wealth

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

	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
(Loss)/Profit attributable to owners of the Company	**($11.3)**	($1.7)	($42.2)	($9.4)	($10.3)
(Loss)/Profit excluding impairment and de-recognition of tax losses	**($7.8)**	($1.7)	($0.9)	$2.1	$4.3
Dividends paid	**-**	-	-	$2.7	$3.5

	2015	2014	2013	2012	2011
Share price at the beginning of the year	**$0.24**	$0.22	$0.43	$0.59	$0.62
Share price at the end of the year	**$0.27**	$0.24	$0.20	$0.43	$0.58
Return on capital employed	**N/A**	N/A	N/A	N/A	N/A

	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE
Basic loss per share	**(12.65)**	(1.87)	(47.15)	(10.63)	(11.90)
Diluted loss per share	**(12.65)**	(1.87)	(46.62)	(10.32)	(11.20)

Options issued as part of Remuneration

Options may be issued to the Chief Executive Officer and senior executives as part of their remuneration. The options are issued based on performance criteria and to encourage staff retention. The goal is to increase congruence of goals between executives, Directors and shareholders. Options only vest where the performance hurdle is satisfied, that is, where the Company's total return to shareholders exceeds the relevant ASX Small Industries Index. The ASX Small Industries Index measures the weighted average return to shareholders for all industrial companies listed on the ASX All Ordinaries Index but not in the ASX 100 as calculated and reported to the ASX. No options have been issued since June 2009.

Details of Directors' and Key Management Personnel Remuneration

The remuneration of each Director of Clarius Group Limited is as follows:

	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM BASED BENEFITS	
PARENT ENTITY	SALARY $	DIRECTORS FEES $	BONUS $	SUPERANNUATION $	LONG SERVICE LEAVE $	TOTAL REMUNERATION $
Non-Executive Directors						
Garry Sladden[1]						
2015	**-**	**316,231**	**-**	**17,341**	**-**	**333,572**
2014	-	67,889	-	6,280	-	74,169
Jennifer Elliott[2]						
2015	**-**	**53,465**	**-**	**5,020**	**-**	**58,485**
2014	-	6,316	-	584	-	6,900
Julian Sallabank[3]						
2015	**-**	**41,301**	**-**	**3,924**	**-**	**45,225**
2014	-	-	-	-	-	-
Penelope Morris AM[4]						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	-	76,983	-	6,316	-	83,299
Geoffrey Moles[5]						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	-	40,374	-	3,735	-	44,109
Lawrence Gibbs[6]						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	-	16,840	-	1,473	-	18,313
Simon Kelly[7]						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	-	24,447	-	2,261	-	26,708

(1) Garry Sladden was appointed as Non-Executive Director on 10 September 2013 and as Chairman on 7 November 2013. Mr Sladden was appointed as acting Chief Executive Officer on 1 July 2014 to 16 October 2014 and was appointed Executive Chairman on 16 October 2014 to 24 February 2015. Mr Sladden has been Non-Executive Chairman from 24 February 2015. The total remuneration above includes $225,149 ($217,213 salary and $7,936 super) earned during Mr Sladden's term as acting Chief Executive Officer and Executive Chairman.
(2) Jennifer Elliott was appointed as Non-Executive Director on 20 May 2014.
(3) Julian Sallabank was appointed as Non-Executive Director 23 September 2014.
(4) Penelope Morris AM resigned as Non-Executive Director 25 November 2014.
(5) Geoffrey Moles resigned as Non-Executive Director on 31 March 2014.
(6) Lawrence Gibbs resigned as Chairman on 9 August 2013 and resigned as Non-Executive Director on 10 September 2013.
(7) Simon Kelly resigned as Non-Executive Director on 30 October 2013.

The remuneration of key management personnel of the consolidated entity not included above is as follows:

	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	
	SALARY $	BONUS $	SUPER $	LONG SERVICE LEAVE $	TERMINATION PAYMENTS $	TOTAL REMUNERATION $
Key Management Personnel						
Peter Wilson[(8)] *Chief Executive Officer*						
2015	**307,380**	**-**	**30,000**	**-**	**-**	**337,380**
2014	-	-	-	-	-	-
Iain Skelton[(9)] *Chief Financial Officer*						
2015	**300,000**	**-**	**18,783**	**-**	**-**	**318,783**
2014	87,692	-	5,618	68	-	93,378
Paul Barbaro[(10)] *Executive General Manager*						
2015	**68,942**	**-**	**4,444**	**-**	**139,964**	**213,350**
2014	305,000	-	17,775	-	-	322,775
Kym Quick[(11)] *Managing Director and Chief Executive Officer*						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	482,225	-	17,775	-	254,830	754,830
Anne Bastock[(12)] *Chief Financial Officer*						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	144,946	-	9,426	-	226	154,598
Linda Trevor[(13)] *Executive General Manager Candle*						
2015	**-**	**-**	**-**	**-**	**-**	**-**
2014	31,261	-	2,963	-	52,558	86,782

(8) Peter Wilson commenced employment on 16 October 2014.
(9) Iain Skelton resigned on 17 July 2015.
(10) Paul Barbaro resigned on 19 June 2014.
(11) Kym Quick resigned on 19 May 2014.
(12) Anne Bastock resigned on 17 March 2014.
(13) Linda Trevor resigned on 9 August 2013.

The relative proportions of the remuneration that are linked to performance and those that are fixed are as follows:

	FIXED REMUNERATION %	PERFORMANCE BASED PAYMENTS %	SHORT TERM INCENTIVE BONUS* % VESTED IN YEAR	% FORFEITED IN YEAR
Directors				
Garry Sladden(1)				
2015	**100**	**-**	**-**	**-**
2014	100	-	-	-
Jennifer Elliott(2)				
2015	**100**	**-**	**-**	**-**
2014	100	-	-	-
Julian Sallabank(3)				
2015	**100**	**-**	**-**	**-**
2014	-	-	-	-
Penelope Morris AM(4)				
2015	**-**	**-**	**-**	**-**
2014	100	-	-	-
Geoffrey Moles(5)				
2015	**-**	**-**	**-**	**-**
2014	100	-	-	-
Lawrence Gibbs(6)				
2015	**-**	**-**	**-**	**-**
2014	100	-	-	-
Simon Kelly(7)				
2015	**-**	**-**	**-**	**-**
2014	100	-	-	-

(1) Garry Sladden was appointed as Non-Executive Director on 10 September 2013 and as Chairman on 7 November 2013. Mr Sladden was appointed as acting Chief Executive Officer on 1 July 2014 to 16 October 2014 and was appointed Executive Chairman on 16 October 2014 to 24 February 2015. Mr Sladden has been Non-Executive Chairman from 24 February 2015.
(2) Jennifer Elliott was appointed as Non-Executive Director on 20 May 2014.
(3) Julian Sallabank was appointed as Non-Executive Director 23 September 2014.
(4) Penelope Morris AM resigned as Non-Executive Director 25 November 2014.
(5) Geoffrey Moles resigned as Non-Executive Director on 31 March 2014.
(6) Lawrence Gibbs resigned as Chairman on 9 August 2013 and resigned as Non-Executive Director on 10 September 2013.
(7) Simon Kelly resigned as Non-Executive Director on 30 October 2013.

*Vesting percentages are based on actual bonuses paid in the year.

	FIXED REMUNERATION %	POTENTIAL PERFORMANCE BASED PAYMENTS %	SHORT TERM INCENTIVE BONUS* % VESTED IN YEAR	% FORFEITED IN YEAR
Key Management Personnel				
Peter Wilson[8]				
2015	**67**	**33**	**-**	**100**
2014	-	-	-	-
Iain Skelton[9]				
2015	**80**	**20**	**-**	**100**
2014	80	20	-	100
Paul Barbaro[10]				
2015	**-**	**-**	**-**	**-**
2014	68	32	-	100
Kym Quick[11]				
2015	**-**	**-**	**-**	**-**
2014	71	29	-	100
Anne Bastock[12]				
2015	**-**	**-**	**-**	**-**
2014	72	28	-	100
Linda Trevor[13]				
2015	**-**	**-**	**-**	**-**
2014	100	-	-	100

(8) Peter Wilson commenced employment on 16 October 2014.
(9) Iain Skelton resigned on 17 July 2015.
(10) Paul Barbaro resigned on 19 June 2014.
(11) Kym Quick resigned on 19 May 2014.
(12) Anne Bastock resigned on 17 March 2014.
(13) Linda Trevor resigned on 9 August 2013.

*Vesting percentages are based on actual bonuses paid in the year.

As discussed in the Performance Based Remuneration, the Chief Executive Officer and senior executives' remuneration packages contain a performance based component related to KPI's. 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 an option over ordinary shares of the Company under the rules of the Employee and Executive Option Plan.

Short Term Incentive Bonus (STI)

The objective of STI's is to reward executives for their contribution to the achievement of the Group and business unit outcomes, as well as individual KPI's. Each year the Board Remuneration and Nomination Committee sets KPI's for the key management personnel. The KPI's generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, customer and strategy measures. The measures are chosen as they directly align an individual reward to the KPI's of the Group and to its strategy and performance.

The Company's STI plan provides for a cash payment based on achieving predetermined KPIs and are paid bi-annually. The financial performance objectives are set annually and may include targets for earnings per share (EPS), earnings before interest, taxation, depreciation and amortisation (EBITDA) and other financial performance objectives as deemed appropriate by the Remuneration and Nomination Committee. The non-financial objectives vary with position 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 30 percent of the maximum STI.

The KPI's assigned to key management personnel directly impact the amount of bonus payments made and potential salary increases. These KPI's are directly linked to the profitability of the business unit, and the achievement of the Company's financial goals during the respective twelve month service period. Therefore, the level of remuneration of key management personnel is directly linked to the performance of the Company in each twelve month period.

At the end of the financial year, the Board Remuneration and Nomination Committee assesses the actual performance of the Group, the relevant segment and individual against the KPI's set at the beginning of the financial year. The performance evaluation in respect of year ended 30 June 2015 has taken place in accordance with this process.

Long Term Incentive (LTI)

The purpose of the long term incentive is to reward executives for their contribution to the creation of shareholders' value over the longer term. Options are issued under the Employee and Executive Option Plan and it provides for key management personnel to receive options as part of their remuneration. The options are issued based on performance criteria and to encourage staff retention.

The vesting conditions relating to the Employee and Executive Option plans include a requirement for the Company's share price to exceed the relevant ASX Small Industries Index which measures the weighted average return to shareholders for all industrial companies listed on the ASX All Ordinaries Index, but not in the ASX 100 as calculated and reported to the ASX. Notwithstanding the fact that the Company's share price is impacted by external factors and market movements that are outside the control of key management personnel, the extent of the benefit that key management personnel may derive from participation in the plan increases as the Company's share price increases over the longer term.

Employment Contracts

It is the Group'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 Chief Executive Officer and other key management personnel are formalised in contracts of employment. Each of these agreements provide for the remuneration terms including the provision of performance-related cash bonuses and other benefits. There are no specified lengths of service included within the contract. The Chief Executive Officer's contract may be terminated by either party with three months' notice. All other contracts with key management personnel may be terminated by either party with between two and three months' notice.

Option Holdings

There were no options granted to or exercised by key management personnel during the financial year as part of their remuneration. All outstanding options were fully lapsed in the previous financial year.

Shareholdings

	BALANCE 01/07/2014	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER MOVEMENT	BALANCE 30/06/2015
Directors					
Garry Sladden	-	-	-	-	-
Jennifer Elliott	-	-	-	-	-
Julian Sallabank	-	-	-	-	-
Penelope Morris AM	51,429	-	-	-	51,429
Key Management Personnel					
Peter Wilson	-	-	-	-	-
Iain Skelton	-	-	-	-	-
Paul Barbaro	-	-	-	-	-
Total	**51,429**	**-**	**-**	**-**	**51,429**

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

End of Remuneration Report

MEETINGS OF DIRECTORS

During the financial year, fourteen meetings of Directors were held. Attendances were:

DIRECTOR	NUMBER OF MEETINGS HELD[1]	NUMBER OF MEETINGS ATTENDED
Garry Sladden	14	14
Jennifer Elliott	14	14
Julian Sallabank	11	11
Penelope Morris AM	7	7

[1] The number of meetings held during the time the Director was a member of the board.

Board Audit Risk and Compliance Committee Meetings

During the financial year, six Committee meetings were held. Attendances were:

DIRECTOR	NUMBER OF MEETINGS HELD[1]	NUMBER OF MEETINGS ATTENDED
Garry Sladden	6	6
Jennifer Elliott	6	6
Julian Sallabank	4	4
Penelope Morris AM	3	3

[1] The number of meetings held during the time the Director was a member of the board.

Board Remuneration and Nomination Committee Meetings

During the financial year, four Committee meetings were held. Attendances were:

DIRECTOR	NUMBER OF MEETINGS HELD[1]	NUMBER OF MEETINGS ATTENDED
Garry Sladden	4	4
Jennifer Elliott	4	4
Julian Sallabank	2	2
Penelope Morris AM	2	2

[1] The number of meetings held during the time the Director was a member of the board.

INDEMNIFYING OFFICERS OR AUDITOR

The Company has entered into deeds of indemnity, insurance and access with each of the Directors and the Company secretary. These were approved by shareholders at the 2001 annual general meeting. The indemnity will only indemnify a Director to the extent permitted by the law and the Company's constitution.

The Company during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate has not:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs of expenses to defend legal proceedings; with the exception of the following;

During the year the Company paid a premium to insure the Directors 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 Directors 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, 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, controlled entity or a related body corporate.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave 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 of Directors, in accordance with the advice from the Board Audit Risk and Compliance Committee, is 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 Directors are satisfied that the services disclosed in Note 10 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 10 'Remuneration of Auditors' for amounts paid or payable during the financial year to the external auditors in respect of non-audit services.

AUDITOR'S INDEPENDENCE

The lead auditor's independence declaration for the year ended 30 June 2015 is set out page 19 of the Directors' report.

ROUNDING OF AMOUNTS

The Company has applied the relief available to it in ASIC Class Order 98/100, dated 10 July 1998, and accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars. Directors' and Executive remuneration has been rounded to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors

Garry Sladden Executive Chairman	**Jennifer Elliot** Independent Non-Executive Director

Dated at Sydney this 25th day of September 2015.

Deloitte.

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

25 September 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 audit of the financial statements of Clarius Group Limited for the year ended 30 June 2015, 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

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2015

	NOTE	2015 $000	2014 $000
Continuing operations			
Revenue	6	**178,953**	179,392
On hired labour costs		**(140,672)**	(142,312)
Gross Profit		**38,281**	37,080
Employee benefits expense		**(28,419)**	(28,270)
Depreciation and amortisation expense		**(1,041)**	(1,051)
Restructuring expense		**(1,855)**	(286)
Operating Rental expense		**(3,773)**	(3,699)
Other expenses	7	**(9,892)**	(6,111)
Impairment Loss	18(a)	**(2,946)**	-
Results from operating activities		**(9,645)**	(2,337)
Finance income		**17**	10
Finance cost		**(188)**	(158)
Net finance costs		**(171)**	(148)
(Loss) before income tax		**(9,816)**	(2,485)
Income tax (expense)/benefit	8	**(1,512)**	808
(Loss) for the year attributed to Owners of the Company		**(11,328)**	(1,677)
Other comprehensive (loss)			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**373**	185
Income tax on other comprehensive income		**-**	-
Other comprehensive income for the year, net of income tax		**373**	185
Total comprehensive income for the year		**(10,955)**	(1,492)

		Cents per Share	Cents per Share
Basic loss per share	11	**(12.65)**	(1.87)
Diluted loss per share	11	**(12.65)**	(1.87)
Net tangible asset per share	11	**25**	33

The Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes on pages 24 to 57.

Consolidated Statement of Financial Position
As at 30 June 2015

	NOTE	2015 $000	2014 $000
Current assets			
Cash and cash equivalents	13	**1,135**	2,500
Trade and other receivables	14	**42,568**	48,868
Current Tax Receivables	20	**-**	36
Total current assets		**43,703**	51,404
Non-current assets			
Plant and equipment	16	**1,582**	2,112
Deferred tax assets	15	**1,831**	2,690
Intangible assets	18	**25**	3,033
Total non-current assets		**3,438**	7,835
Total assets		**47,141**	59,239
Current liabilities			
Trade and other payables	19	**18,797**	20,684
Bank overdraft	13	**497**	-
Finance leases	22	**211**	-
Provisions	21	**1,645**	1,999
Total current liabilities		**21,150**	22,683
Non-current liabilities			
Finance leases	22	**158**	-
Provisions	21	**1,300**	1,068
Total non-current liabilities		**1,458**	1,068
Total liabilities		**22,608**	23,751
Net assets		**24,533**	35,488
Equity			
Contributed equity	23	**83,541**	83,541
Reserves	24	**(716)**	255
Accumulated losses		**(58,292)**	(48,308)
Total equity		**24,533**	35,488

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes on pages 24 to 57.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2015

AS AT 30 JUNE 2015	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
Loss for the year attributed to Owners of the Company	-	-	-	(11,328)	(11,328)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	373	-	-	373
Total other comprehensive income for the period	-	373	-	(11,328)	(10,955)
Transactions with owners recorded directly in equity					
Lapsed share options	-	-	(1,344)	1,344	-
Total transactions with owners	-	-	(1,344)	1,344	-
Balance as at 30 June 2015	83,541	(716)	-	(58,292)	24,533

AS AT 30 JUNE 2014	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
Loss for the year attributed to Owners of the Company	-	-	-	(1,677)	(1,677)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	185	-	-	185
Total other comprehensive income for the period	-	185	-	(1,677)	(1,492)
Total transactions with owners	-	-	-	-	-
Balance as at 30 June 2014	83,541	(1,089)	1,344	(48,308)	35,488

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 24 to 57.

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	NOTE	2015 $000	2014 $000
Cash flows from operating activities			
Receipts from customers		**317,030**	315,317
Payments to suppliers and employees		**(299,763)**	(295,456)
Interest received		**17**	10
Interest and other borrowing costs paid		**(188)**	(158)
Income tax refund		**-**	1,197
Sales tax paid		**(18,115)**	(17,577)
Net cash (used in)/provided by operating activities	12(a)	**(1,019)**	3,333
Cash flows from investing activities			
Purchase of plant and equipment		**(553)**	(174)
Payments for software development and intangible assets		**(445)**	(912)
Net cash (used) in investing activities		**(998)**	(1,086)
Cash flows from financing activities			
Net cash provided by/(used in) financing activities		**-**	-
Net (decrease)/increase in cash held		**(2,017)**	2,247
Cash and cash equivalents at the beginning of the year		**2,500**	234
Effect of exchange rates on cash holdings in foreign currencies		**155**	19
Cash at the end of the financial year	13	**638**	2,500

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 24 to 57.

NOTE 1 REPORTING ENTITY

Clarius Group Limited (the "Company") is a for-profit listed public Company, incorporated and domiciled in Australia. The Consolidated financial statements of the Company as at and for the year ended 30 June 2015 cover Clarius Group Limited and its controlled entities.

NOTE 2 BASIS OF PREPARATION

The consolidated financial statements are a general purpose financial report that has been 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 financial statements were authorised for issue by the Board of Directors on 25 September 2015.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clarius Group Limited as at 30 June 2015 and the results of all subsidiaries for the year ended 30 June 2015. Clarius Group Limited and its subsidiaries are collectively referred to in this financial report as the consolidated entity.

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

Subsidiaries 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 subsidiaries 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 subsidiaries 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 a subsidiary'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 subsidiaries between the owners of the parent 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 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) Contracting revenue

Contracting revenue is brought to account as the services are provided. Services provided but not yet billed are taken up as accrued revenue.

(ii) Permanent recruitment revenue

Permanent recruitment revenue is brought to account on the following basis:

Executive positions – on the completion of the recruitment assignment

Administration positions – on start date of the employee

(iii) Payroll services

Where the consolidated entity provides payroll services to clients, payroll service fees are brought to account as the services are provided.

(iv) On hired labour

On hired labour is brought to account as the services are provided. Services provided but not yet billed are taken up as accrued revenue.

(v) Interest income

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

(vi) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(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 balance sheet 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 income tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred income 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

Clarius Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Clarius Group Limited.

Tax expense/income, 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 entities in 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 parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(D) EMPLOYEE BENEFITS

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to balance date. Short term employee benefits expected to be settled within one year together with entitlements arising from wages and salaries 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 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 to employee 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 benefit 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 fair value at grant date is independently determined using the American Option Call Pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The employee benefits expense recognised in the equity reserve is based on the revised number of options that have vested as at balance date. The impact of the revision to original estimates, if any, is recognised in the income statement 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 benefits can no longer withdrawn and when the costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits are recognised. If the termination benefits are payable more than 12 months after reporting date, they are discounted to present value.

(E) LEASES

Leases of fixed 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. Leased assets are amortised over the lower of their useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, 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 rental 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.

(F) INTANGIBLE ASSETS

(i) Candidate databases

Candidate databases represent the consolidated entity's candidate databases that were acquired. These assets are recorded at their respective cost of acquisition, which were supported by independent valuations performed immediately prior to the respective acquisitions.

The candidate databases represent accumulated private and proprietary information regarding the technical people of the various businesses. They are amortised on a straight line basis over a period of two years from the date of acquisition.

The candidate databases are constantly updated as an integral part of the business and are the major basis for the generation of revenue and profit. All costs incurred in maintaining, upgrading and improving the candidate databases are expensed as incurred.

Intangible assets are tested at each balance date for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses.

(ii) Software development costs

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

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

(G) 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 property, plant and equipment is reviewed annually to ensure it is not in excess of its recoverable amount.

The depreciable amount of all fixed assets, including capitalised leased assets is 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 before income tax of the consolidated entity in the year of disposal.

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

CLASS OF ASSET	RATE	METHOD
Plant & Equipment	9% - 60%	Diminishing Value
Leasehold Improvements	11% - 50%	Straight Line/Diminishing Value

(H) 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.

(I) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

(i) Functional and presentation currency

Items included in the financial statements of each of the entities that make up 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 Clarius Group Limited's functional and presentation currency.

(ii) Transactions and balances

In preparing the financial statements of each individual group 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 transitions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the 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) Clarius Group Limited group companies

The results and financial position of all the entities making up 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 monthly exchange rates 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 income 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.

(J) 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
- bank overdrafts are shown within current liabilities on the statement of financial position.

(K) ROUNDING OF AMOUNTS

The Company has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded to the nearest thousand dollars. Directors' and Executive remuneration has been rounded to the nearest dollar.

(L) 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 terms of the receivables. 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 profit or loss in other expenses. When a trade receivable for which a provision for impairment had 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 profit or loss.

(M) FINANCIAL INSTRUMENTS

Classification

The consolidated entity classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its 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 balance date which are classified as non-current assets. Loans and receivables represent trade and other receivable on the 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 bank overdrafts.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share 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.

(N) 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 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) Work under guarantee

A provision for work under guarantee is recognised on an expected level of permanent placement fallouts within the guarantee period provided to customers. This is based on the average permanent placement fees.

(ii) Make good on leased premises

A provision is made for the expected cost to restore the leased property to its original condition. The provision is based on an estimate of the costs to restore the asset to its original condition in the individual rental contracts.

(iii) Lease incentives

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

(iv) Onerous leases

The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, 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.

(O) 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.

(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 year but not distributed at balance date.

(Q) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of 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 taxation authority are presented as operating cash flows.

(R) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings 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 year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise relevant share options granted to employees.

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

(S) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) Impairment of non-financial assets

The consolidated entity tests at each balance date whether the non-financial assets have suffered any impairment, in accordance with the accounting policy in note 3(F). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of a number of assumptions. Refer to note 18 for details of these assumptions.

(ii) Income taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. In determining the consolidated entity's provision for income taxes management consider the interpretation of applicable laws and regulations, and, where necessary, seek independent advice to validate estimates and judgements.

(iii) Impairment of receivables/provision of bad debts

Included in trade receivables is an allowance for doubtful debts. At the reporting date this amount represents balances that are uncertain in relation to collectability (refer to Note 14).

(T) SEGMENT REPORTING

The consolidated entity determines and presents operating segments based on the information that internally is provided to the Board of Directors (Board) who are the consolidated entities' 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 segments' operating results are regularly reviewed by the Board to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the consolidated entity's head office), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(U) NEW STANDARDS AND ACCOUNTING INTERPRETATIONS NOT YET ADOPTED

(i) New and revised AASBs affecting amounts reported and/or disclosures in the financial Statements

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

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)
- AASB 1031 'Materiality'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality)
- AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

Impact of the application of new and revised AASBs

The Directors have considered the impact of all new and revised AASBs and concluded that there is no material impact on the disclosures or the amounts recognised in the consolidated financial statements.

(ii) 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 Group were in issue but not yet effective.

STANDARD/INTERPRETATION MANDATORY BEYOND JUNE 2015	EFFECTIVE
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB	1 January 2018
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015

Impact of the application of standards not yet adopted

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

(V) REMOVAL OF PARENT ENTITY FINANCIAL STATEMENTS

The consolidated group 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 parent entity disclosure in note 30.

REGISTERED OFFICE

Australian Company
Secretaries Pty Limited
Suite 806, Level 8, 70 Pitt Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS

Level 9, 1 York Street
Sydney NSW 2000

(W) 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"). This Committee operates under a charter approved by the Board. Its 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	2015 $000	2014 $000
Financial Assets:			
Cash and cash equivalents	13	**1,135**	2,500
Trade receivables (net of doubtful debts)	14	**34,874**	41,281
Other debtors		**1,173**	267
		37,182	44,048
Financial Liabilities:			
Trade creditors and other payables	19	**18,797**	20,684
Bank overdraft	12(c), 13	**497**	-
		19,294	20,684

(A) MARKET RISK

Foreign Exchange Risk

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

Exposure to Currency Risk

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

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

	30 JUNE 2015			
	NZD $000	CNY $000	SNG $000	HKD $000
Trade and other receivables	2,888	9,325	138	2
Cash	38	3,746	22	17
Bank Overdraft	(96)	-	-	-
Trade and other payables	(1,417)	(6,620)	(136)	2
Net Exposure on Statement of Financial Position	**1,413**	**6,451**	**24**	**21**

	30 JUNE 2014			
	NZD $000	CNY $000	SNG $000	HKD $000
Trade and other receivables	5,159	16,719	279	2
Cash	174	4,841	59	29
Trade and other payables	(1,902)	(5,133)	(27)	(159)
Net Exposure on Statement of Financial Position	**3,431**	**16,427**	**311**	**(128)**

The following exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
AUD $1	2015	2014	2015	2014
NZD	**1.080**	1.102	**1.129**	1.076
CNY	**5.182**	5.624	**4.766**	5.847
SGD	**1.094**	1.153	**1.034**	1.176
HKD	**6.493**	7.095	**5.954**	7.301

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. 10% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates.

	Impact of 10% Increase of AUD against foreign currencies on consolidated balances			
	NZD $000	CNY $000	SNG $000	HKD $000
30 June 2015				
Equity	(114)	(123)	(2)	(0)
Impact on Net Profit After Tax	11	(334)	(31)	(1)
30 June 2014				
Equity	(290)	(255)	(24)	2
Impact on Net Profit After Tax	4	36	(18)	(3)

	Impact of 10% Decrease of AUD against foreign currencies on consolidated balances			
	NZD $000	CNY $000	SNG $000	HKD $000
30 June 2015				
Equity	125	135	2	-
Impact on Net Profit After Tax	(12)	368	34	1
30 June 2014				
Equity	319	281	26	(2)
Impact on Net Profit After Tax	(4)	(40)	20	3

Cash flow and fair value interest rate risk

The consolidated entity's main interest rate risk arises from potential utilisation of overdraft facilities in the New Zealand subsidiaries.

For the parent borrowing facilities, the policy is to utilise a combination of its trade receivable financing facility and overdraft facilities to minimise its interest costs whilst maintaining the flexibility to accommodate short term working capital requirements that vary in particular with the on-hired labour funding cycle.

As at the reporting date, the consolidated entity had the following variable rate borrowings:

		30 JUNE 2015		30 JUNE 2014	
	NOTE	WEIGHTED AVERAGE INTEREST RATE	BALANCE $000	WEIGHTED AVERAGE INTEREST RATE	BALANCE $000
Bank Overdraft	13	9.3%	497	9.8%	-
Receivables Financing Facility	12	3.4%	-	4.0%	-

The receivable financing facility of $5,000k (FY2014: $7,500k) is under the non-recourse arrangement. The balance is nil as at 30 June 2015 (FY2014: $6,520k).

The following two tables demonstrate the impact on net profit after tax if the average interest rate had either increased or decreased by 1% over the whole of the years ending 30 June 2015 and 30 June 2014.

Consolidated Entity Sensitivity

	30 JUNE 2015		30 JUNE 2014	
	1% INCREASE IN AVERAGE INTEREST RATE $000	1% DECREASE IN AVERAGE INTEREST RATE $000	1% INCREASE IN AVERAGE INTEREST RATE $000	1% DECREASE IN AVERAGE INTEREST RATE $000
Impact on Net Profit After Tax	(30)	30	(25)	25

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 group basis. Credit risk arises from credit exposures to customer accounts 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 give 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 executives. Receivables reports are submitted to the Board of Directors regularly 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 values less impairment provision of trade receivables are assumed to approximate their fair values due to their short term nature.

Consolidated Entity Receivables

All of the Group'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 $2,051k (FY2014: $267k) has been recorded. The trade receivables provided for mostly relate to customer debts that are greater than 90 days overdue, with a significant proportion relating to customer debts that are greater than 180 days overdue.

The provision includes amounts that are not considered to be recoverable from debtors and amounts that are expected to be credited to debtors. The average credit period for trade receivables is approximately 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (where debts are significantly overdue) are considered indicators that the trade receivable is impaired. Refer to note 14.

(C) LIQUIDITY RISK

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

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

Refer to note 12(b and c) Cash Flow information for a summary of credit facilities both available and utilised as at balance 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. Bank overdrafts are expected to be settled within one year.

NOTE 5 SEGMENT REPORTING

(A) SEGMENTS

OPERATING SEGMENTS	RECRUITMENT SERVICES 2015 $000	RECRUITMENT SERVICES 2014 $000	INFORMATION TECHNOLOGY SERVICES 2015 $000	INFORMATION TECHNOLOGY SERVICES 2014 $000	MANAGED SERVICES 2015 $000	MANAGED SERVICES 2014 $000	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Revenue								
Services to external customers	**260,787**	259,138	**17,066**	15,202	**6,424**	10,379	**284,277**	284,719
Inter-segment revenues	**-**	-	**-**	-	**13,512**	18,187	**13,512**	18,187
Total segment revenue	**260,787**	259,138	**17,066**	15,202	**19,936**	28,566	**297,789**	302,906
Total segment revenue							297,789	302,906
(-) Inter company elimination							**(13,512)**	(18,187)
(-) Reclassification of direct gross margin							**(105,324)**	(105,327)
Consolidated revenue							**178,953**	179,392
Reportable Segments Profit								
Profit before tax	**3,017**	4,725	**1,610**	716	**240**	338	**4,867**	5,779
Less: Corporate overheads							**(11,737)**	(8,264)
Impairment loss	**(2,946)**	-	**-**	-	**-**	-	**(2,946)**	-
Consolidated loss before tax							**(9,816)**	(2,485)
Interest Revenue	**16**	9	**-**	-	**1**	1	**17**	10
Interest Expenses	**188**	158	**-**	-	**-**	-	**188**	158
Depreciation & amortisation	**1,011**	1,007	**26**	39	**4**	5	**1,041**	1,051
Additions to non-current assets	**995**	1,086	**3**	-	**-**	-	**998**	1,086
Segment Assets[2]	**38,940**	49,142	**5,671**	5,447	**699**	1,960	**45,310**	56,549
Segment Liabilities	**21,002**	20,518	**1,109**	1,406	**497**	1,827	**22,608**	23,751

	AUSTRALIA		NEW ZEALAND		ASIA		TOTAL	
Revenue								
External sales[1]	**159,906**	162,422	**9,628**	7,772	**9,419**	9,198	**178,953**	179,392
Interest revenue	**7**	6	**8**	4	**2**	-	**17**	10
TOTAL Revenue	**159,913**	162,428	**9,636**	7,776	**9,421**	9,198	**178,970**	179,402
Non-current assets[2]	**1,322**	4,633	**13**	47	**272**	465	**1,607**	5,145

[1] This reconciles to statutory revenue
[2] Excluding deferred tax assets

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

Recruitment Services - Alliance Recruitment, Candle, Lloyd Morgan, Lloyd Morgan China, SouthTech and The One Umbrella

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

Information Technology Services - JAV IT

(ii) Outsourcing and technical support services.

Managed Services - Ignite

(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 as disclosed in note 3(s) and accounting standard AASB 8: Segment Reporting. Management has organised the entity around geographical and operational segments. The services provided are all recruitment related. The Group's on hired labour revenue makes up 91% (FY2014: 92%) of the consolidated revenue, and 9% (FY2014: 8%) relates to permanent recruitment services. During the 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 and temporary personnel and recruitment services for business and Government 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 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 Group.

(E) INFORMATION ABOUT MAJOR CUSTOMERS

Included in revenue arising from recruitment services of $260,787k (FY2014: $259,138k) are revenues of approximately $105,567k (FY2014: $90,812k) which arose from sales to the Group's two largest customers. The largest customer contributed $82,680k and the second largest customer accounted for $22,887k. No other single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

NOTE 6 REVENUE

	CONSOLIDATED	
	2015 $000	2014 $000
Rendering of services	**178,953**	179,392
Total revenue	**178,953**	179,392

NOTE 7 EXPENSES

	CONSOLIDATED	
	2015 $000	2014 $000
Depreciation of non-current assets		
Plant and equipment	**201**	283
Leasehold improvements	**376**	385
Plant and equipment	**577**	668
Amortisation of non-current assets		
Capitalised computer software	**464**	383
Total amortisation	**464**	383
Total depreciation and amortisation expense	**1,041**	1,051
Other expenses:		
Bad and doubtful debts	**1,791**	371
Travelling expenses	**861**	665
Telephone charges	**779**	663
Consultancy fees	**573**	244
Software support	**561**	243
Office expenses, printing, stationery and parking	**548**	569
Subscriptions	**464**	416
Accountancy, audit and tax fees	**451**	201
Recruitment costs	**412**	366
Insurance	**410**	417
Legal fees	**352**	144
Bank charges	**299**	231
Marketing and promotional expenses	**279**	291
Net advertising costs	**226**	293
Capitalised Product Development costs	**-**	(527)
Other operating overheads	**1,886**	1,524
Total other expenses	**9,892**	6,111
Contributions to defined contribution plans	**2,726**	2,551

NOTE 8 INCOME TAX EXPENSE/(BENEFIT)

	CONSOLIDATED	
	30 JUNE 2015 $000	30 JUNE 2014 $000
Current tax	**884**	(16)
Adjustment for prior year	**(231)**	13
	653	(3)
Deferred tax expense	**859**	(805)
Total income tax expense/(benefit)	**1,512**	(808)

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss before income tax at 30%	**(2,945)**	(746)
	(2,945)	(746)
Add tax effect of:		
Overseas tax provision	**884**	-
Other non-deductible expenses	**23**	37
Tax incentives on capital expenditure	**-**	(54)
De-recognition of tax losses	**592**	-
Current year losses for which no deferred tax asset was recognised	**3,183**	74
Prior period (over)/under provision	**(231)**	13
Effect of concession	**-**	(16)
Utilisation of tax losses in current year	**-**	(119)
Tax rate adjustment on wholly-owned foreign subsidiaries	**6**	3
Total income tax expense/(benefit)	**1,512**	(808)

NOTE 9 DIVIDENDS

On 31 August 2015, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2015. No dividends were paid by the Group in the previous corresponding period.

Franking Credit Balance

	2015 $000	2014 $000
Dividend franking account		
Amount of franking credits available to shareholders of Clarius Group Limited for subsequent financial years	**15,679**	15,679
Candle NZ Holdings Limited	**1,440**	1,511

NOTE 10 REMUNERATION OF AUDITORS

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

	CONSOLIDATED	
	2015 $	2014 $
Audit Services:		
Auditors of the Company:		
Australia		
Audit and review of financial reports – Deloitte Touche Tohmatsu	**172,125**	138,958
Overseas Audit Fees – Network firm of the parent entity auditor		
Audit and review of financial reports – Deloitte Touche Tohmatsu	**108,364**	20,687
	280,489	159,645
Other Auditors		
Audit and review of financial reports	**5,626**	22,153
	286,115	181,798
Services other than Audit:		
Auditors of the Company:		
Australia		
Taxation services – Deloitte Touche Tohmatsu	**20,000**	20,000
Network firm of the parent entity auditor		
Taxation services	**31,547**	10,687
Other Auditors		
Network firm of the parent entity auditor		
Preparation of financial statements	**9,640**	4,558
	61,187	35,245
	347,302	217,043

NOTE 11 LOSS PER SHARE

	CONSOLIDATED	
	2015 CENTS	2014 CENTS
Basic loss per share	**(12.65)**	(1.87)
Diluted loss per share	**(12.65)**	(1.87)
Net tangible asset per share	**25**	33

(A) RECONCILIATION OF LOSS USED IN CALCULATING LOSS PER SHARE

	CONSOLIDATED	
	2015 $000	2014 $000
Loss after tax used in calculating basic earnings per share	**(11,328)**	(1,677)
Net loss used in calculating diluted loss per share	**(11,328)**	(1,677)
Net tangible asset per share excluding deferred tax assets	**22,677**	29,765

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	CONSOLIDATED	
	2015 NO.	2014 NO.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic LPS	**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 12 CASH FLOW INFORMATION

(A) RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Loss for the year after income tax	**(11,328)**	(1,677)
Adjustments for:		
Depreciation and amortisation	**1,041**	1,051
Loss on disposal of non-current asset	**513**	9
Impairment losses on intangible assets	**2,992**	-
Income tax expense	**1,512**	(808)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease/(Increase) in trade debtors and accrued income	**6,143**	(208)
Decrease in prepayments	**158**	164
(Decrease)/Increase in trade creditors and accruals	**(1,680)**	2,993
Increase in provisions & reserves	**247**	612
Income tax (paid)/refund	**(617)**	1,197
Net cash (outflow)/ provided by operating activities	**(1,019)**	3,333

(B) CREDIT STANDBY ARRANGEMENTS WITH BANKS

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Receivables Purchase Facility	**5,000**	7,500
Amount utilised under recourse facility	**-**	-
Amount utilised under non-recourse facility	**-**	(6,520)
Unused Receivables Purchase Facility	**5,000**	980

The Group has a bank overdraft facility and an invoice financing facility. Under the invoice financing facility certain invoices are sold to the finance providers of Clarius Group Limited. The finance providers purchase these invoices on either recourse or a non-recourse basis. Invoices sold to the Group's finance providers under the non-recourse arrangement of Nil (FY2014: $6,520k) have been derecognised in the financial statements at 30 June 2015.

(C) OVERDRAFT FACILITIES

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Overdraft facility	**2,328**	2,394
Amount utilised	**(497)**	-
Unused overdraft facility	**1,831**	2,394

Subsequent to the year the current trade receivables financing facility and parent entity overdraft has been extended from 30 September 2015 to 31 December 2015. Further, the Group has signed a credit approved term sheet with a major financial institution for the provision of a Debtor Finance Facility and a Bank Guarantee Facility. Both facilities will be provided on a 12 month term and will be subject to annual review. The facilities are secured by a limited and capped personal guarantee and cash deposit from a substantial shareholder in the Company. The cash security is provided on normal commercial terms and is interest bearing from the date at which the cash security was set-up.

Bank overdrafts

The current weighted average interest rate on the parent overdraft facility is 9.8%. Bank overdraft facilities are arranged with Australian (AUD$1,000,000), and New Zealand (NZD$1,500,000) banks with the general terms and conditions being agreed to on a regular basis. Interest rates are variable and subject to adjustment. The Directors anticipate that these facilities will continue to be available provided the consolidated entity, and the companies within the consolidated entity with overdraft facilities have not breached any borrowing covenants and the required financial ratios continue to be met. As at 30 June 2015 these requirements have been met.

NOTE 13 CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Cash at bank and on hand	**1,133**	2,461
Deposits at call	**2**	39
	1,135	2,500

Reconciliation of cash

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	NOTES	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Balances as above		**1,135**	2,500
Bank overdrafts	12(c)	**(497)**	-
		638	2,500

NOTE 14 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015 $000	2014 $000
Current		
Trade receivables	**36,925**	41,548
Allowance for doubtful debts	**(2,051)**	(267)
	34,874	41,281
Accrued income	**6,132**	6,774
Prepayments	**389**	546
Other debtors	**1,173**	267
	42,568	48,868

(A) FAIR VALUES

The fair value approximates to the carrying value of the receivables.

(B) INTEREST RATE RISK

The trade and other receivables are non-interest bearing.

(C) CREDIT AND FOREIGN EXCHANGE RISKS

Refer to the disclosure in note 4.

(D) TRADE RECEIVABLES AGING ANALYSIS

Refer to the disclosure in note 4.

(E) MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

	CONSOLIDATED	
	2015 $000	2014 $000
At 1 July	**267**	-
Provision for impairment recognised during the year	**1,784**	267
Unused amount reversed	**-**	-
At 30 June	**2,051**	267

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. The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the consolidated entity is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

See Note 4(B) for details of the Group's impairment review.

NOTE 15 DEFERRED TAX ASSETS

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
The balance comprises temporary differences attributable to:		
Employee benefits	**428**	616
Provision for make good on leased premises	**132**	10
Lease incentive	**282**	255
Accruals	**989**	1,212
Losses	**-**	597
	1,831	2,690
Movements		
Balance at the beginning of the year	**2,690**	1,779
Reclassification from current tax receivables	**-**	106
(Charged)/credited to the income statement	**(267)**	805
De-recognition of tax losses in subsidiary	**(592)**	-
Balance at the end of the year	**1,831**	2,690

There are unrecognised deferred income tax assets in relation to tax losses (revenue in nature) of $5,029k (FY2014: $1,254k). Unrecognised deferred income tax assets are reassessed at each reporting date and will be recognised to the extent that the Directors' consider it probable that future taxable profit will allow the deferred income tax asset to be recovered.

NOTE 16 PLANT AND EQUIPMENT

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Plant and equipment, at cost	**1,315**	4,890
Accumulated depreciation	**(655)**	(4,161)
	660	729
Leasehold improvements, at cost	**1,974**	3,497
Accumulated amortisation	**(1,052)**	(2,114)
	922	1,383
Total plant and equipment	**1,582**	2,112

(A) MOVEMENTS IN CARRYING AMOUNTS - 2015

	PLANT AND EQUIPMENT $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Consolidated			
Balance at the beginning of the year	729	1,383	2,112
Additions	491	62	553
Disposals	(359)	(147)	(506)
Depreciation expense	(201)	(376)	(577)
Carrying amount at the end of the year	660	922	1,582

(B) MOVEMENTS IN CARRYING AMOUNTS - 2014

	PLANT AND EQUIPMENT $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Consolidated			
Balance at the beginning of the year	905	1,710	2,615
Additions	112	62	174
Disposals	(5)	(4)	(9)
Depreciation expense	(283)	(385)	(668)
Carrying amount at the end of the year	729	1,383	2,112

NOTE 17 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 3 (a):

			EQUITY HOLDING[1]	
	COUNTRY OF INCORPORATION	CLASS OF SHARES	2015 %	2014 %
Alliance Recruitment Pty Ltd	Australia	ordinary	100	100
Candle Holdings Limited	New Zealand	ordinary	100	100
Candle New Zealand Limited	New Zealand	ordinary	100	100
Lloyd Morgan International Pty Limited	Australia	ordinary	100	100
JAV IT Group Pty Limited	Australia	ordinary	100	100
Ignite Management Services Pty Limited	Australia	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
Lloyd Morgan China Limited	China	ordinary	89	89

[1] The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 18 INTANGIBLE ASSETS

	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Candidate databases	**1,876**	1,876
Accumulated amortisation	**(1,876)**	(1,876)
	-	-
Capitalised software and development costs	**2,513**	6,307
Accumulated amortisation	**(2,488)**	(3,274)
	25	3,033
Total intangible assets	**25**	3,033

(A) MOVEMENTS IN CARRYING AMOUNTS - 2015

	CAPITALISED SOFTWARE COSTS $000
Consolidated	
Balance at the beginning of the year	3,033
Additions	445
Disposals	(33)
Amortisation expense	(464)
Impairment write down	(2,946)
Exchange differences	(10)
Carrying amount at the end of the year	25

(B) MOVEMENTS IN CARRYING AMOUNTS - 2014

	CAPITALISED SOFTWARE COSTS $000
Consolidated	
Balance at the beginning of the year	2,500
Additions	912
Disposals	-
Amortisation expense	(383)
Impairment write down	-
Exchange differences	4
Carrying amount at the end of the year	3,033

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

(C) IMPAIRMENT TESTS

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 development CRM application and timesheet portal together with an externally developed payroll system and client portal. Based on the impairment testing performed during the year, the value in use was less than the carrying amounts. Accordingly, an impairment loss of $2,946k has been recognised in profit or loss.

NOTE 19 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015 $000	2014 $000
Current		
Trade and Other Payables	**18,797**	20,684
	18,797	20,684

(A) INTEREST RATE EXPOSURE

All trade and other payables are non-interest bearing.

(B) FINANCIAL GUARANTEES

Bank guarantees for $1,241k (FY2014: $1,281k) have been provided by the consolidated entity to parties outside the group in relation to the Group's operating leases. In the event of default, the Bank has recourse to the consolidated group for this amount.

NOTE 20 CURRENT TAX RECEIVABLE

	CONSOLIDATED	
	2015 $000	2014 $000
Current		
Income tax receivable	-	36

NOTE 21 PROVISIONS

	CONSOLIDATED	
	2015 $000	2014 $000
Current		
Employee benefits	**1,304**	1,888
Lease incentive	**311**	81
Work under guarantee	**30**	30
	1,645	1,999
Non-current		
Employee benefits	**108**	184
Lease incentive	**635**	839
Make good on leased premises	**557**	45
	1,300	1,068
	2,945	3,067

Employee benefits

This provision represents annual leave and long service leave entitlements.

Lease incentive

This provision represents the liability associated with rent free periods given under current operating contracts. Management has calculated this amount based on the current rental contracts.

Work under guarantee

This provision represents the liability associated with permanent placement fall outs within the guarantee period provided to clients. Management has calculated this amount based on average permanent placement fees.

Make good

This amount represents the cost which will be paid on completion of current tenancy under the applicable rental contracts. The amount has been calculated based on an estimate of the costs to fulfil the individual rental contracts.

Movements in provisions

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

	LEASE INCENTIVE $000	MAKE-GOOD $000	WORK UNDER GUARANTEE $000	TOTAL $000
Consolidated				
Carrying amount at the beginning of the year	920	45	30	995
Additional provision recognised	331	560	-	891
Amounts utilised	(305)	(48)	-	(353)
Carrying amount at the end of the year	946	557	30	1,533

NOTE 22 OBLIGATIONS UNDER FINANCE LEASES

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2015	2014	2015	2014
	$000	$000	$000	$000
Not later than one year	212	-	211	-
Later than one year and not later than five years	159	-	158	-
Later than five years	-	-	-	-
	371	-	369	-
Less future finance charges	(2)	-	-	-
Present value of minimum lease payments	369	-	369	-
Included in the consolidated financial statements: - Current provision			211	-
- Non-current provision			158	-
			369	-

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

NOTE 23 SHARE CAPITAL

	CONSOLIDATED	
	2015 $000	2014 $000
89,582,175 fully paid ordinary shares (2014: 89,582,175)	83,541	83,541
Ordinary shares at the beginning of the year	83,541	83,541
At the end of the year	83,541	83,541

The Company does not have authorised capital or par value in respect of its listed shares. All issued shares are fully paid. All shares 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.

SHARE CAPITAL CONTINUED

	CONSOLIDATED 2015 NO.	CONSOLIDATED 2014 NO.
At the beginning of the year	**89,582,175**	89,582,175
At the end of the year	**89,582,175**	89,582,175

Capital Risk Management

The consolidated entity's objectives 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 and 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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity 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.

	NOTE	CONSOLIDATED 2015 $000	CONSOLIDATED 2014 $000
Total borrowings (net of cash)		**-**	-
Total equity		**24,533**	35,488
Gearing ratio		**0.0%**	0.0%

NOTE 24 RESERVES

		CONSOLIDATED	
	NOTE	2015 $000	2014 $000
Share-based payments	24 (a)(i)	**-**	1,344
Foreign currency translation	24 (a)(ii)	**(716)**	(1,089)
Total		**(716)**	255

(A) NATURE AND PURPOSE OF RESERVES

(i) Share-based payments

The share-based payments reserve is used to recognise the fair value of options issued over their vesting period.

Further information about share-based payments is set out in note 27.

(ii) Foreign currency translation reserve

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 25 OPERATING LEASE COMMITMENTS

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

	CONSOLIDATED	
	2015 $000	2014 $000
Within one year	**2,408**	2,680
Later than one year but not later than five years	**3,044**	5,448
Later than five years	**-**	-
	5,452	8,128

Operating lease commitments refer to property leases for the 16 locations (FY2014: 17 locations) operating across Australia, New Zealand and Asia with initial lease terms of between 6 months and 5 years. The consolidated entity does not have an option to purchase the leased properties at the expiry of the lease periods. Certain lease arrangements contain clauses for market rental reviews and options to renew.

NOTE 26 CONTINGENT LIABILITIES

The Group has terminated a service arrangement with a software provider and has not provided for disputed invoices amounting to $210k which were unpaid at 30 June 2015 (FY2014: Nil).

NOTE 27 SHARE BASED PAYMENTS

There were no share based payment transactions in the financial year (FY2014:Nil).

No options have been granted during the year (FY2014: Nil)

NOTE 28 RELATED PARTY DISCLOSURES

(A) PARENT ENTITY

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

(B) SUBSIDIARIES

Interests in subsidiaries are set out in note 17.

(C) DIRECTORS AND KEY MANAGEMENT PERSONNEL

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2015 $	2014 $
Short-term employment benefits	**1,166,831**	1,358,179
Post-employment benefits	**-**	68
Other long-term benefits	**-**	-
Termination benefits	**139,964**	307,614
Share-based payment	**-**	-
	1,306,795	1,665,861

(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 group companies.

NOTE 29 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiary listed below 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 the subsidiaries enter into a Deed of Cross Guarantee. 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 subsidiaries under certain provisions of the Corporations Act 2001. 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. The subsidiary has also given similar guarantees in the event that the Company is wound up.

The subsidiary subject to the Deed is **Alliance Recruitment Pty Ltd**.

Alliance Recruitment Pty Ltd. became a party to the Deed on 20 April 2011, by virtue of a Deed of Assumption.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after elimination of all transaction between parties to the Deed of Cross Guarantee, at 30 June 2015 is set out as follows:

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2015

	2015 $000	2014 $000
Revenue from continuing operations	**133,223**	133,580
On hired labour costs	**(111,332)**	(112,447)
Gross Profit	**21,891**	21,133
Employee benefits expense	**(17,282)**	(18,172)
Depreciation and amortisation expense	**(673)**	(714)
Operating rental expense	**(2,032)**	(2,226)
Restructuring	**(1,760)**	-
Other expenses	**(5,255)**	(3,152)
Impairment loss	**(2,946)**	-
Results from operating activities	**(8,057)**	(3,131)
Finance income	**6**	352
Finance cost	**(154)**	(370)
Net finance cost	**(148)**	(18)
Loss before income tax	**(8,205)**	(3,149)
Income tax (expense)/benefit	**(498)**	936
Total comprehensive loss for the period	**(8,703)**	(2,213)
Accumulated losses at beginning of year	**(55,934)**	(53,721)
Loss after income tax	**(8,703)**	(2,213)
Transfer of lapsed share options	**1,344**	-
Accumulated losses at end of year	**(63,293)**	(55,934)

Statement of Financial Position
As at 30 June 2015

	2015 $000	2014 $000
Current assets		
Cash assets and cash equivalents	**-**	1,351
Trade and other receivables	**31,562**	34,113
Current tax receivables	**-**	36
Total current assets	**31,562**	35,500
Non-current assets		
Other receivables	**7,497**	9,013
Plant and equipment	**886**	1,467
Deferred tax assets	**1,618**	2,272
Investments	**3,225**	3,225
Other intangible assets	**-**	2,918
Total non-current assets	**13,226**	18,895
Total assets	**44,788**	54,396
Current liabilities		
Other payables	**14,585**	15,544
Bank overdraft	**134**	-
Provisions	**1,907**	1,846
Total current liabilities	**16,626**	17,390
Non-current liabilities		
Trade and other payables	**7,206**	7,108
Provisions	**708**	946
Total non-current liabilities	**7,914**	8,054
Total liabilities	**24,540**	25,444
Net Assets	**20,248**	28,951
Equity		
Share capital	**83,541**	83,541
Reserves	**-**	1,344
Accumulated losses	**(63,293)**	(55,934)
Total equity	**20,248**	28,951

NOTE 30 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2015 the parent entity of the Group was Clarius Group Limited.

	2015 $000	2014 $000
Result of parent entity		
Loss for the year	**(9,393)**	(2,654)
Other comprehensive income	**-**	-
Total comprehensive income for the year	**(9,393)**	(2,654)
Financial position of parent entity at year end		
Current Assets	**27,649**	32,654
Total Assets	**40,173**	51,527
Current Liabilities	**(15,294)**	(17,255)
Total Liabilities	**(15,475)**	(17,436)
Net Assets	**24,698**	34,091
Share capital	**83,541**	83,541
Reserves	**-**	1,344
Retained earnings	**(58,843)**	(50,794)
Total equity	**(24,698)**	(34,091)

Parent entity contingencies

There are no material contingent liabilities as at 30 June 2015 (FY2014: Nil).

There are no capital commitments for acquisition of property plant and equipment as at 30 June 2015 (FY2014: Nil).

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiary Alliance Recruitment Pty Ltd.

Further details of the Deed are of Cross Guarantee and the subsidiaries to the deed are disclosed in note 29.

NOTE 31 EVENTS SUBSEQUENT TO THE REPORTING DATE

The Group has signed a credit approved term sheet with a major financial institution for the provision of a Debtor Finance Facility and a Bank Guarantee Facility. Both facilities will be provided on a 12 month term and will be subject to annual review. The facilities are secured by a limited and capped personal guarantee and cash deposit from a substantial shareholder in the Company. The cash security is provided on normal commercial terms and is interest bearing from the date at which the cash security was set-up.

DIRECTOR'S DECLARATION

THE DIRECTORS OF THE COMPANY DECLARE THAT:

1. In the opinion of the Directors of Clarius Group Limited (the Company):

   (a) the consolidated financial statements and notes that are contained in pages 20 to 57 and the remuneration report in the Directors' report, set out on pages 8 to 15, are 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 2015 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 Company 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 29 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 2015.

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

Signed in accordance with a resolution of the Directors:

Garry Sladden
Executive Chairman

Jennifer Elliot
Independent Non-Executive Director

Dated at Sydney this 25th day of September 2015.

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

Report on the Financial Report

We have audited the accompanying financial report of Clarius Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 20 to 57.

Directors' Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Clarius Group Limited is 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 2015 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion the Remuneration Report of Clarius Group Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 25 September 2015

CORPORATE GOVERNANCE STATEMENT

For information regarding our Corporate Governance Statement please refer to our website.

(www.clarius.com.au/page/investors/corporate-governance/)

ADDITIONAL INFORMATION

THE FOLLOWING INFORMATION IS REQUIRED BY THE AUSTRALIAN SECURITIES EXCHANGE LIMITED.

There is only one class of equity securities, being ordinary shares.

The number of shareholdings holding less than marketable parcels is 825.

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

Clause 5.12: 'one vote for every fully paid share'

There is currently no On-Market Buy-Back

No securities on issue are currently subject to voluntary escrow.

Distribution of Shareholders Number

CATEGORY	NUMBER OF HOLDERS
1 – 1,000	474
1,001 – 5,000	890
5,001 – 10,000	395
10,001 – 100,000	511
100,001 and over	55
	2,325

20 largest shareholders of fully paid ordinary shares as at 17 September 2015

RANK	NAME OF HOLDER	NUMBER OF UNITS	%
1	EGO PTY LIMITED	17,826,852	19.90
2	CITICORP NOMINEES PTY LIMITED	12,796,385	14.28
3	ONE MANAGED INVT FUNDS LTD	6,602,152	7.37
4	MR VICTOR JOHN PLUMMER	5,130,607	5.73
5	NATIONAL NOMINEES LIMITED	4,845,489	5.41
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,370,503	4.88
7	AVANTEOS INVESTMENTS LIMITED	2,748,442	3.07
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,503,122	1.68
9	PERMAN INVESTMENTS PTY LTD	1,450,337	1.62
10	MR IAN WALLACE EDWARDS + MRS JOSEPHINE EDWARDS	1,083,072	1.21
11	G J P INVESTMENTS PTY LTD	764,886	0.85
12	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	753,923	0.84
13	MR MATTHEW DONALD MULLINS	723,700	0.81
14	ENGOORDINA PTY LTD	550,000	0.61
15	SUPER SMART INVESTMENTS PTY LTD	500,000	0.56
16	FIVE TALENTS LIMITED	425,266	0.47
17	MR CHRISTOPHER ANDREW GRUMMET	422,491	0.47
18	FRETENSIS PTY LTD	400,000	0.45
19	MR WILLIAM YUE	390,230	0.44
20	MRS JACQUELINE GARRETT	370,239	0.41
		63,657,696	**71.06**

Clarius Group

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