

## ASX ANNOUNCEMENT

25 September 2015

### Clarius Group Ltd Results Announcement for the Year Ended 30 June 2015

The Directors of Clarius Group Ltd (the "Group") today released the audited financial results for the year ended 30 June 2015.

#### Financial summary:

- Revenue decreased 0.2% to \$179.0m (FY2014: \$179.4m)
- Gross profit up 3.2% to \$38.3m (FY2014: 37.1m)
- Gross profit percentage up from 20.7% to 21.4%
- Loss from ordinary activities of \$11.3m. Excluding one-off costs, provisions and write downs, the underlying net loss was \$1.4m (FY2014: loss of \$1.7m)
- Net cash of \$0.6m (FY2014: \$2.5m)
- Net assets of \$24.5m (FY2014: 35.5m)
- No final dividend was declared

During the 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.

Clarius Chief Executive Officer, Peter Wilson, commented:

"Simplifying and right sizing our business structure and platforms has been our major strategy over the last 12 months. During the past financial year we have accelerated this process through the implementation of a leaner organisational structure, the establishment of a new executive team, an overhaul of business operations in China and New Zealand, a thorough review of debtor assets and provisions, and the write-down of redundant software and equipment. In light of these significant restructuring activities carried out during the course of the year, the improved gross profit margin and underlying trading performance of the business represents a major achievement as the company builds the platform for future growth".

#### Business Performance

Despite challenging economic conditions and the distractions of the extensive business transformation, the Australian recruitment business posted strong results with only a minor year-on-year 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, as well as on developing the On Demand IT Services business which represents a significant growth opportunity.

The success of the restructure exercise in New Zealand was 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). Notwithstanding 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.





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Despite the significant restructuring activities undertaken in financial year 2015, the Group finished the year with a 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. At 30 June 2015 the Group had net assets of \$24.5m (FY2014: \$35.5m).

Overall, the year ended encouragingly with all segments posting strong trading results and the business recording back-to-back profitable underlying trading months in May, June and July. The Group's financial position at year end is strong and includes a cost base that has been restructured to optimise growth potential. With this ability to execute more effectively, the focus for FY16 is to recapture a leadership position in traditional recruitment services in selected industry verticals to return the traditional core recruiting business back to sustainable profit. This in turn will allow the Group to generate the cash flows required to invest in new growth opportunities.

#### SHAREHOLDER AND ANALYST ENQUIRIES CONTACT:

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