



Clarius Group Limited and Controlled Entities

ASX Report for the Half Year Ended 31 December 2008
ABN 43 002 724 334



Highlights

Revenue – down 4% pcp* to \$157.0 million

Earnings Before Income Tax (EBIT) down 49% to \$4.6 million before non-recurring, one-off costs and impairment of goodwill

Net Profit After Tax (NPAT) before non-recurring, one-off costs and impairment of goodwill – down from pcp to \$1.9 million in line with market guidance

Net Profit/(Loss) After Tax (NPAT) \$(9,118) million

Gearing at 26%

*pcp = compared to previous corresponding period

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Commentary on Results for Half Year Ended 31 December 2008

Financial Performance

- Operating revenues of \$157 million – down 4 per cent on prior corresponding period
- Net profit after tax of \$1.9 million before non-recurring, one-off costs and impairment of goodwill – down compared to previous corresponding period and in line with market guidance
- Gearing of 26% with net debt of \$25 million
- Earnings before interest and tax of \$4.6 million before non-recurring, one-off costs and impairment of goodwill – down from prior corresponding period
- Earnings per share of (15.6) cents

Clarius Group Limited (ASX: CND) today reported a 4 per cent decrease in revenue to \$157 million for the half year ended 31 December 2008.

The Company posted a net profit after tax (NPAT) of \$1.9 million before non-recurring, one-off costs and impairment of goodwill for the period. This normalised NPAT result is significantly less than the previous corresponding period due to current economic circumstances.

Clarius Group Executive Chairman, Geoff Moles, said the result was in line with the Company's guidance to the market last November and again in December 2008.

“Clarius Group's operating performance was as expected and reflects significant non-recurring, one-off costs associated with restructuring, right sizing and the impairment of goodwill. During the half we also experienced a decline in demand for our permanent placement services and to a lesser extent some early softening in contract services. Hardest hit by the decline in demand was the predominantly permanent placement business of Lloyd Morgan both here in Australia and Asia where the goodwill was impaired. We have made some changes to the leadership team, and we are seeing an improvement in the outlook and optimism of the team.

The result, although disappointing demonstrates the solid platform that we have built that can withstand the impact of sudden changes in the economic environment. . The gearing level is 26% debt to equity and we have paid down \$5m in debt since December 31.” Mr Moles said.

Outlook

Mr Moles said he was cautiously optimistic for the second half of the 2008/09 year. There would be a focus on organic growth and the benefits of restructuring activities and right sizing should begin to flow through.

Mr Moles said a program focusing on strict cost control and productivity was in place. Also the company is focused on cash flow and debt reduction.

Interim dividend

The Directors advise that there will be no interim dividend declared. Accordingly the Dividend Reinvestment Plan will not apply.

Commentary on Results for Half Year Ended 31 December 2008

About Clarius Group Limited

Clarius Group Limited (ASX: CND), formerly Candle Australia Limited, is a leading recruitment and contract firm for professionals. We are focused on the sectors of

- Information, Communication and Technology (ICT)
- Banking and Finance
- Engineering
- Business Services
- Library & Records Management
- Accounting
- Executive Selection

Established 25 years ago and listed on the Australian Stock Exchange in January 1997, Clarius Group has a reputation for high-quality delivery and ethical business practices within the industry and remains one of the largest and longest standing recruitment suppliers in Australasia.

Clarius Group operates through 5 specialist recruitment brands and an aligned service company:

- Alliance Recruitment - Banking, finance, accounting and business support
- Candle ICT – IT and communications industry
- Lloyd Morgan - Executive selection
- SouthTech Personnel - Engineering
- The One Umbrella – Library and records management
- JAV IT – IT services/outsourcing

Headquartered in Sydney, Clarius Group employs around 400 staff through a network of offices located in Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra in Australia, Auckland and Wellington in New Zealand and Hong Kong, Beijing, Shanghai, Shenzhen, Singapore and Kuala Lumpur in Asia.

For further information

Geoff Moles, Executive Chairman - Tel: 02 9250 8100

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

Results for Announcement to the Market

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

Half year ended 31 December 2008

Previous corresponding period is half year ended 31 December 2007.

		\$'000		\$'000
Revenue from ordinary activities	Down	2,589	To	157,000
Profit/(loss) from ordinary activities after tax attributable to members	Down	14,404	To	(9,118)
Net profit/(loss) for the period attributable to members	Down	14,404	To	(9,118)
Earnings per security		Cents		Cents
Basic EPS (cents per share)	Down	25.2	To	(15.6)
Diluted EPS (cents per share)	Down	22.7	To	(13.7)
Operating cash flow				Negative \$5.3 million
Net tangible assets per security				29 cents per share
Dividends				No Interim Dividend has been declared



Clarius Group Limited and Controlled Entities
Interim Report for the Half Year Ended 31 December 2008
ABN 43 002 724 334



Directors' Report

Your Directors present their report on Clarius Group Limited (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2008.

Directors

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

Geoffrey J. Moles	Executive Chairman
Diana J. Eilert	Managing Director (Resigned 3 November 2008)
Lawrence J. Gibbs	Non-Executive Director
Peter D. Bunting	Non-Executive Director
Penelope Morris	Non-Executive Director

Diana J. Eilert was the Managing Director from the beginning of the financial year until her resignation on 3 November 2008.

Geoffrey J. Moles was Non-Executive Chairman until 3 November 2008 when he was appointed Executive Chairman and continues in office at the date of this report.

Review of Operations

Operating revenue is down 4% to \$157m from the prior corresponding period. Net profit after tax was \$1.9 million before non-recurring, one-off costs and impairment of goodwill which is down compared to previous corresponding period and in line with market guidance. The Board has resolved not to pay an interim dividend. Further commentary is included in the attached announcement to the market.

Rounding of Accounts

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

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

Geoffrey J. Moles
Executive Chairman

Peter D. Bunting
Non-Executive Director

Dated at Sydney this 25th day of February 2009

Auditor's Independence Declaration

As auditor for the review of Clarius Group Limited and controlled entities for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review

This declaration is in respect of Clarius Group Limited and the entities it controlled during the period.

WHK Horwath Sydney

Roger Wong
Principal

Dated at Sydney this 25th day of February 2009

Financial Statements

Consolidated Income Statement ⁽¹⁾

For the half year ended 31 December 2008

	Consolidated Group	
	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Revenues from continuing operations	157,191	163,000
On hired labour costs	(122,329)	(123,405)
Employee benefits expense	(23,055)	(22,855)
Depreciation and amortisation expense	(690)	(742)
Impairment of Goodwill	(10,088)	-
Operating rental expense	(1,829)	(1,685)
Borrowing costs expense	(952)	(659)
Other expenses	(6,665)	(5,956)
Profit / (Loss) before income tax expense	(8,418)	7,698
Income tax expense	(700)	(2,416)
Profit / (Loss) for the half year attributable to the members of Clarius Group Limited	(9,118)	5,282
		Cents per Share
Basic earnings per share	(15.6)	9.6
Diluted earnings per share [^]	(13.7)	9.0

(1) The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

[^] Diluted earnings per share is calculated using all shares on issue and those due to be issued e.g. under the share option scheme

Financial Statements

Consolidated Balance Sheet ⁽²⁾

As at 31 December 2008

	Consolidated Group	
	Dec 2008 \$000	June 2008 \$000
Current assets		
Cash assets and cash equivalents	111	3,484
Trade and other receivables	59,762	63,109
Deferred tax assets	1,642	2,855
Total current assets	61,515	69,448
Non-current assets		
Property, plant and equipment	2,219	2,441
Intangible assets	68,140	77,108
Total non-current assets	70,359	79,549
Total assets	131,874	148,997
Current liabilities		
Trade and other payables	19,999	36,210
Bank overdraft	10,088	2,085
Interest bearing liabilities	15,000	15,000
Current tax liabilities	(2,068)	(396)
Provisions	1,922	1,936
Total current liabilities	44,941	54,835
Non-current liabilities		
Deferred tax liabilities	90	66
Provisions	889	1,161
Total non-current liabilities	979	1,227
Total liabilities	45,920	56,062
Net assets	85,954	92,935
Equity		
Contributed equity	74,636	71,611
Reserves	3,054	(76)
Retained profits	8,264	21,400
Total equity	85,954	92,935

(2) The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated Statement of Changes in Equity ⁽³⁾

For the half year ended 31 December 2008

	Consolidated Group	
	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Total equity at the beginning of the half year	92,935	84,435
Exchange difference on translation of foreign operations	3,153	(333)
Net income recognised directly in equity		
Profit / (Loss) for the half year	(9,118)	5,282
Total recognised income and expense for the half year	86,970	89,384
Dividends paid or provided for	(4,018)	(5,363)
Shares issued during the half year	3,024	7,089
Share based payments	(22)	204
Total equity at the end of the half year	85,954	91,314

(3) The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated Cash Flow Statement ⁽⁴⁾

For the half year ended 31 December 2008

	Consolidated Group	
	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	178,398	171,888
Payments to suppliers and employees (inclusive of goods and services tax)	(181,644)	(171,636)
Interest received	28	22
Interest and other borrowing costs paid	(952)	(659)
Income tax paid	(1,134)	(3,729)
Net cash (used in) / provided by operating activities	(5,304)	(4,114)
Cash flows from investing activities		
Payment for purchase of business	(3,004)	(5,474)
Purchase of plant and equipment	(306)	(603)
Payments for software development and intangible assets	(109)	(176)
Net cash (used in) / provided by investing activities	(3,419)	(6,253)
Cash flows from financing activities		
Loan from vendor of business	12	618
Dividends paid to shareholders	(2,664)	(4,336)
Proceeds from the issue of shares	-	4,743
Net cash (used in) / provided by financing activities	(2,652)	1,025
Net increase / (decrease) in cash held	(11,375)	(9,342)
Cash at the beginning of the half year	1,399	101
Effect of exchange rates on cash holdings in foreign currencies	-	(6)
Cash at the end of the half year	(9,976)	(9,247)

(4) The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Financial Statements

Notes to the Financial Statements

For the half year ended 31 December 2008

Note 1 Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Clarius Group Limited during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment Reporting

(a) Segments

Geographic Segments	Australia		New Zealand		Asia		Consolidated Group	
	Half Year to Dec 2008	Half Year to Dec 2007	Half Year to Dec 2008	Half Year to Dec 2007	Half Year to Dec 2008	Half Year to Dec 2007	Half Year to Dec 2008	Half Year to Dec 2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue								
External sales	148,079	149,426	5,275	9,028	3,687	3,902	157,041	162,356
Other revenue	82	530	66	73	2	41	150	644
Total segment revenue	148,161	149,956	5,341	9,101	3,689	3,943	157,191	163,000
Result								
Segment result before tax and intercompany charges	(4,008)	6,580	489	668	(4,898)	450	(8,418)	7,698
Intercompany charges	206	235	(206)	(235)	-	-	-	-
Segment result before taxation	(3,803)	6,815	283	433	(4,898)	450	(8,418)	7,698

(b) Segment accounting policies

Segment accounting policies are stated in accordance with AASB 114: *Segment Reporting* and for half-year reports, AASB 134: *Interim Financial Reporting*. During the half year, there were no changes in segment accounting policies that had a material effect on the segment information.

(c) Income

The Group derived income from the provision of contract and temporary personnel to 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 Group.

Financial Statements

Note 3. Profit for the Half Year

Profit for the Half Year

For the half year ended 31 December 2008

	Consolidated Group	
	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Profit for the half year includes the following items that are unusual because of their size and non recurring nature:		
One off non-recurring costs incurred in the period including costs associated with restructuring and redundancies	1,344	1,086
Less : Applicable income tax	(403)	(326)
	941	760
Impairment to Goodwill	10,089	-
Less : Applicable income tax	-	-
	10,089	-
Total	11,030	760

Note 4. Contingent Liabilities

There are no contingent liabilities that need to be disclosed in the financial statements.

Note 5. Dividends

	As at 31 December	
	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Ordinary shares		
Dividends provided for or paid during the half year	4,018	5,362

Note 6. Equity Securities Issued

	As at 31 December			
	Half Year to Dec 2008 No.	Half Year to Dec 2007 No.	Half Year to Dec 2008 \$000	Half Year to Dec 2007 \$000
Issues of ordinary shares during the half year				
Exercise of options issued under the Clarius Group Limited Employee Option Plan	-	2,326,669	-	4,743
Dividend Reinvestment Plan	1,141,153	320,484	1,334	1,006
Issue of shares in relation to the acquisitions	2,462,559	449,398	1,690	1,340
	3,603,712	3,096,551	3,024	7,089

Note 7. Events Subsequent to the Reporting Date

On 25 February 2009 the Directors resolved not to declare a dividend in respect of the half year.

Directors' Declaration

The Directors of the Company declare that:

- (a) The financial statements and notes, as set out on pages 3 to 8, are in accordance with the *Corporations Act 2001*, including :
- (b) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (c) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Geoffrey J. Moles
Executive Chairman

Peter D. Bunting
Non-Executive Director

Dated at Sydney this 25th day of February 2009

Independent Audit Report to the Members of Clarius Group Limited

Report on the half-year financial report

We have reviewed the accompanying half year financial report of Clarius Group Limited, which comprises the Balance Sheet as at 31 December 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the Directors' Declaration.

Directors' Responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Clarius Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent Audit Report to the Members of Clarius Group Limited

Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

WHK Horwath Sydney

Roger Wong
Principal

Dated at Sydney this 25th day of February 2009