



Clarius Group Limited and Controlled Entities

ASX Report for the Half Year Ended 31 December 2009
ABN 43 002 724 334



Highlights

Revenue – down 16% pcp* to \$132.3 million

Earnings Before Interest and Tax (EBIT) down 40% pcp to \$2.3 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 \$1.3 million in line with market guidance

Net Profit After Tax (NPAT) \$1.1 million

Gearing at 5%

*pcp = compared to previous corresponding period

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Commentary on Results for Half Year Ended 31 December 2009

Financial Performance

- Operating revenues of \$132 million – down 16 per cent on prior corresponding period
- Net profit after tax of \$1.3 million before non-recurring, one-off costs – down compared to previous corresponding period and in line with market guidance
- Gearing of 5% with net debt of \$3 million
- Earnings before interest and tax of \$2.3 million before non-recurring, one-off costs – down from prior corresponding period
- Earnings per share of 1.4 cents

Clarius Group Limited (ASX: CND) today reported a 16 per cent decrease in revenue to \$132 million for the half year ended 31 December 2009.

The Company posted a net profit after tax (NPAT) of \$1.3 million before non-recurring, one-off costs for the period. This normalised NPAT result is less than the previous corresponding period, however, it should be noted that the previous corresponding period included a quarter of trading that was not affected by the global financial crisis. The normalised NPAT is up 8% on the June 2009 half year.

Clarius Group Managing Director, Geoff Moles, said the result was in line with the Company's guidance to the market in December 2009. The capital raising undertaken by the Company in October was over-subscribed and allowed the Company to pay down \$15m of its borrowings. This has resulted in significantly reduced borrowing costs with gearing of 5% at 31 December.

"Clarius Group's operating performance was as expected and includes non-recurring, one-off costs associated with further restructuring. During the half we experienced an improvement in demand for our permanent placement services while the demand in contract services remained relatively stable.

The result demonstrates that our strategy of reducing the cost base has allowed us to remain profitable despite the lower levels of demand for our services," Mr Moles said.

Outlook

Mr Moles said he was seeing some positive signs in the sectors we service and was optimistic about the second half of the 2010 year. There would be an ongoing focus on organic growth, and the benefits of restructuring activities and right sizing would improve productivity going forward.

Mr Moles said that the business had the capacity for significant growth without the need to increase the cost base and it was likely that as demand increased profit would grow faster than sales based on the current structure of the business.

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 2009

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 – Corporate Services and Financial Services
- Candle ICT – Information and Communications Technology
- Lloyd Morgan – Accounting, Finance and Executive
- SouthTech Personnel - Engineering and Technical
- The One Umbrella – Library and Records Management
- JAV IT – IT Services

Headquartered in Sydney, Clarius Group employs around 330 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, Singapore and Kuala Lumpur in Asia.

For further information

Geoff Moles, Managing Director - 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 2009

Previous corresponding period is half year ended 31 December 2008.

				\$'000
Revenue from ordinary activities	Down	16%	To	132,324
Profit/(loss) from ordinary activities after tax attributable to members	Up	-	To	1,079
Net profit/(loss) for the period attributable to members	Up	-	To	1,079
Earnings per security		Cents		Cents
Basic EPS (cents per share)	Up	17.0	To	1.4
Diluted EPS (cents per share)	Up	15.2	To	1.5
Operating cash flow				Negative \$4.1 million
Net tangible assets per security		31 December 2009		39 cents per share
		31 December 2008		29 cents per share
Dividends		No Interim Dividend has been declared for the half year ended 31 December 2009		



Clarius Group Limited and Controlled Entities
Interim Report for the Half Year Ended 31 December 2009
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 2009.

Directors

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

Geoffrey J. Moles	Managing Director
Lawrence J. Gibbs	Non-Executive Chairman
Peter D. Bunting	Non-Executive Director
Penelope Morris	Non-Executive Director

Review of Operations

Operating revenue is down 16% to \$132m from the prior corresponding period. Net profit after tax was \$1.3 million before non-recurring, one-off costs. 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.

Lead Auditor's Independence Declaration

The Lead Auditor's independence declaration is set out on page 2 and forms part of the Director's Report for the half year ended 31 December 2009.

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

Geoffrey J. Moles
Managing Director

Lawrence J. Gibbs
Non-Executive Chairman

Dated at Sydney this 19th day of February 2010

Lead Auditor's Independence Declaration

As auditor for the review of Clarius Group Limited and controlled entities for the half year ended 31 December 2009, 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.

KPMG

David Sinclair
Partner

Dated at Sydney this 19th day of February 2010

Financial Statements

Consolidated Statement of Comprehensive Income ⁽¹⁾

For the half year ended 31 December 2009

	Consolidated Group	
	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000
Continuing operations		
Revenue	132,324	157,163
On hired labour costs	(108,707)	(122,329)
Gross Profit	23,617	34,834
Employee benefits expense	(16,536)	(23,055)
Depreciation and amortisation expense	(424)	(690)
Operating rental expense	(1,504)	(1,829)
Other expenses	(3,181)	(6,665)
Results from operating activities	1,972	2,595
Finance income	21	28
Finance cost	(300)	(952)
Net finance costs	(279)	(924)
Impairment of investments	-	(10,089)
Profit / (Loss) before income tax	1,693	(8,418)
Income tax expense	(614)	(700)
Profit / (Loss) for the period attributed to Owners of the Company	1,079	(9,118)
Other comprehensive income		
Foreign currency translation differences for foreign operations	(274)	3,153
Income tax on other comprehensive income	-	-
Other comprehensive income for the period, net of income tax	(274)	3,153
Total comprehensive income for the period	805	(5,965)
	Cents per Share	
Basic earnings per share	1.4	(15.6)
Diluted earnings per share [^]	1.5	(13.7)

(1) The above Consolidated Statement of Comprehensive Income 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 Statement of Financial Position ⁽²⁾

As at 31 December 2009

	Consolidated Group	
	Dec 2009 \$000	June 2009 \$000
Current assets		
Cash assets and cash equivalents	1,451	2,701
Trade and other receivables	48,760	50,134
Total current assets	50,211	52,835
Non-current assets		
Plant and equipment	1,808	1,929
Deferred tax assets	2,550	2,475
Intangible assets	67,601	67,719
Total non-current assets	71,959	72,123
Total assets	122,170	124,958
Current liabilities		
Trade and other payables	14,983	21,534
Bank overdraft	4,584	639
Interest bearing liabilities	-	15,000
Current tax liabilities	(1,037)	(664)
Provisions	1,015	1,330
Total current liabilities	19,545	37,839
Non-current liabilities		
Deferred tax liabilities	22	22
Provisions	896	1,188
Total non-current liabilities	918	1,210
Total liabilities	20,463	39,049
Net assets	101,707	85,909
Equity		
Contributed equity	89,547	74,636
Reserves	763	955
Retained profits	11,397	10,318
Total equity	101,707	85,909

(2) The above Consolidated Statement of Financial Position 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 2009

	Share Capital	Other Reserve	Retained Earnings	Total
Balance as 1 July 2009	74,636	955	10,318	85,909
Total comprehensive income for the period				
Profit or loss	-	-	1,079	1,079
Other comprehensive income				
Foreign currency translation differences	-	(274)	-	(274)
Total other comprehensive income	-	(274)	-	(274)
Total comprehensive income for the period	-	(274)	1,079	805
Transactions with owners recorded directly in equity				
Issue of ordinary shares	14,911			14,911
Share based payments		82		82
Total transactions with owners	14,911	82	-	14,993
Balance as at 31 December 2009	89,547	763	11,397	101,707
Prior Year				
	Share Capital	Other Reserve	Retained Earnings	Total
Balance as 1 July 2008	71,611	(76)	21,400	92,935
Total comprehensive income for the period				
Profit or loss	-	-	(9,118)	(9,118)
Other comprehensive income				
Foreign currency translation differences	-	3,153	-	3,153
Total other comprehensive income	-	3,153	-	3,153
Total comprehensive income for the period	-	3,153	(9,118)	(5,965)
Transactions with owners recorded directly in equity				
Issue of ordinary shares	3,024	-	-	3,024
Share based payments	-	(22)	-	(22)
Dividends to equity holders	-	-	(4,018)	(4,018)
Total transactions with owners	3,024	(22)	(4,018)	(1,016)
Balance as at 31 December 2008	74,635	3,055	8,264	85,954

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

Financial Statements

Consolidated Statement of Cash Flows ⁽⁴⁾

For the half year ended 31 December 2009

	Consolidated Group	
	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000
Cash flows from operating activities		
Receipts from customers	149,050	178,398
Payments to suppliers and employees	(142,888)	(168,133)
Interest received	20	28
Interest and other borrowing costs paid	(299)	(952)
Income tax paid	(1,063)	(1,134)
GST paid	(8,897)	(13,511)
Net cash (used in) / provided by operating activities	(4,077)	(5,304)
Cash flows from investing activities		
Payment for purchase of business	-	(3,004)
Purchase of plant and equipment	(201)	(306)
Payments for software development and intangible assets	(189)	(109)
Net cash (used in) / provided by investing activities	(390)	(3,419)
Cash flows from financing activities		
Repayment of borrowings	(15,000)	-
Loans related parties	(5)	12
Dividends paid to shareholders	(79)	(2,664)
Proceeds from the issue of shares	14,311	-
Net cash (used in) / provided by financing activities	(773)	(2,652)
Net increase / (decrease) in cash held	(5,240)	(11,375)
Cash at the beginning of the half year	2,062	1,399
Effect of exchange rates on cash holdings in foreign currencies	45	-
Cash at the end of the half year	(3,133)	(9,976)

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

Financial Statements

Notes to the Financial Statements

For the half year ended 31 December 2009

Note 1 Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 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 2009 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*.

Except as described below the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Clarius Group Limited applies revised AASB101 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Clarius Group Limited presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

The consolidated interim financial report of the Clarius Group Limited complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Note 2 Segment Reporting

(a) Segments

	Australia		New Zealand		Asia		Consolidated Group	
	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000
	Geographic Segments							
Revenue								
External sales	127,022	148,153	2,916	5,323	2,386	3,687	132,324	157,163
Other revenue	13	8	7	18	1	2	21	28
Total segment revenue	127,035	148,161	2,923	5,341	2,387	3,689	132,345	157,191
Result								
Segment result before tax and intercompany charges	2,303	(4,008)	43	489	(653)	(4,899)	1,693	(8,418)
Intercompany charges	251	206	(251)	(206)	-	-	-	-
Segment result before taxation	2,554	(3,802)	(208)	283	(653)	(4,899)	1,693	(8,418)

(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.

Financial Statements

(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 2009

	Consolidated Group	
	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$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	369	1,344
Less : Applicable income tax	(111)	(403)
	258	941
Impairment to Goodwill	-	10,089
Less : Applicable income tax	-	-
	-	10,089
Total	258	11,030

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 2009 \$000	Half Year to Dec 2008 \$000
Ordinary shares		
Dividends provided for or paid during the half year	-	4,018

Note 6. Equity Securities Issued

	As at 31 December			
	Half Year to Dec 2009 No.	Half Year to Dec 2008 No.	Half Year to Dec 2009 \$000	Half Year to Dec 2008 \$000
Issues of ordinary shares during the half year				
Exercise of options issued under the Clarius Group Limited Employee Option Plan	-	-	-	-
Dividend Reinvestment Plan	-	1,141,153	-	1,334
Issue of shares in relation to the acquisitions	995,636	2,462,559	600	1,690
Institutional placement and rights issue	23,746,891	-	14,311	-
	24,742,527	3,603,712	14,911	3,024

Note 7. Events Subsequent to the Reporting Date

On 19 February 2010 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 9, 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 2009 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
Managing Director

Lawrence J. Gibbs
Non-Executive Chairman

Dated at Sydney this 19th day of February 2010

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 Statement of Financial Position as at 31 December 2009, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 2009 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 2009 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.

KPMG

David Sinclair
Partner

Dated at Sydney this 19th day of February 2010