



## **News Release**

Wednesday, 24 August 2011

### **Clarius announces 55% increase in underlying profit**

Clarius Group today released their full year result for 2011 announcing a 55% increase in underlying profit.

The profit of \$4.67 million (before de-recognition of tax losses and impairment write down) is a significant uplift from FY 2010 and reflects the impact of an improvement in trading conditions and efficiencies gained from branding and strategic initiatives implemented over the last two years.

"I am really pleased with the overall result from what has been yet another year of turbulence in the economy and with the impact of natural events in some of our geographic regions" stated Geoff Moles, Clarius Managing Director and CEO.

"The most pleasing aspect is that some of the changes we have made to the organisation during the worst of the GFC have made it far more robust and able to navigate difficult markets while continuing to grow.

Moles also added that, "A heightened focus on delivery has resulted in the maximising of the limited opportunities presented in a challenging market. "This bodes well for the positive impact that will result when the market fully recovers," he said.

Strong permanent revenues in the first half provided a solid platform for growth, and a flattening of permanent demand in the second half was accompanied by an increase in demand for contractors towards the end of the financial year.

An improvement in the percentage gross margin result in the contracting business has also contributed to the increased profitability for the year.

In another financial highlight, the operating cash flow for the year was positive at \$8.7 million compared to a net outflow of \$1.2m in 2010, allowing for the repayment of borrowings and providing surplus cash at balance date. The significant improvement in cash flow reflects an intense focus on working capital management.



Following an extensive review of the carrying value of acquired assets at balance date, an impairment write down of \$14.6 million has been recorded at 30 June 2011. This write down is attributable to a number of the Company's brands and recognises the impact of the volatility of the current market on the trading of acquisitions made during peaks in the economic cycle together with the impact of restructuring of a number of the recruitment brands that has been undertaken over several years.

In relation to the impairment Mr Moles stated that, "The performance of these businesses in FY 2011 was stronger than the previous financial year, but the volatility and uncertain market outlook has resulted in the decision to record an impairment charge recognising that a recovery to pre-GFC levels may take longer than originally anticipated".

"The company is in the best shape it has been in for many years and is well positioned for further growth opportunities and strategic acquisitions", said Mr Moles. "We have the benefit of a sound financial position and a team of talented people passionate about seeing the business continue to grow."

### Summary of Results:

	FY 2011	FY 2010	% Difference
Revenue	\$267.2m	\$266.1m	Up 0.4%
Net profit after tax*	\$4.67m	\$3.0m	Up 55%
Impairment of goodwill after tax	\$14.6m	-	
De-recognition of tax losses	\$0.4m	-	
Reported net profit / (loss) after tax	\$(10.3)m	\$3.0m	
Underlying EPS (cents)*	5.3 cents	3.8 cents	Up 39%
Operating cash flow	\$8.7m	\$(1.2)m	Increase \$9.9m
Dividend	4.0 cents	2.0 cents	Up 100%

\*Before non cash impairment write down and de-recognition of tax losses

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### About Clarius Group

Established over twenty seven years ago and listed on the Australian Securities Exchange in 1997, Clarius Group (ASX: CND) has a reputation for high-quality delivery and remains one of the largest, longest standing and best performing recruitment suppliers in the Asia Pacific region.

Clarius Group employs over 300 staff through a number of quality specialist brands including: Alliance Recruitment, Candle, Lloyd Morgan, SouthTech, The One Umbrella, Jav IT and Ignite.