



Half Year Results
31 December 2009

Financial Summary

Financial Highlights	HY1 2010	HY2 2009	Change HY1 v HY2	HY1 2009	Change HY1 v HY1
Revenue	\$136.5m	\$138.0m	-1.0%	\$178.8m	-23.7%
NDR (Gross margin)	\$29.7m	\$29.5m	1.0%	\$49.0m	-39.4%
Underlying EBITDA ¹	\$3.5m	\$(0.3)m	>100%	\$8.3m	-57.6%
Statutory EBITDA	\$3.4m	\$(1.9)m	>100%	\$7.6m	-55.3%
Underlying NPAT ²	\$(1.4)m	\$(3.1)m		\$0.3m	
Statutory NPAT	\$(5.0)m	\$(23.1)m		\$(20.8)m	
Underlying EPS ²	(1.1)c	(2.9)c		0.3c	
Operational cash flow ³	\$0.5m	\$(1.9)m		\$18.6m	

¹Before significant items.

²Excluding amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets.

³Before interest and taxation.

Financial Summary

HYI 2010 performance:

- Revenue down 23.7% & NDR down 39.4% compared to HY1 2009 (when strong Q1 achieved)
- EBITDA down 55.3%

Compared to HY2 2009:

- Revenue & NDR steady
- Importantly EBITDA up reflecting:
 - benefit of cost saving program
 - improved productivity from reduced consultant numbers
- Return to positive operating cash generation

Cycle turning with emergence from the downturn

Operational Strategies

Optimising performance to improve operating cashflow:

- Growth in temporary and contract activities where demand has strengthened – mix has moved to broadly 50:50
- Permanent recruitment remains a key focus
- Continuing improvement in consultant productivity
- Selective expansion into identified growth sectors e.g. mining & resources, insurance, IT, accounting
- Continuing client leverage opportunities across group

Maintaining cost efficiency program to ensure alignment to market conditions:

- Maintaining prudent cost management
- Migration of group's IT infrastructure to outsourced model will see savings from second half 2011 onwards

Capital Management Strategies

Financing:

- Ongoing discussions with bank on refinancing of facilities
- Continued bank support
- Earn-out payments of \$1.7m & \$4.7m funded by bank in July & November 2009
- Bank facilities positively revised:
 - Term facilities extended to 31 July 10
 - Covenants revised
 - Amortisation reduced
- No interim dividend
- Small positive cash flow achieved in HY1

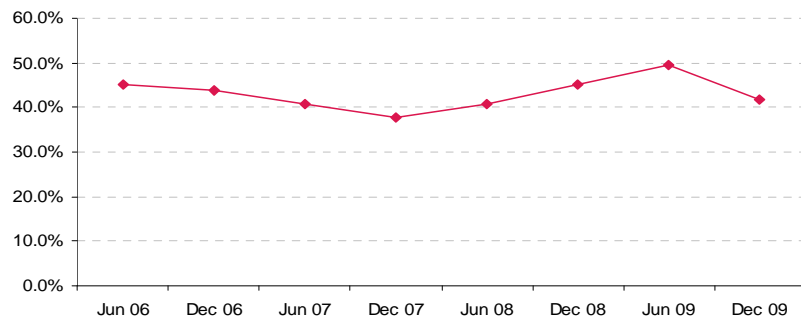
Acquisition model:

- Vendor payments align with profitability
- Amounts owing to vendors reducing rapidly after FY09 peak
- Difference between statutory and underlying profit is reducing

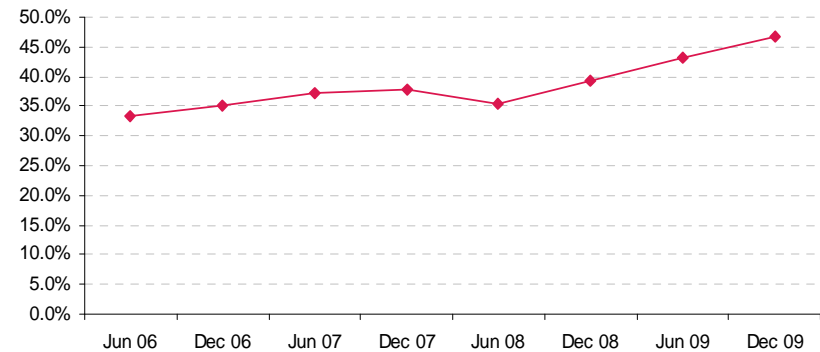
Key operating indicators

- Ratios improving from GFC impact last half
- Targets EBITDA:NDR above 23%, Consultant costs to NDR below 40%
- Other costs higher due to relative weighting of fixed costs on reduced NDR

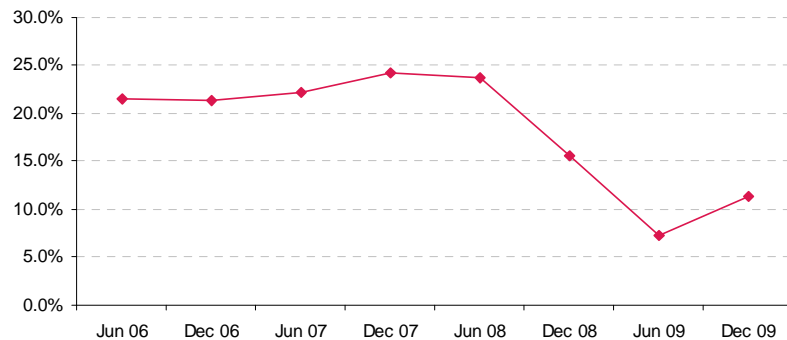
Consultant costs to NDR: Target below 40%



Other costs to NDR



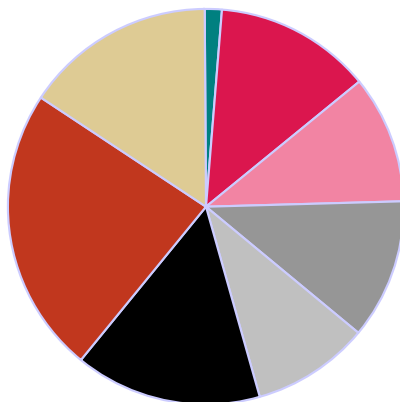
EBITDA to NDR: Target above 23%



Business profile

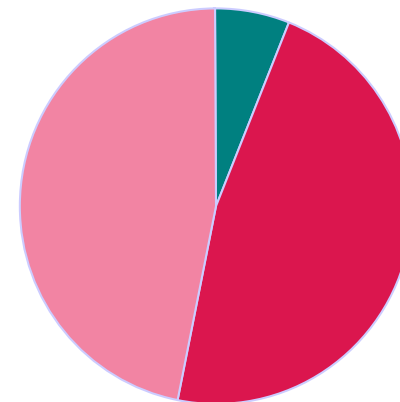
- DIVERSITY: Spread across industry sectors helps risk mitigation
HY1 2010 increases in Finance, IT and Government
- MIX: Focus on temporary and contracting placements = shift in mix
Permanent still a focus of balanced portfolio strategy

Industry



- Legal: 1.3 %
- Sales and Marketing: 12.9 %
- Blue Collar: 10.6 %
- Business Support: 11.5 %
- Resources: 9.2 %
- Financial (including accounting): 15.3 %
- IT: 23.3 %
- Government (incl health): 15.9 %

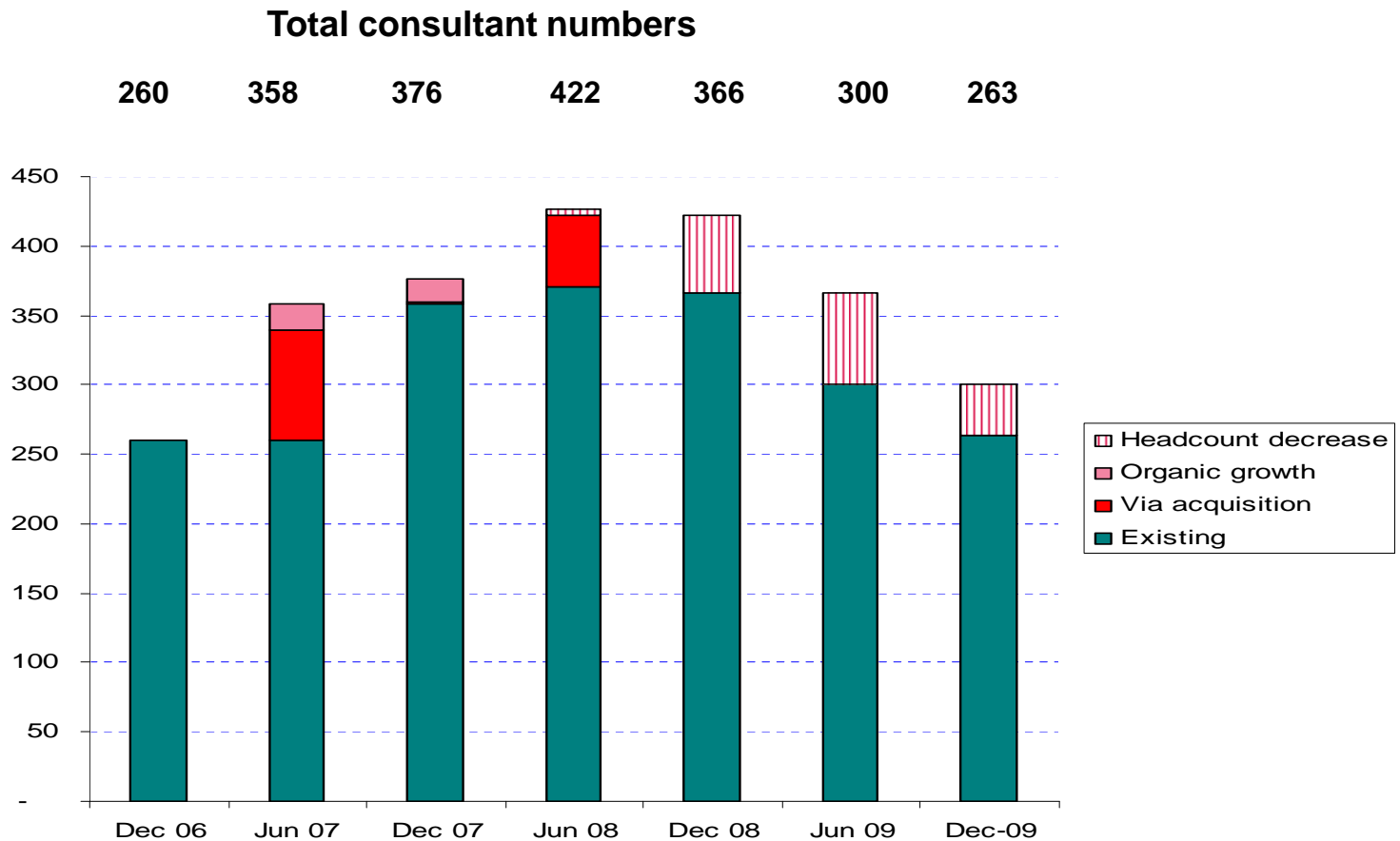
Service



- Other (including human capital solutions): 6.1%
- Temporary: 47.1%
- Permanent: 46.8%

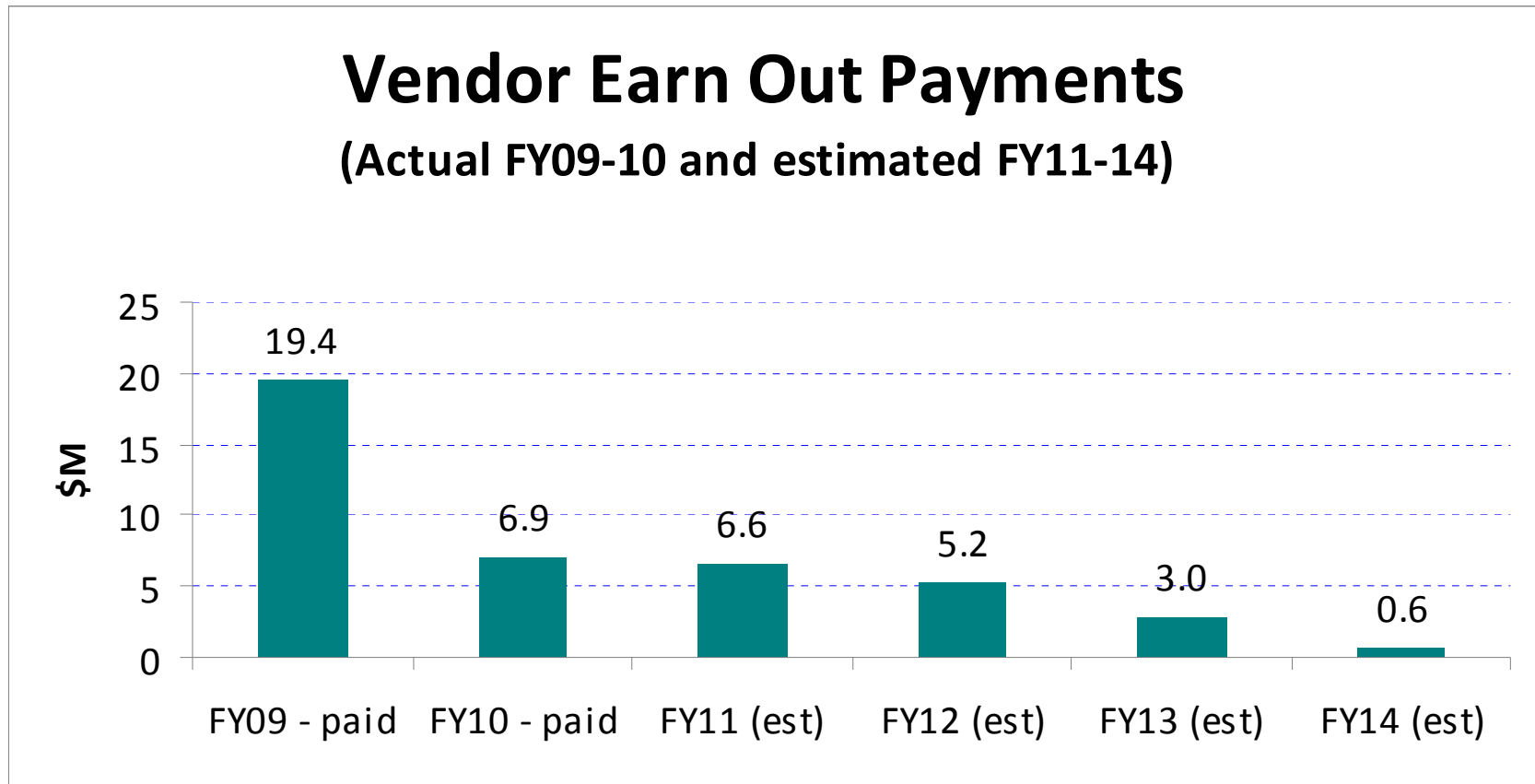
Consultants

- Same revenue generated as HY2 2009 with reduced consultant headcount
- Since 1 July 09 headcount reduced by an additional 37 consultants
- Selective hiring now occurring in growth areas



Vendor payment profile

- Payments to vendors are reducing rapidly. FY10 payments more than halved to \$6.9m ⁱ.



ⁱ Estimated vendor earn out payments at future value of \$15.4m.
Balance sheet (Vendor earn out liabilities) at present value of \$12.4m.

Outlook

Short term

- Cautiously optimistic with short term conditions and recovery across sectors inconsistent
- Cost base aligned to market conditions. Efficiencies achieved with same revenue from lower consultant base
- Selective expansion to take advantage of stronger jobs growth in specific sectors

Long term

- Skills shortage will continue to be an issue for employers due to permanent demographic change
- Well-established specialist recruitment firms will have the edge

Appendices

Underlying profitability = best indicator of performance

6 months ended 31 December	2009 \$M	2008 \$M	Change %
Revenue	136.5	178.8	(23.7)
NDR (Gross margin)	29.7	49.0	(39.4)
EBITDA	3.5	7.6	(53.9)
Depreciation	(0.6)	(0.6)	
EBIT	2.9	7.0	(58.6)
Finance costs – amortisation	(0.6)	(1.7)	
Finance costs – interest/charges	(3.3)	(3.4)	
Profit Before Tax	(1.0)	1.9	
Tax	0.3	(0.6)	
Cash interest on vendor liabilities	(0.6)	(1.0)	
Profit After Tax	(1.3)	0.3	
Profit attributable to equity holders	(1.3)	0.3	
EPS (cents)	(1.1)	0.3	

Financial position

		31/12/09 \$M	30/06/09 \$M	Change %
Cash		1.0	3.0	(67)
Receivables		35.0	36.3	(4)
Intangibles - goodwill	Impairments in FY09 ⁱ	67.7	68.0	0
Intangibles – other		9.9	12.9	(23)
Other assets		9.6	10.7	(10)
Total Assets		123.2	130.9	(6)
Current Liabilities				
Trade payables		17.8	21.0	(15)
Deferred vendor consideration	Vendor liabilities reducing ⁱⁱ →	5.9	7.6	(22)
Borrowings – working capital		26.2	24.4	7
Borrowings – acquisitions debt	re-classified to current ⁱⁱⁱ →	53.6	23.0	133
Non Current Liabilities				
Deferred vendor consideration	Vendor liabilities reducing ⁱⁱ →	6.5	11.7	(44)
Borrowings – acquisitions debt		0.0	24.5	(100)
Other liabilities		2.7	3.3	(17)
Total Liabilities		112.7	115.5	(2)
Net Assets		10.5	15.4	(32)
Net Asset backing (cents)		9.5	14.1	

i Goodwill balances were reduced in FY09.

ii Vendor liabilities reducing (see slide 9).

iii Classified as current as due for repayment within the next 12 months.

Reconciliation of statutory to underlying

Underlying NPAT adjusts for significant items, AIFRS-required amortisation, notional interest on vendor liabilities and goodwill impairment

6 months ended 31 December	2009 \$M	2008 \$M
Statutory NPAT	(5.0)	(20.8)
Significant items		0.0
Non cash items		
Add back: Amortisation of identifiable intangible assets	3.0	3.2
Notional interest on vendor liabilities	0.9	1.8
Impairment of goodwill	0.0	18.2
Deduct: Cash interest on vendor liabilities	(0.6)	(1.0)
Tax effect	<u>0.4</u>	<u>(1.1)</u>
Underlying NPAT	<u>(1.3)</u>	<u>0.3</u>



Statutory profitability

6 months ended 31 December	2009 \$M	2008 \$M	Change %
Revenue	136.5	178.8	(23.7)
NDR (Gross margin)	29.7	49.0	(39.4)
EBITDA	3.4	7.6	(55.3)
Depreciation	(0.6)	(0.6)	
Amortisation	(3.0)	(3.2)	
EBIT	(0.2)	3.8	
Notional Interest on vendor liabilities	(0.9)	(1.8)	
Finance costs – amortisation	(0.6)	(1.7)	
Finance costs – interest/charges	(3.3)	(3.4)	
Impairment of goodwill	0.0	(18.2)	
Profit/Loss Before Tax	(5.0)	(21.3)	
Tax	0.0	0.5	
Profit/Loss After Tax	(5.0)	(20.8)	
Profit attributable to equity holders	(5.0)	(20.8)	
EPS (cents)	(4.6)	(19.6)	