



#### **Financial Summary**

<u>Financial</u> <u>Highlights</u>	<b>HY1 2011</b> 31/12/10	<b>HY1 2010</b> 31/12/09	Change %
Total Revenue	145.9	136.5	6.9%
NDR (Gross Margin)	32.7	29.7	10.1%
Underlying EBITDA <sup>1</sup>	5.9	3.5	68.6%
Statutory EBITDA	5.9	3.4	73.5%
Underlying NPAT <sup>1&amp;2</sup>	-0.2	-1.3	
Statutory NPAT	-1.9	-5.0	
Underlying EPS <sup>1&amp;2</sup>	-0.3	-1.1	
Operating cash flow	2.5	0.5	500%

<sup>1</sup>Before significant items1H11: \$nil, 1H10: \$0.1m

<sup>2</sup>Before amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets

<sup>3</sup>Before interest and taxation

## **Operational Highlights**



#### Growth:

- Momentum in driving profitability
- Specialists responsive to demand driven growth
- 69% EBITDA increase on pcp

#### **Efficiency:**

- EBITDA to NDR at 18% up from 11%
- Consultant productivity and efficiency improving
- Converted 80% of NDR increase into EBITDA
- IT Search Engine Optimisation initiative to improve visibility

### **Capital Management**



#### **Debt funding:**

- Compliance with covenants since July 2009
- \$1.3 million debt repaid during half year
- August 2010 extension of bank facilities to 31 July 2011

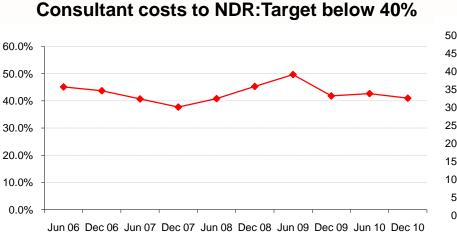
#### **Capital management:**

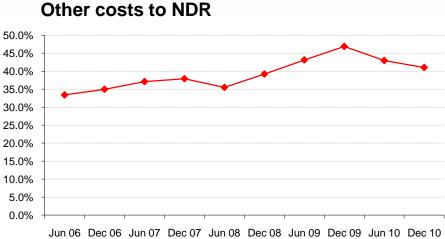
- No dividend declared
- Operating cash flow at \$2.5m = good conversion of EBITDA to cash

## **Key Operating Indicators**

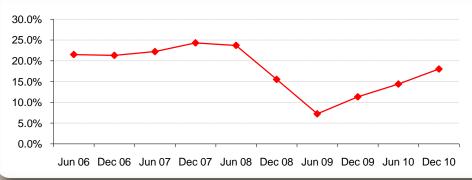


 Positive momentum in key metrics from productivity, efficiency and cost savings initiatives





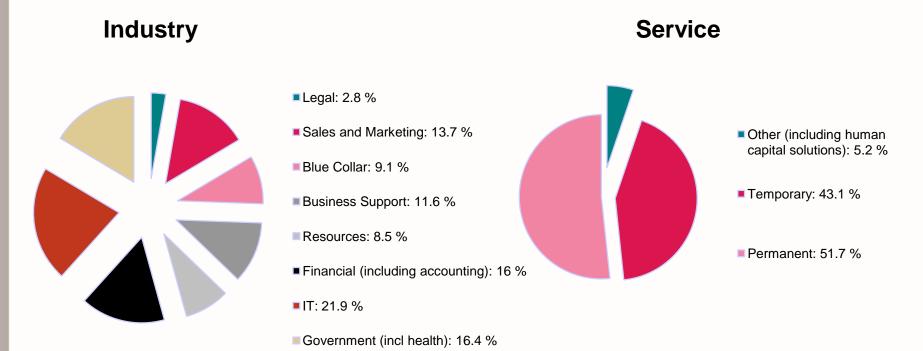
#### EBITDA to NDR: Target above 23%



#### **Business Profile**



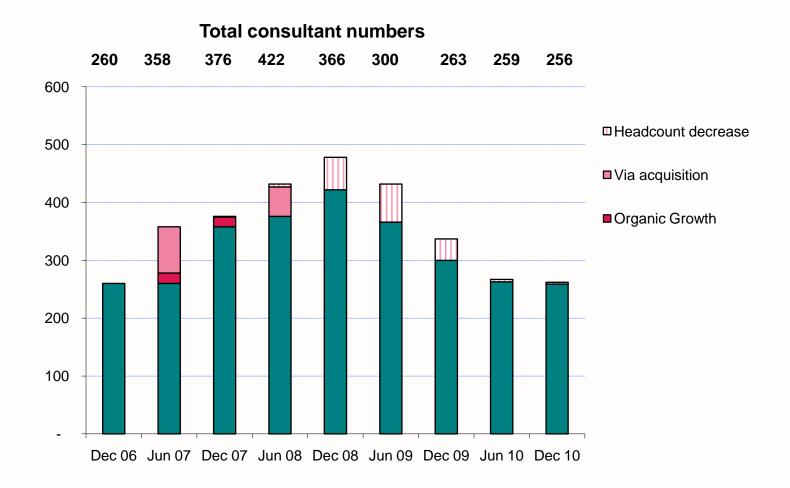
• Greater consistency in more profitable permanent hire demand



### **Consultants**



• Hiring in growth areas, rebalancing elsewhere



Underlying Profitabi = best indicator of performance	ility		
6 months ended 31 December	2010 \$M	2009 \$M	Change %
Revenue	145.9	136.5	6.9
NDR (Gross margin)	32.7	29.7	10.1
EBITDA	5.9	3.5	68.6
Depreciation	-0.5	-0.6	
EBIT	5.4	2.9	86.2
Finance costs – amortisation Finance costs – interest/charges	-1.0 -4.1	-0.6 -3.3	
Profit/(Loss) Before Tax	0.3	-1.0	
Тах	-0.1	0.3	
Cash interest on vendor liabilities	-0.4	-0.6	
NPAT	-0.2	-1.3	
NPAT attributable to equity holders	-0.3	-1.3	
EPS (cents)	-0.3	-1.1	

### **Financial Position**

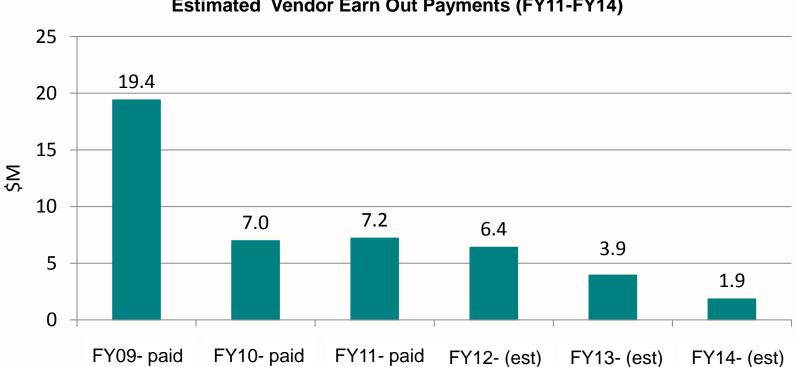


	31/12/10 \$M	30/06/10 \$M	Change %
Cash Receivables Goodwill Identifiable intangibles Other assets	1.7 36.1 71.0 4.7 9.9	3.6 38.0 71.3 7.3 10.6	-53 -5 0 -35 -7
Total Assets	123.4	130.8	-6
<b>Current Liabilities</b> Trade payables Deferred vendor consideration Borrowings – working capital Borrowings – acquisitions debt Other liabilities	19.5 5.8 33.3 50.8 2.0	25.6 7.5 24.0 53.8 2.2	-24 -23 39 -6 -12
<b>Non Current Liabilities</b> Deferred vendor consideration Other liabilities	4.2 3.5	9.3 1.0	-55 259
Total Liabilities	119.1	123.4	-4
Net Assets Net Asset backing (cents)	4.3 <b>3.9</b>	7.4 <b>6.7</b>	-41

### Vendor Payment Profile



Vendor payments expected to be extinguished by 2014



Estimated Vendor Earn Out Payments (FY11-FY14)

Estimated vendor earn out payments at future value of \$12.2m. Balance sheet (Vendor earn out liabilities) at present value of \$10.0m.

### Outlook



#### Short term

- Continue to target:
  - consistency of performance across businesses
  - organic expansion
  - performance efficiency
  - capital discipline and debt refinancing
- Investment in front line resources in growth sectors
- Training and development programs to strengthen consultant capabilities

#### Long term

 Skills shortages and wage pressures present opportunities for wellestablished and specialist recruiters



# **Appendices**

### **Statutory Profitability**



6 months ended 31 December	2010 \$M	2009 \$M	Change%
Revenue	145.9	136.5	6.9
NDR (Gross margin)	32.7	29.7	10.1
EBITDA	5.9	3.4	73.5
Depreciation	-0.5	-0.6	
Amortisation	-1.6	-3.0	
EBIT	3.8	-0.2	
Notional interest on vendor liabilities	-0.7	-0.9	
Finance costs – amortisation Finance costs – interest/charges	-1.0 -4.1	-0.6 -3.3	
Loss Before Tax	-2.0	-5.0	
Tax	0.1	0.0	
NPAT	-1.9	-5.0	
NPAT attributable to equity holders	-2.1	-5.1	
EPS (cents)	-1.9	-4.6	

### Reconciliation of Statutory to Underlying



Underlying NPAT adjusts for AIFRS-required amortisation, and notional interest on vendor liabilities

6 months ended 31 December		2010 \$M	2009 \$M
Statutory N	PAT – Equity holders	-2.1	-5.0
Significant n	ion cash items		
Add back	: Amortisation of identifiable intangible assets	1.6	3.0
	Notional interest on vendor liabilities	0.7	0.9
Deduct:	Cash interest on vendor liabilities	-0.4	-0.6
Tax effect		<u>-0.1</u>	<u>0.4</u>
Underlying	NPAT – Equity holders	<u>-0.3</u>	<u>-1.3</u>