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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	

[1]Before significant items.
[2]Excluding amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets.
[3] Before 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

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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

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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

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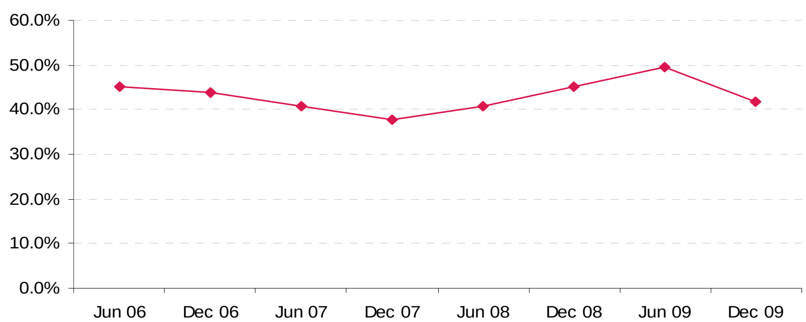
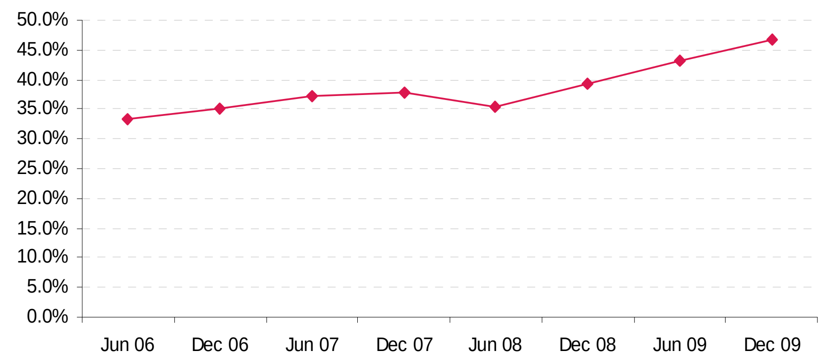
Key operating indicators

- 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

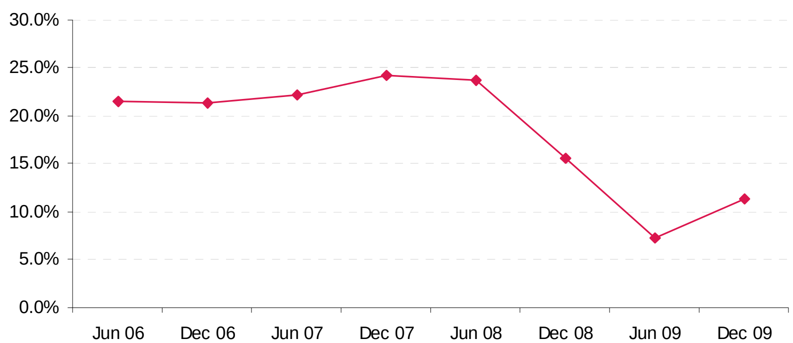
Consultant costs to NDR:Target below 40%



Other costs to NDR



EBITDA to NDR: Target above 23%



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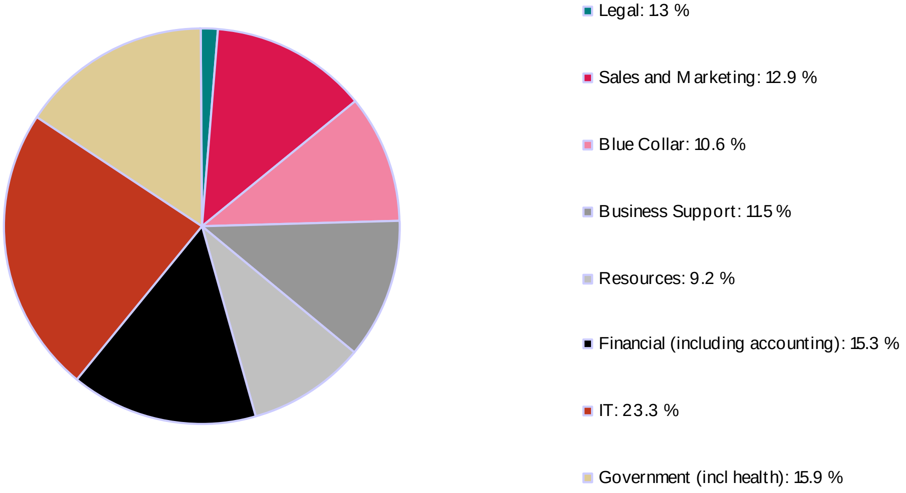
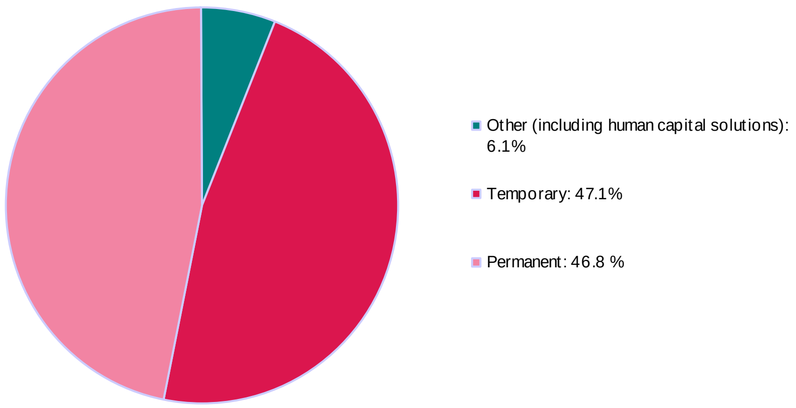
Business profile

- 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



Service



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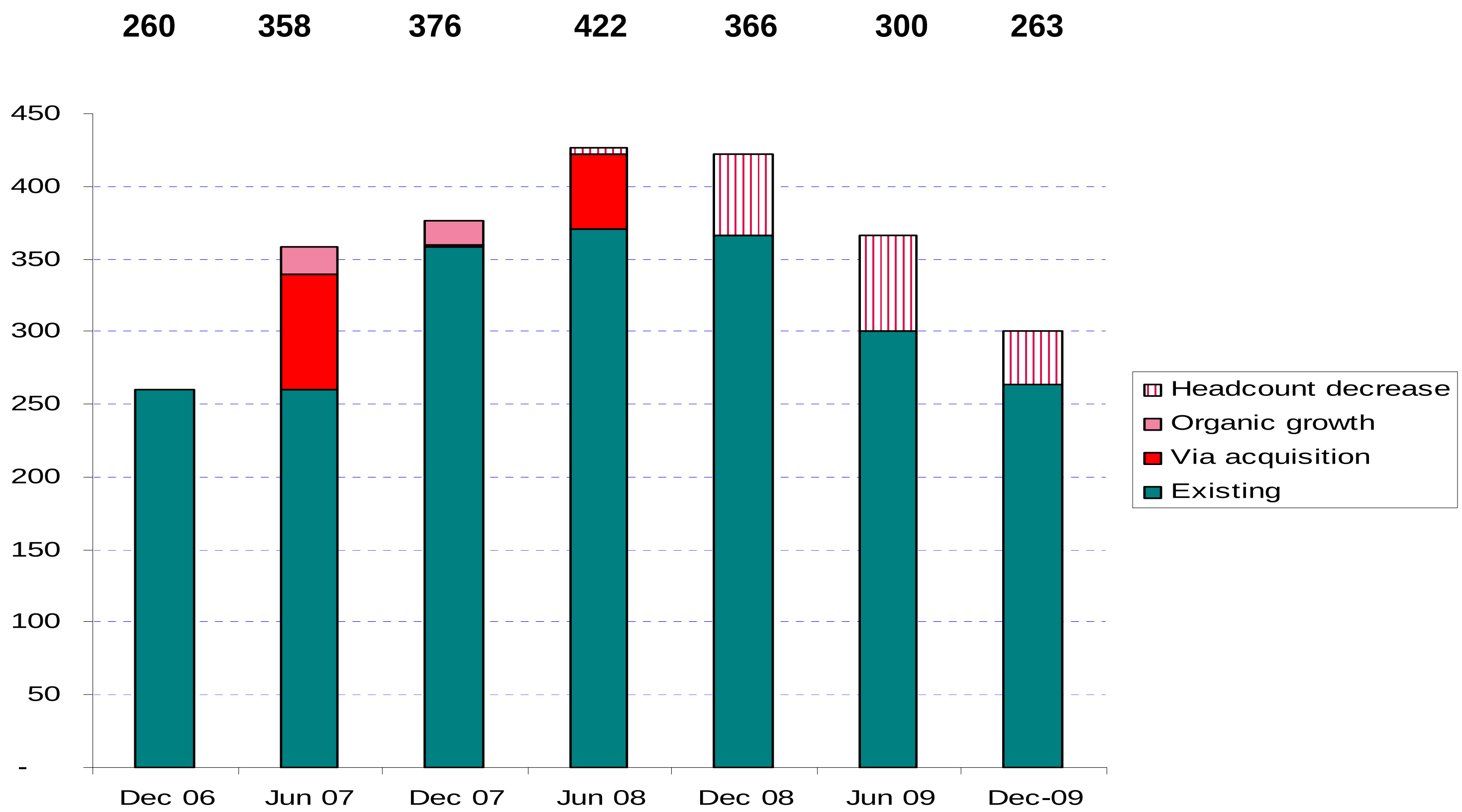
Consultants

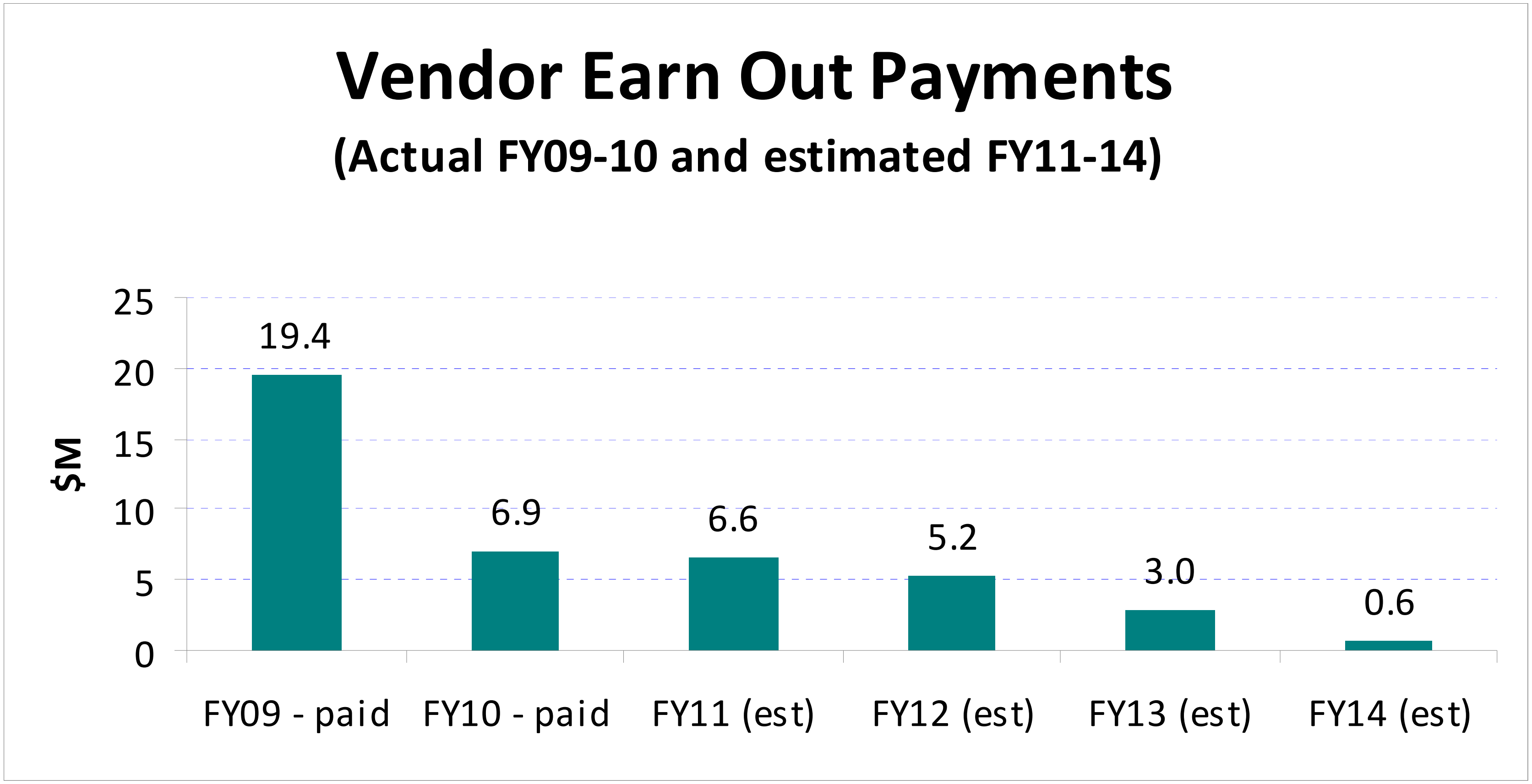
- Same revenue generated as HY2 2009 with reduced consultant headcount
- Since 1 July 09 headcount reduced by an additional 37 consultants
- Selective hiring now occurring in growth areas

Total consultant numbers



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

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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**	

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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.

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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	0.4	(1.1)
Underlying NPAT	**(1.3)**	**0.3**

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)**	

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