



**Ord Minnett
Business Services Conference
Melbourne - November 2007**





Agenda

- Overview
- Business Overview
- Breakdown of Operations
- Financial Summary
- Financial Outlook

Business overview

- One of the largest recruitment services groups in Australia and NZ
- 20 operating businesses
- 44 offices
- Over 500 employees
- 2 new offices in Singapore





Business overview

- Proven acquisition model delivers
 - **accretive acquisitions** and
 - **growth incentives** with de-risking for poor performance
- **Entrepreneurial culture** that encourages managers to drive growth
- **Continued growth** through inter-brand referrals and productivity improvements
- **Strategic acquisitions** of businesses that extend and diversify operations into new areas

xpanc

gaulter russell
successful people

locher.
human resources

James Gall
© associates

GEL GROUP
Recruitment and Search Consultants

verHouse

credit
recruitment

Challenge
Recruitment Ltd

WHEELER CAMPBELL

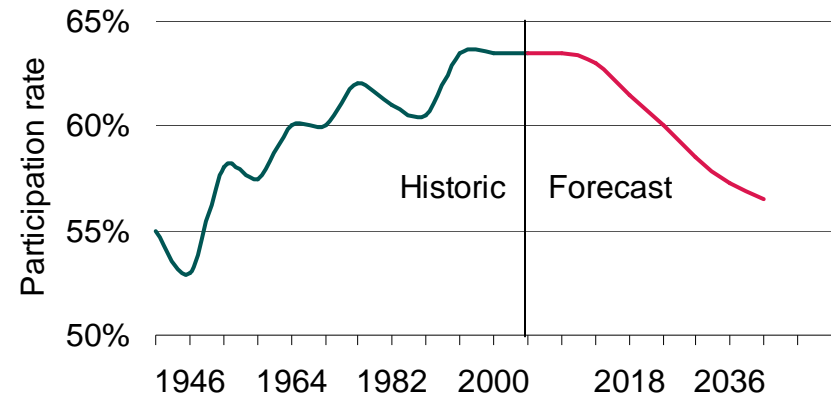


Rubicon

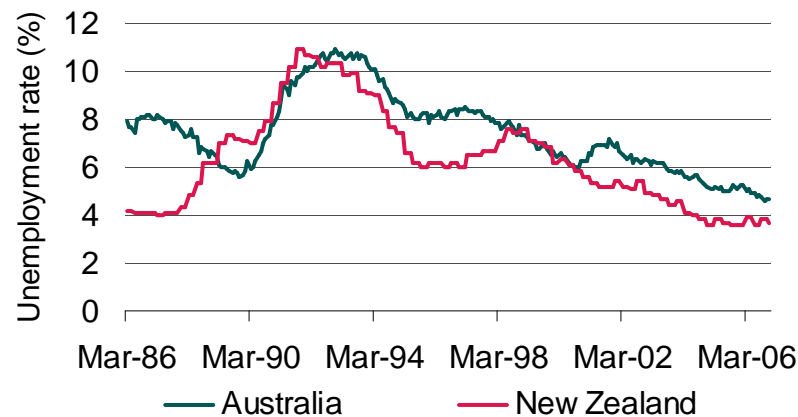
Recruitment Industry Overview

- Short term labour shortages
- Forecast longer term labour shortages
- Increased labour force flexibility
- Increased use of outsourcing
- Highly fragmented industry

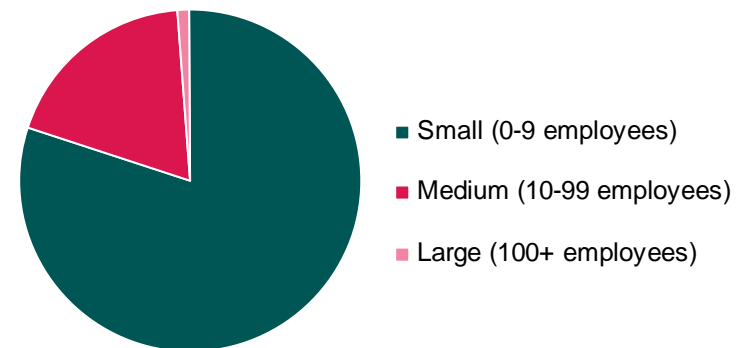
Australian Participation Rate



Unemployment rates in Australia and New Zealand (Seasonally adjusted)



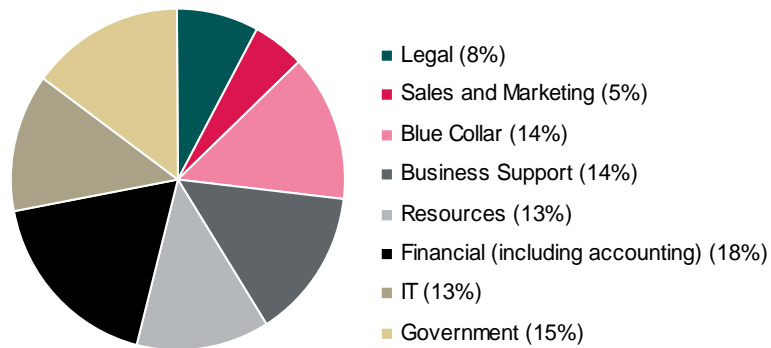
Recruitment Companies in Australia by Number of Employees



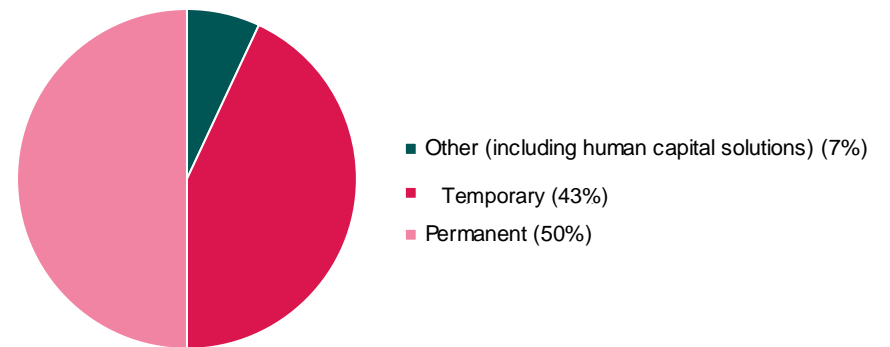
Operational Split

- Highly diversified revenue
- Focus on maintaining right balance between services

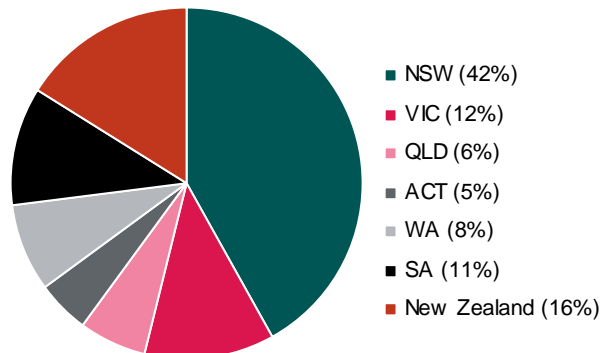
Industry



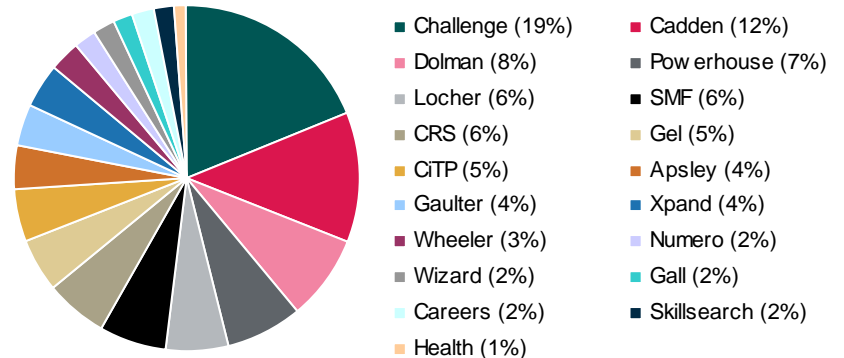
Service



Geography



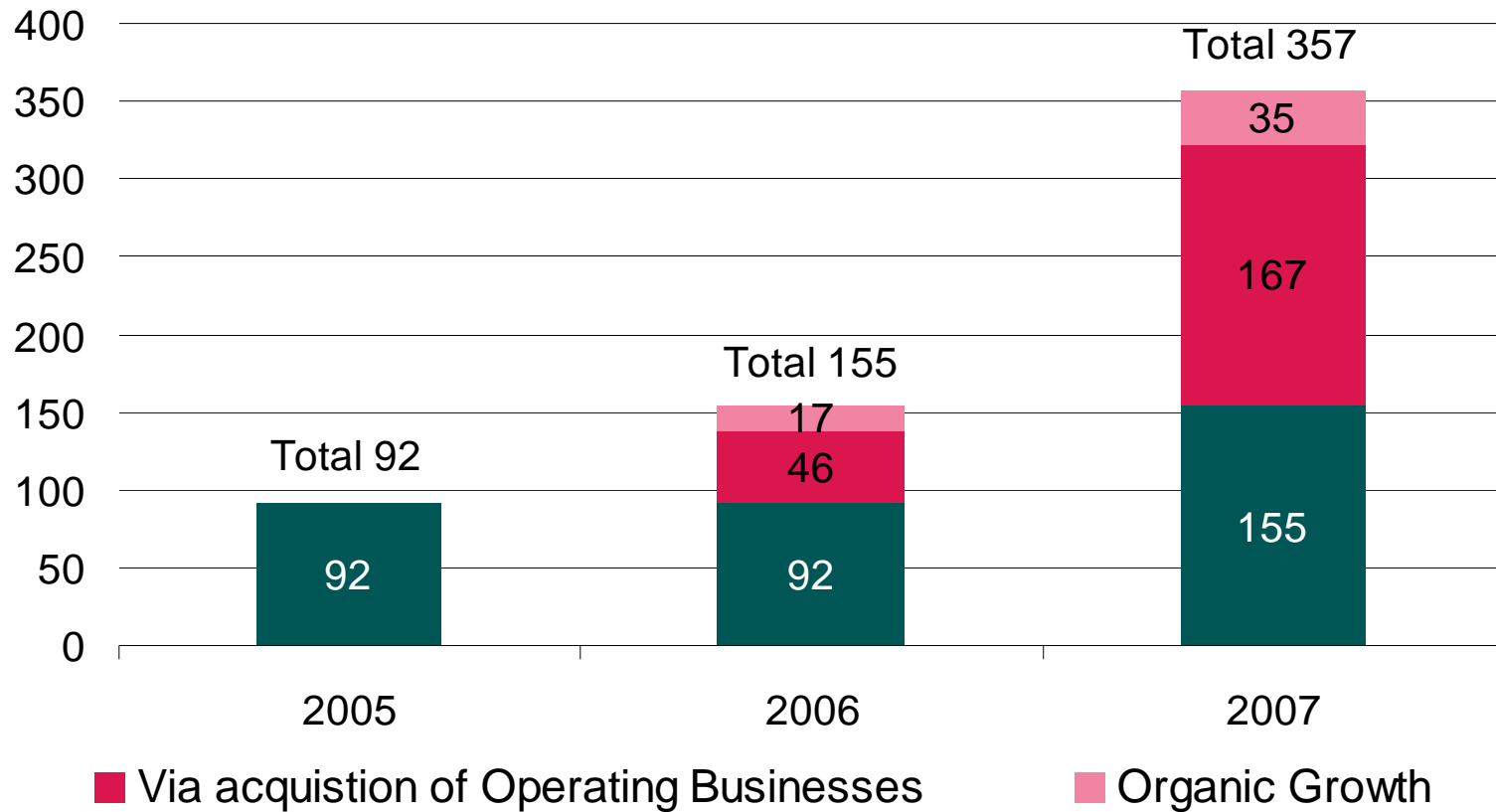
Operating Business



Data as at 30 June 2007. Includes Challenge Recruitment, and excludes Steelweld Personnel

Consultant Growth

- Organic growth within existing businesses continues to be strong
- Acquisition model allows for additional growth without consistent 'down time'



▪ Data as at 30 June 2007. Includes Challenge Recruitment, and excludes Steelweld Personnel

Operating Model

- Multi branded operating platform
- Head office provides corporate and operational support
- Business Managers given mandate to drive growth and promote culture of individual operations

Operating Business Unit

Preserve and enhance distinct business unit cultures, operating procedures, remuneration models and leadership styles

Business unit leaders continue to exercise day-to-day autonomy

Focus on continuing high performance, customer focused culture



Head Office

Provides:

- Corporate support functions
- Operational support
- Ability to leverage of group skill base
- Succession planning
- Strategic direction and growth imperatives

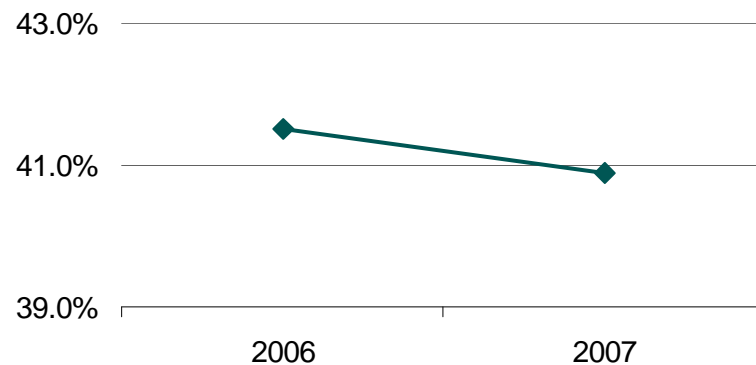
Strategic direction, financial discipline and sharing of best practices



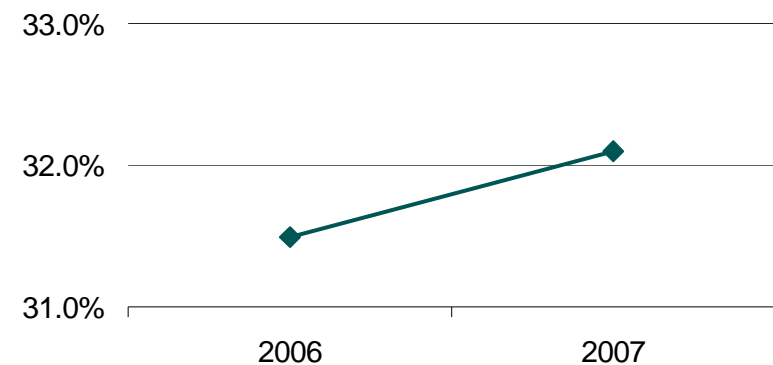
Key Operating Indicators

- Focus on:
 - Driving consultant productivity with targeted consultant cost to NDR ratios across businesses
 - Maintaining low operating costs

Consultant costs to NDR



EBITA to NDR





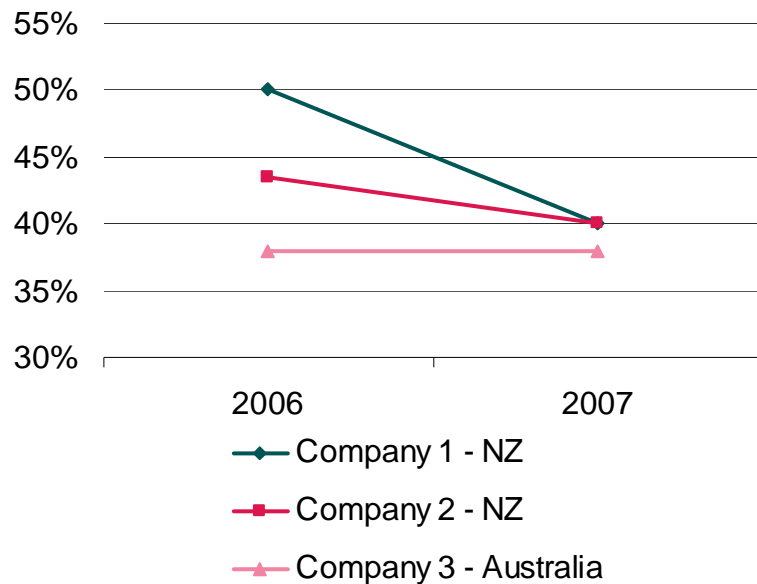
Acquisition Environment

- Continue to look for acquisitions that enhance diverse revenue base and provide access to high growth markets
- Completed Steelweld acquisition in October that provides access to 'blue collar' West Australian markets at attractive pricing
- Turned down other acquisitions that didn't meet criteria
- Completed acquisitions working well with a continued focus on improving the operating metrics of individual businesses

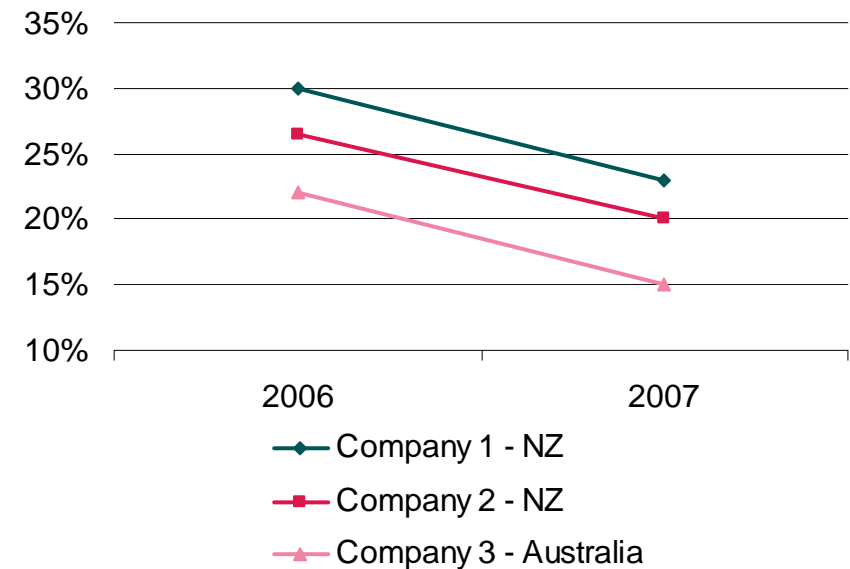
Completed Acquisitions – Operational Improvements Examples

- Operating model has history of improving the productivity of individual businesses
- Example of improvements at three acquired businesses:

Consultant Costs / NDR



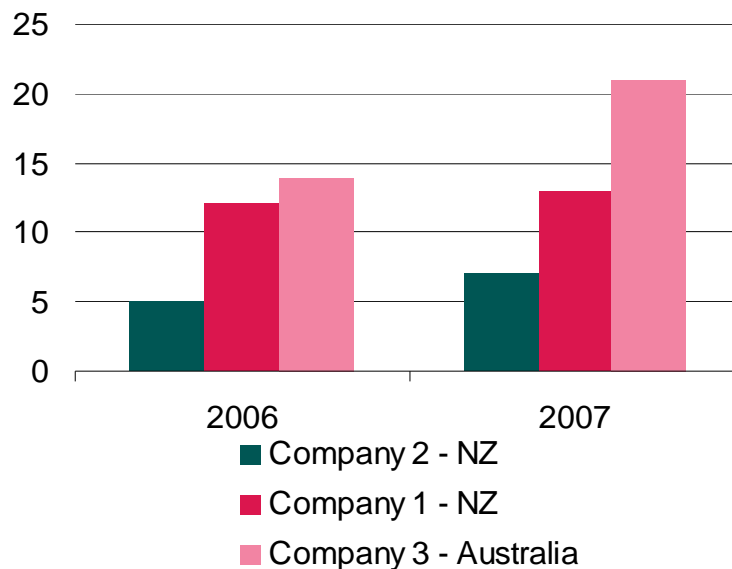
All Other Operating Costs / NDR



Completed Acquisitions – Operational Improvements Examples

- Organic growth and productivity improvements of existing business a priority

Consultant Numbers



EBITA / NDR



Financial Performance

- Historic statutory results not reflective of expected 2008 performance due to acquisition accounting treatments

12 Months	FY06 \$M	FY07 \$M	Change %
Revenue	65.1	156.5	140.4
NDR (Gross margin)	31.7	64.4	
EBITDA	6.8	14.3	110.3
EBIT	3.7	10.4	181.1
Interest on Vendor Liabilities	(2.6)	(5.4)	
Finance Costs	(2.5)	(7.1)	
Profit Before Tax	(1.4)	(2.1)	
Profit After Tax	(2.2)	(3.2)	

Reconciliation of NPAT to Cash Earnings

- Underlying cash earnings best indicator of performance

	FY07 \$'000s	P/F ³ FY07 \$'000s
NPAT	(3,182)	4,953
Significant non-cash items:		
Amortisation of identifiable intangible assets	3,451	4,858
Interest on vendor liabilities (unwind of discount on earn-out)	<u>5,340</u>	<u>7,550</u>
	5,609	17,361
Tax impact of non-cash items ¹	<u>(3,503)</u>	<u>(3,943)</u>
Cash earnings	<u>2,106</u>	<u>13,418</u>
Cash earnings per share (cents)²	<u>2.0</u>	<u>12.8</u>

1. The Amount by which the actual tax payments in respect of the year ended 30 June 2007 will exceed the income tax expenses reported. Tax impact includes adjustment for future cost of funding associated with vendor liabilities.

2. Based on 105 million shares.

3. P/F is an abbreviation of Pro Forma and shows what the business would have achieved, had all of the subsidiary businesses been owned for the entire financial year.

Financial Position

- Prudent gearing provides opportunity for earnings accretive acquisitions

30 June	2006 \$M	2007 \$M	Change %
Cash	2	12.7	535
Receivables	10.6	27.3	157.5
Intangibles	34.4	92.2	168
Other Assets	5.4	9.8	
Total Assets	52.4	142	171
Vendor Liabilities - Current	3.2	11.5	259.4
Vendor Liabilities - Long term	14.9	45.1	202.7
Borrowings	9.2	6.3	(31.5)
Other liabilities	11.7	18.7	
Total Liabilities	39	81.6	109.2
Net Assets	13.4	60.4	350.7
Net Gearing¹	35.0%	9.40%	(73.0)
Net Asset backing (cents)²	79.7	56.9	(28.6)

1.Excludes cash in FY07 as utilised for Challenge completion payment

2. Based on 105million shares



FY 2008 Financial Outlook

- Benefit of full year impact on FY07 acquisitions
- Cash EPS¹: close to 10% on FY07
actual PF of 12.8 cents
- Dividend: Increase in payout ratio to 80% - 100%
from previous 50% - 70% of NPAT
- Further earnings accretive acquisitions targeted

¹ Excludes future acquisitions