

Ross Human Directions affected by downturn

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Ross Human Directions Limited (RHD) said current trading indicated that results for the half-year to 31 December 2008 were being impacted by the global downturn and unprecedented turbulence in financial markets. The company said it would remain focussed on prudent management of its cash and other resources.

At the company's AGM, chairman Allan McDonald told shareholders predictions were impossible in the present extraordinary financial conditions and the likely challenging economic environment.

"Conditions in some of our locations are more volatile than in others, however we are fortunate to date in that our operations in most of our major markets are experiencing reasonably stable revenues," he said.

"Management acted early in response to signs of a changing operational landscape and commenced a cost reduction program that became more aggressive as operating conditions deteriorated."

Mr McDonald said reductions in headcount had been able to be implemented due to back-office efficiencies obtained from the installation of new IT systems.

"The company continues to keep a strong focus on maintaining suitable levels of operating expenditure in the current environment and is conscious of the cost and availability of debt," he said.

"Whilst prudently managing our cash resources and maintaining appropriate gearing levels we remain mindful of the longer term benefits from taking advantage of opportunities to invest in areas of growth in Asia and other developing markets."

Mr McDonald said at this point the recruitment company's revenue and gross profit levels were tracking at similar levels as last year.

"But the market increase in costs of funds alongside higher amortisation charges associated with the IT infrastructure upgrade, are in dollar terms, having a moderate downward impact at the profit after tax line," he said.

"The levels of these increases in comparison with last year reflect a rebalancing in the marketplace away from permanent recruitment and towards temporary and contract placements."

Mr McDonald said cash flow from operating activities for fiscal 2009 was impacted by finance costs from additional debt for the acquisition of Aurion Corporation, investment in IT infrastructure upgrades and a growth in the settlement spread of some major clients as they slowed down their invoice payment cycles.

"These issues have been addressed through more aggressive collections activity, negotiations with clients toward increased compliance with payment terms and debt reduction initiatives," Ross Human Directions said.

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At 1114 AEDT, Ross Human Directions was flat at 20c.

Source: http://www.livenews.com.au/Articles/2008/11/18/Ross_Human_Directions_affected_by_downturn