

# Appendix 4D

## Half-year information

Name of entity

Ross Human Directions Limited

ABN or equivalent company reference

ABN 25 003 758 709

Half-year ended

31 December 2009

### Results for announcement to the market

\$'000

Revenues from ordinary activities	down	9.5%	to	184,377
Profit (loss) from ordinary activities after tax attributable to members	up	22.1%	to	2,813
Net profit (loss) for the period attributable to members	up	22.1%	to	2,813
<b>Dividends</b>				
	Amount security	per	Franked amount	per security
Final dividend				
Interim dividend	1.5 ¢			1.5 ¢
Previous corresponding period				
Final dividend				
Interim dividend	0.75 ¢			0.75 ¢
Record date for determining entitlements to the dividend	5 March 2010			
Brief explanation of any of the figures reported above to enable the figures to be understood.				
Refer Attached				

### NTA backing

	Half-year ended 31 December 2009 Cents	Half-year ended 31 December 2008 Cents
Net tangible asset backing per ordinary security	24.4 c	20.6 c

**Ross Human Directions Limited**  
**Interim report**  
**For the Half-Year ended 31 December 2009**

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Ross Human Directions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' Report

Your directors present their report on the consolidated entity consisting of Ross Human Directions Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

### Directors

The following persons were directors of Ross Human Directions Limited during the whole of the half-year and up to the date of this report:

F A McDonald (Non-executive Chairman)  
J M Ross (Managing Director and Deputy Chairman)  
Dr E J Doyle (Non-executive Director)

T N Trumper was appointed as a Non-executive Director on 21 September 2009 and continues in office at the date of this report.

H Henderson was a Non-executive director from the beginning of the financial year until his retirement on 10 November 2009.

### Review of Operations

The net profit after tax of the consolidated entity for the half-year increased by 22.1% to \$2,813,000 (2008: \$2,303,000) on a revenue decline of 9% to \$184.4 million (2008:\$203.7 million). With the economic downturn impacting the revenue of the recruitment businesses, management's strategy to diversify and deepen the company's offering into more sophisticated and complex Managed Services and HR solutions outside recruitment has been a significant contributor to this improved profit result.

Net cash inflow from operating activities of \$5.351 million (2008:\$10.312 million) in the period was due to cost and working capital initiatives, leading to continued improvement in the company's net debt position. Net debt reduced by a further \$3.91 million or 49% during the period to \$4.041 million.

Basic earnings per share for the half-year was 3.4 cents compared to 2.8 cents for the previous corresponding period.

An interim, fully franked dividend of one and one-half of one cent (1.5 cents) (2008: 0.75 cents) per share is payable on 26 March 2010.

### Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

This report is made in accordance with a resolution of the directors.



Fergus Allan McDonald  
Non-Executive Chairman



Julia Mary Ross  
Managing Director and Deputy Chairman

Sydney  
19 February 2010



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### **Auditor's Independence Declaration**

As lead auditor for the review of Ross Human Directions Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ross Human Directions Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Upcroft'.

Marc Upcroft  
Partner  
PricewaterhouseCoopers

Sydney  
19 February 2010

**Consolidated income statement**  
For the half-year ended 31 December 2009

	Notes	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
<b>Revenues from continuing operations</b>		<b>184,377</b>	203,745
Costs of temporary staff and other services		(156,203)	(167,698)
Employee benefits expense		(16,320)	(21,400)
Other expenses		(6,018)	(8,262)
<b>Earnings before interest, tax, depreciation &amp; amortisation (EBITDA)</b>		<b>5,836</b>	6,385
Depreciation and amortisation expense		(1,424)	(1,779)
Finance costs		(525)	(1,580)
<b>Profit before income tax</b>		<b>3,887</b>	3,026
Income tax expense		(1,074)	(723)
<b>Profit for the half-year</b>	3	<b>2,813</b>	2,303
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the owners of the company:</b>			
Basic earnings per share		3.4	2.8
Diluted earnings per share		3.4	2.7

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

**Consolidated statement of comprehensive income**  
For the half-year ended 31 December 2009

	Notes	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
Profit for the half-year		2,813	2,303
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(778)	2,487
<b>Other comprehensive income for the half-year net of tax</b>		<b>(778)</b>	<b>2,487</b>
<b>Total comprehensive income for the half-year</b>	4	<b>2,035</b>	<b>4,790</b>

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Consolidated statement of financial position**  
As at 31 December 2009

	31 December 2009 \$'000	30 June 2009 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,144	4,785
Trade and other receivables	46,227	55,256
<b>Total Current Assets</b>	<b>50,371</b>	<b>60,041</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	1,663	2,375
Deferred tax assets	5,168	5,927
Intangible assets	14,352	14,757
<b>Total Non-Current Assets</b>	<b>21,183</b>	<b>23,059</b>
<b>Total Assets</b>	<b>71,554</b>	<b>83,100</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	19,852	26,731
Borrowings	3,068	7,054
Current tax liabilities	273	987
Provisions	1,636	1,579
<b>Total Current Liabilities</b>	<b>24,829</b>	<b>36,351</b>
<b>Non-Current Liabilities</b>		
Payables	92	92
Borrowings	5,117	5,682
Deferred tax liabilities	266	860
Provisions	1,653	1,684
<b>Total Non-Current Liabilities</b>	<b>7,128</b>	<b>8,318</b>
<b>Total Liabilities</b>	<b>31,957</b>	<b>44,669</b>
<b>Net Assets</b>	<b>39,597</b>	<b>38,431</b>
<b>EQUITY</b>		
Contributed equity	23,004	23,004
Reserves	(1,115)	(272)
Retained profits	17,708	15,699
<b>Total Equity</b>	<b>39,597</b>	<b>38,431</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**Consolidated statement of changes in equity**  
For the half-year ended 31 December 2009

	Contributed equity	Retained earnings	Foreign currency translation reserve	Capital options reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	23,004	15,699	(452)	180	38,431
<b>Total comprehensive income for the half-year</b>	-	2,813	(778)	-	2,035
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan and share options	-	-	-	(65)	(65)
Dividends paid	-	(804)	-	-	(804)
	-	(804)	-	(65)	(869)
<b>Balance at 31 December 2009</b>	<b>23,004</b>	<b>17,708</b>	<b>(1,230)</b>	<b>115</b>	<b>39,597</b>
<b>Balance at 1 July 2008</b>	23,004	13,026	(1,583)	521	34,968
<b>Total comprehensive income for the half-year</b>	-	2,303	2,487	-	4,790
<b>Transfer from capital options reserve to retained earnings</b>	-	408	-	(408)	-
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan and share options	-	-	-	69	69
Dividends paid	-	(1,205)	-	-	(1,205)
	-	(1,205)	-	69	(1,136)
<b>Balance at 31 December 2008</b>	<b>23,004</b>	<b>14,532</b>	<b>904</b>	<b>182</b>	<b>38,622</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Consolidated statement of cash flows**  
For the half-year ended 31 December 2009

	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	211,543	241,080
Payments to suppliers and employees (inclusive of goods and services tax)	(204,535)	(228,908)
	7,008	12,172
Interest paid	(527)	(1,528)
Income taxes paid	(1,130)	(332)
	5,351	10,312
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(291)	(348)
Payments for intangible assets	(16)	(87)
Loans repaid by employees	-	2
Proceeds from sale of plant and equipment	-	5
Interest received	7	51
	(300)	(377)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	8,000	13,388
Repayment of borrowings	(12,552)	(22,075)
Dividends paid to company's shareholders	(804)	(1,205)
	(5,356)	(9,892)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(305)</b>	<b>43</b>
Cash and cash equivalents at beginning of the half-year	4,785	3,652
Effect of exchange rate changes on cash and cash equivalents	(336)	661
	4,144	4,356
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,144</b>	<b>4,356</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the consolidated financial statements

### Note 1 - Basis of preparation of half-year report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Ross Human Directions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

#### Changes in accounting policy

Ross Human Directions Limited had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Financial statement presentation - revised AASB 101 *Presentation of Financial Statements*
- Principles of consolidation - revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Business combinations - revised AASB 3 *Business Combinations*
- Segments - new AASB 8 *Operating Segments*

#### Financial statement presentation

The group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

## **Note 1 - Basis of preparation of half-year report (continued)**

### **Principles of consolidation**

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss.

Lastly, dividends received from investments in subsidiaries after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period.

### **Business combinations**

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as liabilities and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

If the Group recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

### **Segment reporting**

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in two reportable segments, recruitment and non-recruitment.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the board of directors.

Comparatives for 2008 have been restated.

## Note 1 - Basis of preparation of half-year report (continued)

### Early adoption of standards

The group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2009:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. There was no other impact on the current or prior year financial statements.

## Note 2 - Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board considers the business from a product perspective and has identified two reportable segments, recruitment and non-recruitment. Non-recruitment consists of technology consulting and management solutions, managed training solutions, payroll outsourcing and the sale of payroll software.

In previous financial periods, the consolidated entity's operations were viewed as being carried out in one industry sector, human resources. This was the primary format of segment reporting for the group.

	Recruitment \$'000	Non-recruitment \$'000	Total \$'000
<b>Half-year ended 31 December 2009</b>			
Total segment revenue	141,446	43,466	184,912
Inter-segment revenue	(443)	(92)	(535)
<b>Revenue from external customers</b>	<b>141,003</b>	<b>43,374</b>	<b>184,377</b>
<b>EBITDA</b>	<b>2,224</b>	<b>3,612</b>	<b>5,836</b>
<b>Half-year ended 31 December 2008</b>			
Total segment revenue	161,346	43,365	204,711
Inter-segment revenue	(834)	(132)	(966)
<b>Revenue from external customers</b>	<b>160,512</b>	<b>43,233</b>	<b>203,745</b>
<b>EBITDA</b>	<b>3,416</b>	<b>2,969</b>	<b>6,385</b>

## Note 2 - Segment information (continued)

A reconciliation of EBITDA to operating profit before tax is provided as follows:

	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
EBITDA	5,836	6,385
Depreciation and amortisation expense	(1,424)	(1,779)
Finance costs	(525)	(1,580)
<b>Profit before income tax from continuing operations</b>	<b>3,887</b>	<b>3,026</b>

## Note 3 - Profit for the half-year

	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
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Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

### Expenses

Reduction in the carrying amount of goodwill due to realisation of acquired tax losses	-	249
Less: Applicable income tax revenue	-	-
	-	249

## Note 4 - Comprehensive income for half-year

Under AASB 101 *Presentation of Financial Statements* which became effective on 1<sup>st</sup> July 2009, referred to in note 1 above, a Consolidated Statement of Comprehensive Income has been included in this report.

The Consolidated Statement of Comprehensive Income shows the effect of the movement in exchange rates on the translation of the financial statements of overseas subsidiaries into Australian dollars.

The translation movements shown in the Consolidated Statement of Comprehensive Income are not included in the Consolidated Income Statement as they are included in the Foreign Currency Translation Reserve on the balance sheet.

The quantum of the translation movement is entirely dependent on the movement in the relevant foreign currency exchange rates.

## Note 5 - Dividends

	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
<b>Ordinary shares</b>		
Dividends paid during the half-year	835	1,252
<b>Dividends not recognised at the end of the half-year</b>		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of one and a half cents (2008 - 0.75 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 March 2010 (27 March 2009) out of retained profits at 31 December 2009, but not recognised as a liability at the end of the half-year, is	1,252	626

## Note 6 - Contingent liabilities

At 31 December 2009, bank guarantees amounted to \$1,361,713 (30 June 2009: \$2,036,251).

Further, claims for unspecified damages were received during the previous financial year. The company has disclaimed liability and is defending the actions. It is not practical to estimate the potential effect of these claims but legal advice indicates that any liability that may arise in the unlikely event the claims are successful will not be significant.

No material losses are anticipated in respect of any of the above contingent liabilities.

## Note 7 - Events occurring after the end of the reporting period

Since half-year end, the directors have recommended the payment of an interim dividend of one and a half cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 March 2010 is \$1,252,476. Apart from this, there are no other material events occurring after the end of reporting period.

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Ross Human Directions Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Fergus Allan McDonald  
Non-Executive Chairman



Julia Mary Ross  
Managing Director and Deputy Chairman

Sydney  
19 February 2010



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## **Independent auditor's review report to the members of Ross Human Directions Limited**

### **Report on the half-year Financial Report**

We have reviewed the accompanying half-year financial statements of Ross Human Directions Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Ross Human Directions Limited Group (the consolidated entity). The consolidated entity comprises both Ross Human Directions Limited (the Company) and the entities it controlled during that half-year.

#### *Directors' Responsibility for the half-year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ross Human Directions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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## Independent auditor's review report to the members of Ross Human Directions Limited (continued)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### *Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the Company for the half-year ended 31 December 2009 included on Ross Human Directions Limited's web site. The company's directors are responsible for the integrity of the Ross Human Directions Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ross Human Directions Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Marc Upcroft  
Partner

Sydney  
19 February 2010