



**Hamilton James & Bruce Group Limited**

**ABN 90 091 302 975**

**The 7<sup>th</sup> Annual General Meeting**

**On 22 November, 2006**

**At 10:00am**

**Level 12, 20 Bridge Street**

**Sydney**

**Chairmans/CEOs Address**

The main purpose of my address as chairman and Chief Executive Officer is to provide an overview of the past financial year and to comment on significant events.

I was asked by the Board in April 2006 to assume the role of part-time executive chairman. The Board felt that it was necessary at that time to have someone in a senior executive position within the company who had significant recruitment industry experience.

Subsequently John Colvin resigned as CEO and managing director on 22<sup>nd</sup> June 2006. At that time I was asked by the Board if I would take on the joint role of Chief Executive Officer and Chairman which I accepted and I commenced in that position in July.

**Financials**

While the overall result for the financial year 2005/06 of net profit after tax of \$4.7m was pleasing the operational result from ongoing Australian operations at around break-even was disappointing.

On a like for like basis (as adjusted for the sale of OCG and the impact of AIFRS)

revenues fell by 13.8% to \$77.5m.

There are a number of reasons for the decrease including

- a) the loss of several key staff who had generated high amounts of revenue
- b) the Company was internally focused on finalizing its strategy, IT systems and infrastructure and its branding.
- c) The development and implementation of the Company's account management and top 100 strategy led to a lack of focus on other business.
- d) A lack of focus on consultant productivity and activity levels

Other than consultants' costs the company has a relatively fixed cost base. The drop in revenue therefore resulted in the consequential drop in the operating result. Even though the company managed to achieve some significant cost savings in the period these were not sufficient to cover the reduction in revenue.

The Company continues to strive to reduce costs where possible and, obviously, to grow revenues.

The OCG sale was necessary as the Company's strategy was refined to focus on the Australian market. The Company had also been unable to achieve the full level of benefits anticipated from the purchase of OCG and this coupled with the focus on Australian business resulted in the decision to divest the Company of the majority of its interest in the OCG business. The Company still has a 25% interest in the ongoing business.

A second special dividend of 2 cents per share will be paid on 20<sup>th</sup> December 2006 to all shareholders.

Of the proceeds from the disposal of the interest in OCG approximately \$2.5m has been allocated to the payment of the special dividends and \$4.4m to the repayment of loans.

## **My focus since my appointment as CEO**

In the period since my appointment my focus has been on several areas:

- Increased accountability throughout the business – starting with the Senior Management Team
- Continuing focus on attraction, retention and productivity of staff
- Improving management and activity reporting
- Sales and management training for consultants and managers
- Restructure of Sydney operations with new general manager appointed
- IT Resources acquisition and subsequent integration
- Implementation of national industry segment leader strategy
- Continuous improvement and focus on compliance and usage of Recruitment Database investment
- Further improving candidate and client experiences through excellence in recruitment practices

## **Our focus for the rest of the financial year will include:**

Revenue growth through

- a) increased productivity
- b) opening new offices
- c) acquisition where appropriate
- d) Continued control on costs
- e) Continued focus on quality recruitment practices, ensuring a positive experience for both candidates and clients

## **Conclusion**

In conclusion to my presentation I would like to express the appreciation of the Board to shareholders and staff for their continued support.