

**27 November 2012**

## **ASX ANNOUNCEMENT**

### **HUMANIS GROUP LIMITED**

#### **CHAIRMAN'S ADDRESS**

International recruitment and labour hire specialists Humanis Group Limited (ASX: HUM) is pleased to provide the Chairman's Address to be presented by Tony Leibowitz at today's annual general meeting.

"I would like to begin by giving you an overview of our performance for the past financial year and the first quarter before moving to the formal part of the meeting.

In recent months the Board and executive team have been actively involved in endeavoring to simplify our operating model and reduce our cost structure. This involved implementing a major operational transformation following the acquisition of TRG.

These operational initiatives have achieved cost savings of some \$7 million in fiscal year 2012, representing 16 per cent of the combined post-acquisition cost base of \$44 million.

Notwithstanding this, amid continuing economic uncertainty and a sluggish recruitment market, the group posted a net loss after tax of \$32.7 million and an underlying net loss after tax of \$1.9 million.

It's important to note that this loss includes a number of one-off significant items totaling more than \$30 million including a goodwill impairment charge of \$18.7 million relating to past acquisitions, costs relating to the acquisition and integration of the TRG business, restructuring charges arising from a strategic review, a \$4.5 million accelerated depreciation charge on computer software and the write-off of more than \$4 million of deferred tax assets.

Consolidated revenue amounted to \$334 million compared with \$222 million in the previous year, following the TRG acquisition. Gross margin was \$43 million and our underlying EBITDA was \$7.2 million, up from \$3.2 million.

While underlying earnings improved, the company's performance was disappointing, and clearly below expectations. However, with the operational initiatives and cost reductions referred to earlier, we are better positioned to face a continued difficult trading environment.

In respect of the Company's performance to date, we are seeing a softening of the market for our generalist Bluestone business with less seasonal growth in October and November than previous years.

Our ResCo division has been able to offset the softening in the mining sector with higher volumes in its engineering division as demand for maintenance and repairs increases.

Our International business Ultimate Skills, is not replicating last year's performance due to the slowdown in demand for international skilled labour for major projects.

We have continued to reduce our cost base and are pursuing further cost reduction initiatives in anticipation of continued challenging trading conditions.

Looking ahead, we have two issues that we, as a Board, have to face:

- (i) Continued economic uncertainty impacting labour demand and margins; and
- (ii) A legacy capital structure that is both inefficient and unsustainable.

The Board is currently reviewing the long-term funding strategy of the Group and is considering the appointment of financial advisors in respect of our capital structure and funding.

Subject to shareholder approval (which will be sought shortly under Resolution 7) it is our intention to change our name from Humanis Group to Bluestone Global. This follows a major rebrand of our generalist business this year and a realignment of the organization to reflect a new and leaner structure and management team. This change of name will build on the strengths of the Bluestone brand and position the group as an integrated business with broad market coverage.

Before I close, I'm extremely saddened to report that there was a tragic fatality at one of our Hunter Valley workshops in March. Words are insufficient to express our sorrow and deepest sympathy to the employees' colleagues, family and friends. Needless to say, absolute safety, without compromise, is a core value of the Group as we continue to strive to provide a safe working environment for our staff.

I would like to thank our Board, including George Zammit and Jacob Tarszisz who recently stepped down as Non-Executive Directors, and my predecessor Craig Ransley, who resigned as Chairman in September.

Lastly, on behalf of the Board, I would like to sincerely thank you, our shareholders, for your continued support."

- ENDS -

**For further information, please contact:**

**Investor enquiries**

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### **About Humanis Group Limited**

Humanis Group Limited (ASX code: HUM) is a specialist labour hire, professional placement and international recruitment firm trading under three key brands: Bluestone Recruitment, ResCo Services and Ultimate Skills. With operations spanning Australia, New Zealand and the Philippines, Humanis has 28 offices supplying a skilled workforce of more than 6,000 on a weekly basis to a client base of principally ASX Top 200 companies. The Group has core capabilities encompassing temporary, permanent and international recruitment with a focus on the skills and labour constrained industries, including energy (coal, oil & gas), resources, transport, logistics and financial services.