

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: Half-year ended 31 December 2019

Previous Corresponding Period: Half-year ended 31 December 2018

For and on behalf of the Directors



MATTHEW THOMSON
JOINT COMPANY SECRETARY

Dated: 27 February 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit		AUD'000's
Revenue from ordinary activities	Down 42% to	15,072
Profit from ordinary activities after tax attributable to members	Decrease by 137% to	(1,504)
Net Profit for the period attributable to members	Decrease by 137% to	(1,504)
Dividends		

There were no dividends paid or declared during the period.

COMMENTARY

Following the beginning of restructuring its business operations in the H2 FY19, the Company continued this theme in H1 FY20, focusing more on EBITDA improvement and less on the large-scale revenue growth model as previously foreshadowed. In doing so further costs were incurred in the half year, predominately through staff redundancies and organisational changes.

A critical part of the restructure was the descaling of the Company's Building division to reduce its exposure to the building industry. It also resulted in a significant reduction in the Group's overhead costs. The Company will complete a small amount of existing works however it retains the capability to deliver small low risk projects for key clients through a project costing mode which will not impact its new stable overhead structure. The shift away from building has allowed the Company to focus on high quality service delivery of its principal activities of recruitment and training services, during the half year.

With a settled organizational structure in place, the Recruitment Division has seen improvements in number of key metrics across WA, QLD and NSW.

- A number of new service agreements have been signed and existing agreements renewed
- WA Recruitment has seen a 5% increase in the average amount invoiced per candidate from Q1 to Q2. In addition, the workforce numbers have increased 8%, on the back of job orders from key clients on major mining projects. Increased mining activity in WA will continue to provide a solid platform for the Company.

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- NSW Recruitment has seen a 21% increase in the average amount invoiced per candidate from Q1 to Q2. A strategic decision to focus on clients in the infrastructure space are the basis for this improvement and opportunities in this space continue to present.
- QLD Recruitment is steady at present however the Company is well positioned for growth, having tendered a number of major projects due to kick off in the coming months.

GO2's Training Division has continued to deliver its advanced Leadership and Management training to key recruitment clients. Excellent outcomes have led to the Company securing additional future work from these clients, and with a proven blueprint, this offering will be pushed into new clients.

In H1 FY20, the Company has also identified initiatives which will improve its capability in the training sector and provide growth opportunities. It will pursue these in H2 FY20.

Significant one-off costs incurred in H1 FY20 can be attributed to \$380k of non-recurring payroll related costs, \$500k in bad debt relating to its involvement in the Meadowbrooke Lifestyle Village, and \$80k in relation to mandate and advisory costs following last year's abandoned acquisition. The Company doesn't expect any further impairments relating to any of the above.

The impact of one-off costs was seen in the Q1 FY20 and, as such, the business saw significant improvement in Q2 FY20, with the Company reporting positive cashflow from operations. Furthermore, the Company reported its first cashflow positive quarter since listing. Cashflows were positive prior to the inflows from the Entitlement issue.

NET TANGIBLE ASSET BACKING

	31 Dec 2018	31 Dec 2017
	000's	000's
Net Assets	63	4,300
Less intangible assets including deferred tax assets	(582)	(1,303)
Net tangible assets of the Company	(519)	2,997
Fully paid ordinary shares on issue at Balance Date	136,016	117,965
Net tangible asset backing per issued ordinary share as at Balance Date	(0.01)	0.03

Please refer to the half yearly financial report for details on the group structure

AUDIT DETAILS

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

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