MEDIA RELEASE

25 October 2017

AWF MADISON FIRST HALF PROFIT FALLS DESPITE REVENUE LIFT

HIGHLIGHTS - HALF YEAR TO 30 SEPTEMBER 2017

- Revenue up 20% to $143.1 million
- NPAT down 13% to $3.4 million
- Underlying earnings down 6.5% to $4.2 million[1]
- Cash from operating activity stronger at $11.9 million
- Dividend steady at 8 cents per share

The board of AWF Madison advise difficult winter conditions in the construction market impacted first half earnings for AWF Madison, masking a strong lift in group revenue and cash flows.

Net profit after tax for the six months to 30 September 2017 was $3.4 million, 13% lower than the $3.9 million reported for the first half of the last financial year.

Most of the fall was attributable to softer sales at blue collar recruiter AWF. Timing and weather issues saw building and maintenance activity ease off after the June quarter (see 15 September advice to market).

Group revenue rose by 20% to $143.1 million, boosted by a strong performance from IT recruiter Absolute IT, while revenue at white collar recruiter Madison eased slightly. Our decision to enter the IT recruitment sector and further diversify has certainly been validated.

AWF Madison chief executive Simon Bennett said short-term factors were masking a sustainable improvement in the Group's underlying performance.

"Tighter working capital controls have resulted in a reduction in receivables from trade debtors, and we finished the half year with a strong bank balance. Despite a disappointing trading performance from AWF, the strength of our cash generation and current activity levels give us confidence we will deliver a good financial performance for the full March 2018 year." Bennett said.

In addition, Madison would benefit from the start of work on the 2018 Census contract during the second half.

The Board confirmed a steady, fully-imputed interim dividend of 8 cents per share will be paid on 27 November 2017 to shareholders registered at 5pm on 20 November 2017.

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Chairman

[1]

Underlying earnings is a non-GAAP measure which adjusts for amortisation of identifiable intangible assets acquired through acquisition of subsidiaries, profit on disposal of subsidiaries and impairment of goodwill. In the opinion of the directors, underlying earnings more correctly reflects the operating performance of the Group. The treatment is consistent with the previous reporting period.

	6 months to 30-Sep-17 (unaudited) $000's	6 months to 30-Sep-16 (unaudited) $000's
Underlying Earnings		
Profit for the period	3,418	3,930
Add back amortisation of intangible assets	1,077	767
Tax effect on adjustments	(302)	(215)
	4,193	4,482
Total underlying earnings is attributable to:		
Equity holders of the parent	4,193	4,482