

# Hamilton James & Bruce Group Limited

## Appendix 4D

### Half-Year Report



1 Name of entity; Hamilton James & Bruce Group Limited  
 ABN: 90 091 302 975  
 Half-year ended: 31 December 2010  
 Previous period: 31 December 2009

2 Results for announcement to the market \$000 \$000

2.1 Revenues from continuing operations up by 19% to 28,394

2.2 Operating profit before tax up by 1,393 to 201

2.3 Net profit for the period attributable to members of Hamilton James & Bruce Group Limited up by 1,416 to 224

2.4 Dividends

This period

Final dividend  
 Interim dividend  
 Special dividend

Previous period

Final dividend  
 Interim dividend  
 Special dividend

	Amt per share	Franked amt per share
	N/A	N/A
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil

2.5 Record date for determining entitlements to dividends

N/A
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## Hamilton James & Bruce Group Limited Interim financial report - 31 December 2010



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## Directors' Report

The directors present their report on the consolidated entity consisting of Hamilton James & Bruce Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2010.

### Directors

The following persons were directors of Hamilton James & Bruce Group Limited during the whole or part of the half year and up to the date of this report:

Jeffery Goss (Non-Executive Chairman & Independent Non-Executive Director)  
Robin Jerome (CEO & Executive Director)  
Miles Hedge (Independent Non-Executive Director)  
Lancelot Fernandes (Non-Executive Director & Joint Company Secretary)  
Adrian William Belle (Executive Director & Joint Company Secretary)

### Principal activities:

The consolidated entity's principal continuing activities during the half year consisted of the provision of employee placement, temporary and contracting services.

### Review of operations:

A summary of the consolidated revenues and results from operations is set out below:

HJB Half year results 2010	6 months to 31 December		
	2010 \$000	2009 \$000	Change %
Revenue			
Permanent Placement Fees	4,042	1,848	118.8%
Temporary Invoicing	24,063	21,733	10.7%
Other	289	203	42.4%
<b>Total Revenue</b>	<b>28,394</b>	<b>23,784</b>	<b>19.4%</b>
<b>Operating profit/(loss) before tax</b>	<b>201</b>	<b>(1,192)</b>	<b>116.8%</b>
Income tax benefit/(expense)	23	-	n/a
<b>Operating profit/(loss) after tax</b>	<b>224</b>	<b>(1,192)</b>	<b>118.8%</b>

HJB recorded a profit before tax of \$0.201m for the six months to 31 December 2010 compared to a loss before tax of \$1.192m in the corresponding period last year.

HJB's net profit after tax was \$0.224m compared to a loss after tax of \$1.192m in the corresponding period last year.



The improvement in profitability at HJB has been influenced both by the improving economic outlook this year and also by actions taken by your management to improve sales productivity through the introduction of the new commission plan announced in 2009 and increase the number of consultants in all locations. Permanent placement revenue was up by 118.8% compared to the corresponding period last year. Temporary staffing revenue also increased by 10.7% for the same period.

The new management's strategy since the takeover on 24 September 2009 has remained consistent, in lifting the performance of the Company by striving to win more engagements and increasing the volume of profitable placements, both permanent and temporary, and this has helped return HJB to profitability for the first half of the year. The redesigned incentive scheme has not only lifted the performance of current key consultants, but has also attracted quality consultants, into both junior and senior management. Your Board intend, as a key priority, to continue expanding the number of consultants in all locations during the remainder of this year as we believe HJB continues to have potential for profitable expansion in all markets where we operate.

It should be noted that the various cost reduction measures taken by the company last year continue in place, and will be maintained throughout the year. As a result, while the revenues have increased by 19.4%, the operating after tax losses of \$ 1,192k have been replaced by an after tax profit of \$ 224k during the current six months period as compared to the corresponding period last year.

The Directors believe the stronger Balance Sheet that resulted from the completion of the Rights Issue on 1<sup>st</sup> February 2010 has placed HJB in a more stable and secure position to capitalise on improvements in market conditions.

### **Dividend**

The Board has declared that no ordinary dividend will be paid for the first half.

### **Consolidated Statement of Financial Position**

#### **Current Assets:**

As at 31 December 2010, the Trade and other receivables have gone up by \$ 182k from \$ 6,402k in June 2010.

The Non-Current Assets have only changed by the depreciation charge for the period.

#### **Current Liabilities:**

Trade and other payables have reduced by \$791k from June 2010 to \$ 4,125k. The total Borrowings has however increased by \$ 887k from June 2010 to \$ 3,124k. The company's total current liabilities have increased by \$79k.

The Non- Current Liabilities have come down by \$ 427k from June 2010 to \$ 1,828k. This is mainly due to the fact that the long term borrowings have come down by \$ 350k from June 2010 to \$ 750k.

### **Employee Share Plan**

On 1 July 2010, the Company held an EGM and approved an employee share plan, which involved the issue of unconditional and conditional shares to senior executives, so as to align the interest of senior executives with those of the shareholders. The Company also approved the issue of shares to the independent directors for cash.

The employee share plan has a number of layers. Firstly, a certain number of shares were issued immediately and unconditionally, to the most senior executives in the Company. There is also a provision for shares to be issued as "sign on" for new senior executives. Secondly, the plan contains cascading performance hurdles tied to the overall performance of the Company as a whole as well as to areas of

responsibility for the senior executive concerned. These hurdles are considered to be a good balance between incentivising the senior executives and returning the Company to profitability. The plan also has a requirement that the senior executive remain with the Company until pre-agreed dates for the shares to vest.



### **Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under Section 307c of the Corporation Act 2001 is set out on page 16.

### **Rounding of Amounts to the nearest thousand dollars**

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the director's report and financial report. Amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order.

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

A handwritten signature in black ink, appearing to read 'J Goss', is positioned above the printed name of the Chairman.

Jeffery Goss  
Chairman

25 February 2011

**Consolidated statement of comprehensive income**

for the half-year ended 31 December 2010

	Period ended 31 December	
	2010	2009
	\$000	\$000
<b>Revenue from continuing operations</b>	<b>28,394</b>	23,784
Depreciation and amortisation expense	(98)	(225)
Occupancy	(998)	(607)
Employment costs	(25,837)	(22,784)
Interest expense	(222)	(227)
Other expenses	(1,038)	(1,133)
<b>Profit / (loss) before income tax</b>	<b>201</b>	(1,192)
Income tax benefit / (expense)	23	-
<b>Profit / (loss) for the half-year</b>	<b>224</b>	(1,192)
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.1	(0.9)
Diluted earnings per share	0.1	(0.9)

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 2010

	Period ended	
	31-Dec-10 \$000	30-Jun-10 \$000
<b>Current assets</b>		
Cash and cash equivalents	1,088	1,101
Trade and other receivables	6,584	6,402
<b>Total current assets</b>	<b>7,672</b>	<b>7,503</b>
<b>Non-current assets</b>		
Available-for-sale financial assets	1	1
Receivables	71	71
Property, office fit-out, plant and equipment	1,141	1,230
Deferred tax assets	-	-
Intangible assets	7,260	7,294
<b>Total non-current assets</b>	<b>8,473</b>	<b>8,596</b>
<b>Total assets</b>	<b>16,145</b>	<b>16,099</b>
<b>Current liabilities</b>		
Trade and other payables	4,125	4,916
Borrowings	3,124	2,237
Lease incentives	113	97
Current tax liabilities	-	-
Provisions	218	251
<b>Total current liabilities</b>	<b>7,580</b>	<b>7,501</b>
<b>Non-current liabilities</b>		
Borrowings	750	1,100
Lease incentives	740	813
Deferred tax liabilities	-	-
Provisions	338	342
<b>Total non-current liabilities</b>	<b>1,828</b>	<b>2,255</b>
<b>Total liabilities</b>	<b>9,408</b>	<b>9,756</b>
<b>Net assets</b>	<b>6,737</b>	<b>6,343</b>
<b>Equity</b>		
Contributed equity	24,354	24,199
Reserves	56	41
Retained profits	(17,673)	(17,897)
<b>Total equity</b>	<b>6,737</b>	<b>6,343</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 2010

	Contributed equity \$000	Retained earnings \$000	Share based payments reserve \$000	Capital options reserve \$000	Total equity \$000
<b>Balance at 1 July 2010</b>	<b>24,199</b>	<b>(17,897)</b>	<b>41</b>	<b>-</b>	<b>6,343</b>
Total comprehensive income for the half year	-	224	-	-	224
Transactions with equity holders in their capacity as equity holders:					
Issue of equity	155	-	-	-	155
Employee share plan and share options	-	-	-	15	15
	155	-	-	15	170
<b>Balance at 31 December 2010</b>	<b>24,354</b>	<b>(17,673)</b>	<b>41</b>	<b>15</b>	<b>6,737</b>
<b>Balance at 1 July 2009</b>	<b>21,615</b>	<b>(15,307)</b>	<b>41</b>	<b>-</b>	<b>6,349</b>
Total comprehensive income for the half year		(1,192)		-	(1,192)
Transactions with equity holders in their capacity as equity holders:					
Issue of equity	-	-	-	-	-
Employee share plan and share options	-	-	-	-	-
	-	-	-	-	-
<b>Balance at 31 December 2009</b>	<b>21,615</b>	<b>(16,499)</b>	<b>41</b>	<b>-</b>	<b>5,157</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 2010

	Period ended	
	31-Dec-10 \$000	12 months to 30-Jun-10 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	30,674	55,716
Payments to suppliers and employees (inclusive of goods and services tax)	(31,151)	(58,220)
	(477)	(2,504)
Interest paid	(262)	(475)
Interest received	40	45
Income taxes refund	41	-
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(658)</b>	<b>(2,934)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(32)	(319)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(32)</b>	<b>(319)</b>
<b>Cash flows from financing activities</b>		
Proceeds of borrowings	537	-
Proceeds of borrowings from associates	-	3,050
Proceeds from lease incentive/fit out	40	190
Proceeds from rights issue, net of costs	-	2,584
Proceeds from employee share option plan	100	-
Repayment of borrowings	-	(634)
Repayment of borrowings from associates	-	(2,300)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>677</b>	<b>2,890</b>
<b>Net increase / (decrease) in cash held</b>	<b>(13)</b>	<b>(363)</b>
Cash at the beginning of the half-year	1,101	1,464
<b>Cash at the end of the half-year</b>	<b>1,088</b>	<b>1,101</b>

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

## Notes to the consolidated financial statements

for the half-year ended 31 December 2010

### NOTE 1 BASIS OF PREPARATION OF INTERIM FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Hamilton James & Bruce Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### Going Concern

The Directors have prepared the financial report on a going concern basis, which assumes continuity of normal business activities and settlement of liabilities in the ordinary course of business. The Statement of comprehensive income for the half year ended 31 December 2010 reflects a consolidated group net profit of \$0.224m and the Statement of financial position reflects total equity of \$6.737m.

#### Restricted Cash

Included in the cash balance is a restricted amount of \$0.95 million (half year-ended 31 December 2009: \$0.92 million) that is held in a term deposit as security against HJB's bank guarantees.

### NOTE 2 SEGMENT INFORMATION

#### (a) Business segments

The consolidated entity operates in one industry segment being the recruitment industry. As a result no additional business segment information has been provided.

#### (b) Geographical segments

The consolidated entity operates in one geographical segment being Australia. As a result no geographical segment information has been provided.

#### (c) Equity-accounted investments

The consolidated entity holds no investments relating to equity accounting.

### NOTE 3 DIVIDENDS

	Period ended 31 December	
	2010	2009
	\$000	\$000
<b>Ordinary shares</b>		
Dividends paid during the interim financial reporting period	-	-

### NOTE 4 EQUITY SECURITIES ISSUED

	Period ended		Period ended	
	31-Dec-10	31-Dec-10	30-Jun-10	30-Jun-10
	No. Shares	\$000	No. Shares	\$000
<b>Issues of ordinary shares during the half year</b>				
Issued as part of Capital raising 1:1 offer	-	-	134,283,370	2,584
Issued as part of Employee share option plan	2,750,000	55	-	-
Placement to Non-Executive Directors	5,000,000	100	-	-

**NOTE 5 CAPITAL OPTIONS RESERVE**

The consolidated entity has an ownership based remuneration scheme for senior executives under which performance based conditional share options are issued to senior executives at the discretion of the Board and are recognised in the financial statements when issued, the cost of which is based on an independent valuation as at the grant date and amortised over the vesting period of the shares options.

	Period ended		Period ended	
	31-Dec-10 No. Shares	31-Dec-10 \$000	30-Jun-10 No. Shares	30-Jun-10 \$000
<b>Performance rights</b>				
Granted as part of Employee share option plan	4,750,000	15	-	-

**NOTE 6 BUSINESS COMBINATION AND DISPOSAL OF BUSINESS**

**Prior period**

On 18 December 2009, the wholly owned subsidiary New PDH Limited was struck off after the successful completion of the voluntary liquidation process.

**NOTE 7 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**NOTE 8 COMMITMENTS**

**Operating Leases**

31-Dec-10 \$000	30-Jun-10 \$000
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The Group leases various offices under non-cancellable operating leases expiring within two to ten years. These leases have varying terms.

The Group also leases various office equipment under cancellable leases expiring within two to five years. These leases have varying terms.

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

Not later than one year	2,226	2,244
Later than one year but not later than 5 years	6,416	7,372
Later than 5 years	2,393	2,749
Commitments not recognised in the financial statements	<u>11,035</u>	<u>12,365</u>

**NOTE 9 RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	<u>31-Dec-10</u> <u>\$000</u>	<u>30-Jun-10</u> <u>\$000</u>
<b>Transactions with related parties:</b>		
(i) Fees for Shared Tender Writer	13	3
(ii) Fees for Shared CEO	317	529
(iii) Fees for Centralised Finance Function	45	45
<b>Loans to / (from) associate</b>		
Beginning of the year	(750)	-
Loans received	-	(3,050)
Loan repayments made	38	2,351
Interest charged	(38)	(51)
End of Period	<u>(750)</u>	<u>(750)</u>

The interest charged of \$38k relates to interest on loan advanced by Robertson & Smart Pty Ltd, the Australian subsidiary of the Charterhouse group.

**Supplementary Appendix 4D information and other relevant disclosures**

		Period ended 31 December	
		2010	2009
		cents	cents
<b>(a) NTA backing</b>			
	Net tangible asset backing per ordinary security	(0.2)	(1.6)
<b>(b) Details of controlled entities</b>			
(i)	Control gained over entities having material effect	N/A	
(ii)	Loss of control of entities having material effect	N/A	
<b>(c) Details of associate entities</b>			
(i)	Name of entity	N/A	
(ii)	Percentage holding	N/A	
(iii)	Profit from discontinued operations and income tax		
		Period ended 31 December	
		2010	2009
		\$000	\$000
		-	-
<b>(d) Dividends</b>			
(i)	Date the dividend is payable	N/A	
(ii)	Record date to determine entitlements to dividend	N/A	

	Amount per share	Franked amount per share @ 30%	Amount per share of foreign source dividend
Final dividend: Current period	N/A	N/A	N/A
Previous period	Nil	Nil	Nil
Interim dividend: Current period	Nil	Nil	Nil
Previous period	Nil	Nil	Nil
Special dividend: Current period	Nil	Nil	Nil
Previous period	Nil	Nil	Nil

Dividend Reinvestment Plan The Company does not have a dividend reinvestment plan

**(e) Franking credits available and prospects for paying fully or partly franked dividends for at least the next year**

Franking credits available at 31 December 2010 are \$1,467,567 (31 December 2009: \$1,508,000) based on the 30% tax rate.

## Compliance Statement

- 1 This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed .
- 4 This report is based on financial statements to which one of the following applies:

The accounts have been audited

The accounts have been subject to review

The accounts are in the process of being audited or subject to review

The accounts have not yet been audited or reviewed

- 5 The entity has a formally constituted audit committee.



Lancelot Fernandes  
Director

25 February 2011



## Directors' Declaration

In the directors' opinion:

- a) the half- year financial reports and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including;
  - (i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flow, for the half year ended on that date: and
- b) there are reasonable grounds to believe that Hamilton James and Bruce Group 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.

A handwritten signature in black ink, appearing to read 'J Goss', is positioned above the printed name of the Chairman.

Jeffery Goss  
Chairman

25 February 2011



# Page, Harrison & Co

CHARTERED \* ACCOUNTANTS

## Auditors Independence Declaration

As lead auditor for the review of Hamilton James and Bruce Group Limited for the half year ended 31 December 2010, 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 Hamilton James and Bruce Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Jake Johnstone', with a long horizontal stroke extending to the right.

Jake Johnstone  
Partner  
Page Harrison & Co

Sydney  
25 February 2011

Liabilities limited by a scheme approved under Professional Standards Legislation



# Page, Harrison & Co

CHARTERED \* ACCOUNTANTS

## **Independent auditor's review report to the members of Hamilton James & Bruce Group Limited**

### **Report on the Half-Year financial Report**

We have reviewed the accompanying half-year financial report of Hamilton James & Bruce Group Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Hamilton James & Bruce Group Limited (the consolidated entity). The consolidated entity comprises both Hamilton James & Bruce Group 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 Interim and Other Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, 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 2010 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 Hamilton James & Bruce Group 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.

## **Independent auditor's review report to the members of Hamilton James & Bruce Group 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.

### *Independence*

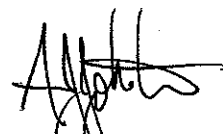
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Hamilton James & Bruce Group Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2010, and of its financial performance and its cash flows for the half-year ended on that date, 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 2010 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*

Page Harrison & Co



Jake Johnstone  
Partner

Sydney  
25 February 2011