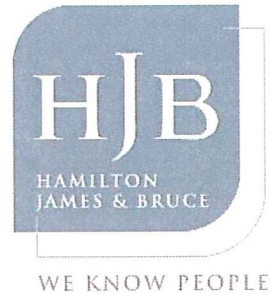


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Hamilton James & Bruce Group Limited Announces Full Year Results – 30 June 2007

Thursday 30th August 2007 – Listed recruitment company, Hamilton James & Bruce Group Limited (HJB), today announced an operating profit before tax of \$428K, a 59.7% increase on the 2006 financial year.

Net operating profit after tax for the group was \$258K, 8.8% down on the \$283K last financial year. Included in this figure is the equity accounted profit from HJB's 24.2% interest in OCG (HJB's NZ investment), which increased from \$164K to \$191K being a 16.5% increase.

The group profit after tax in the corresponding period was \$4.73M, which included a \$4.45M profit on the disposal of 75% of OCG.

Management's focus for the 2007 year was to rebuild and refocus the organisation. This included strategies to increase revenues by acquisition and organic growth. Total revenue for the group was \$80.3M a 3.5% increase on the prior financial year.

Specifically, HJB has made two business acquisitions during the year, IT Resources Group in October 2006 and Provincial Personnel which was effective from March 2007. In addition, HJB opened new offices in Canberra, Chatswood and the Gold Coast, with the latter being as a result of the acquisition of the Provincial Personnel business.

HJB has also strengthened its senior management team and organisational structure to better position itself and maximise market opportunities in the coming financial year.

During the 2008 year the Directors will continue to review appropriate acquisition opportunities and new geographical locations within Australia whilst monitoring the overall productivity of the existing business.

RECRUITMENT ADVICE & CONSULTING

Hamilton James & Bruce Group Limited

Appendix 4E

Preliminary final report



- 1 Name of entity: Hamilton James & Bruce Group Limited
 ABN: 90 091 302 975
 Financial year ended: 30 June 2007
 Previous period: 30 June 2006

2 Results for announcement to the market \$000

2.1	Revenues from continuing operations	up by	3.5%	to	80,266
2.2	Operating profit before tax from Australian business	up by	127.9%	to	237
	Equity accounted profit from OCG Consulting	up by	16.5%	to	191
	Profit before tax and OCG disposal	up by	59.7%	to	428
	Profit before tax and including OCG disposal	down by	90.9%	to	428
	Profit after tax and including OCG disposal	down by	94.5%	to	258

At the time of reporting, the results of OCG Consulting Limited is unaudited.

- 2.3 Net profit after income tax for the period attributable to members of
 Hamilton James & Bruce Group Limited down by 94.5% to 258

Note the result from the corresponding period in the last financial year included a profit of \$4.447 million on the disposal of 75% of the Group's interest in OCG Consulting Limited, a New Zealand company.

2.4 Dividends

This period

Final dividend
 Interim dividend
 Special dividend (paid Dec 06)

Previous period

Final dividend
 Interim dividend
 Special dividend (paid Dec 05)

Amount per share	Franked amount per share
Nil	Nil
Nil	Nil
2 cents	2 cents
Nil	Nil
Nil	Nil
2 cents	2 cents

- 2.5 Record date for determining entitlements to dividends

N/A

Hamilton James & Bruce Group Limited Interim financial report - 30 June 2007



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Directors' Report

Your directors present their report on the consolidated entity consisting of Hamilton James & Bruce Group Limited and the entities it controlled at the end of the financial year ended 30 June 2007.

Directors

The following persons were directors of Hamilton James & Bruce Group Limited during the financial year ended 30th June 2007 and up to the date of this report:

Deborah Wilson (Chairman and CEO)
Nicholas Burton Taylor AM
Anna Buduls

Deborah Wilson was appointed CEO on 10 July 2006.

Principal activities

The consolidated entity's principal continuing activities during the financial year consisted of the provision of recruitment services for permanent placement, temporary and contracting services.

Review of operations

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

HJB full year results 2007	2007 \$000	2006 \$000	Change %
Revenue			
Permanent placement fees	16,675	17,436	-4.4%
Temporary invoicing	63,283	59,847	5.7%
Other	308	239	28.9%
Total revenue	80,266	77,522	3.5%
Operating profit before tax and equity profit	237	104	127.9%
Equity accounted profits	191 *	164	16.5%
Operating profit before tax	428	268	59.7%
Income tax (expense) / benefit	(170)	15	-1233.3%
Operating profit after tax	258	283	-8.8%
Profit after tax from OCG disposal	-	4,447	-100.0%
Consolidated profit after tax attributable to members	258	4,730	-94.5%

* Subject to Audit

Hamilton James and Bruce Group Limited (HJB) earned a profit after tax of \$0.26 million for the full year to 30 June 2007 (2006: \$4.73 million profit after tax including \$4.45 million profit on the sale of 75% interest in OCG Consulting Limited (OCG)). HJB achieved a profit before tax from the Australian operations of \$0.24 million being a 127.9% increase on the 2006 year.

Profit after tax from Australian operations was \$0.07 million. The equity accounted profit from HJB's interest in OCG contributed \$0.19 million compared to \$0.16 million in 2006.

HJB achieved total revenue of \$80.3 million. This represents a rise of \$2.74 million which is a 3.5% increase on 2006.

Senior Management

A number of senior management changes took place during the year.

Susanne Lyall was recruited as General Manager for HJB's Sydney office in December 2006.

In May 2007, Annie Houlton who was General Manager of HJB's Parramatta office accepted the position of General Manager in Melbourne following the resignation of Ian Hackett. Rob Esposito was appointed General Manager of the Parramatta office.

In June 2007 Ken Edmondson the Chief Financial Officer and Company Secretary announced his resignation due to health reasons. Neil Gordon was appointed as Acting Chief Financial Officer and Company Secretary, effective August 2007.

New Offices

During the year HJB opened new offices in the Australian Capital Territory and New South Wales, being Canberra and Chatswood respectively.

Acquisitions

Effective 1st October 2006 HJB acquired the Melbourne based IT recruitment and contracting business, IT Resources Group Pty Ltd (ITR). The acquisition price included an initial payment of \$0.5 million and the issue of 6 million HJB shares at 31 cents (the market price on the day of settlement). The balance of the consideration is performance based, calculated over the period 1st October 2006 to 30th June 2007. The total purchase consideration is \$3.95 million and the final instalment of \$1.15 million was payable on 31st August 2007.

On 19th March 2007 HJB also acquired the recruitment business of Provincial Personnel Pty Ltd, a Gold Coast based recruitment company. Provincial Personnel has a strong reputation in the business support, accounting and hospitality areas. The purchase price was \$0.31 million. HJB ensured continuation of business with service contracts for the previous owners, Carolyn Dalton and Peter Lyons.

Balance Sheet

Net Assets have increased to \$21.5 million from \$20.0 million in 2006. Trade receivables have increased to \$8.9 million. Trade receivables stood at 34 days at 30 June 2007 which was a slight increase from 2006 due to acquisitions during the year, an increase in the volume of invoices issued over the final days of the financial year and an increase in the volume of work through

preferred supplier agreements that have longer settlement terms. Of the total trade receivables balance, 82% was aged at less than 30 days.

The interest bearing and non-interest bearing loans to El Vacio and OCG Consulting Limited respectively have moved from non-current assets to current assets, increasing current assets to \$12.3 million in total from \$8.3 million in 2006.

Non-current assets have increased to \$23.4 million from \$22.2 million in 2006. The increase in non-current assets acquired has been offset by the reclassification of the New Zealand related loans to current assets.

The increase in current liabilities from \$7.4 million in 2006 to \$10.4 million includes deferred settlements for the acquisition of ITR (\$1.15 million) and Provincial Personnel (\$0.2 million), together with the interim borrowing to fund the instalments made to date (\$0.88 million).

In FY06 there was an adjustment for an overprovision of tax in FY05 of \$33K, which took the tax expense in FY06 from an expense of \$18K to a credit of \$15K.

Ordinary Dividend

Based on the Group's performance, continuing rebuild and geographic expansion of Australian operations, the Group has declared that no ordinary dividend will be paid this year.

Special Dividend

A special dividend of 2 cents fully franked was paid to shareholders in December 2006.

Clients and Candidates

HJB has the expertise to service both large and small corporations, government departments and "not for profit" organisations across the disciplines of Accounting, Legal, IT, Banking and Finance, Sales and Marketing, Human Resources, Operations and Engineering and Hospitality.

HJB continues to build strong partnerships with its clients and candidates.

Outlook

The Board and senior management have spent the last financial year rebuilding the business and repositioning HJB both internally and in the market place. The Group is in a position where it will continue to increase its revenues whilst maintaining control of its costs.

A strengthened and refocused general management team, a strong focus on improving productivity from existing operations, the acquisition of ITR and Provincial Personnel plus the opening of Canberra and Chatswood offices, demonstrates implementation of the Group's strategy to increase profitability and shareholder wealth.

The board is confident that a solid platform is evolving within the business to move the organisation forward during this strong economic and employment cycle.

Preliminary consolidated income statement

For the year ended 30 June 2007

	2007 \$000	2006 \$000
Revenue from continuing operations	80,266	77,522
Other income		
Profit from sale of business - OCG Consulting Limited	-	4,447
Foreign exchange gain / (loss)	(185)	197
Depreciation and amortisation expense	(1,528)	(1,149)
Employment costs	(72,197)	(70,183)
Interest expense	(471)	(346)
Other expenses	(5,648)	(5,937)
Share of net profits of associate accounting for using the equity method	191	164
Profit before income tax	428	4,715
Income tax benefit / (expense)	(170)	15
Profit for the financial year	258	4,730
	Cents	Cents
Basic earnings per share	0.4	7.7
Diluted earnings per share	0.4	7.7

The above preliminary consolidated income statement should be read in conjunction with the accompanying notes.

Preliminary consolidated balance sheet

As at 30 June 2007

	2007 \$000	2006 \$000
Current assets		
Cash and cash equivalents	78	969
Trade and other receivables	12,268	7,370
Total current assets	12,346	8,339
Non-current assets		
Investments accounted for using the equity method	2,406	2,001
Available-for-sale financial assets	1	2
Property, plant and equipment	3,602	4,209
Deferred tax assets	509	833
Intangible assets	16,876	13,043
Receivables	-	2,094
Total non-current assets	23,394	22,182
Total assets	35,740	30,521
Current liabilities		
Trade and other payables	4,028	4,376
Borrowings	4,142	1,936
Lease incentives	320	320
Current tax liabilities	23	31
Provisions	628	716
Deferred settlement	1,252	-
Total current liabilities	10,393	7,379
Non-current liabilities		
Borrowings	880	-
Lease incentives	1,666	1,986
Deferred tax liabilities	587	493
Deferred settlement	100	-
Provisions	608	683
Total non-current liabilities	3,841	3,162
Total liabilities	14,234	10,541
Net assets	21,506	19,980
Equity		
Contributed equity	19,665	17,805
Reserves	(55)	(766)
Retained profits	1,896	2,941
Total equity	21,506	19,980

The above preliminary consolidated balance sheet should be read in conjunction with the accompanying notes.

Preliminary consolidated statement of changes in equity

For the year ended 30 June 2007

	2007 \$000	2006 \$000
Total equity at the beginning of the financial year	19,980	17,895
Consolidation of HJ&B Employee Share Trust	34	-
Exchange differences on foreign translation	670	(759)
Net income recognised directly in equity	704	(759)
Profit for the financial year	258	4,730
Total recognised income and expense for the financial year	962	3,971
Transactions with equity holders in their capacity as equity holders:		
Share payment reserve	41	(52)
Issue of equity	1,860	-
Dividends paid	(1,337)	(1,834)
	564	(1,886)
Total equity at the end of the financial year	21,506	19,980

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Preliminary consolidated cash flow statement

For the year ended 30 June 2007

	2007 \$000	2006 \$000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	85,865	88,466
Payments to suppliers and employees (inclusive of goods and services tax)	(86,863)	(84,956)
	(998)	3,510
Interest paid	(484)	(346)
Interest received	55	82
Income taxes (paid) / refund	51	(616)
Net cash inflow/(outflow) from operating activities	(1,376)	2,630
Cash flows from investing activities		
Payment for purchase of business	(998)	-
Proceeds from sale of business	-	6,877
Payment for software	(190)	(1,241)
Payment for property, plant and equipment	(131)	(403)
Net cash inflow/(outflow) from investing activities	(1,319)	5,233
Cash flows from financing activities		
Proceeds from borrowings	3,086	1,936
Proceeds from lease incentive/fitout	-	170
Dividends paid	(1,337)	(1,834)
Repayment of borrowings	-	(5,678)
Net cash inflow/(outflow) from financing activities	1,749	(5,406)
Net increase/(decrease) in cash held	(946)	2,457
Cash at the beginning of the financial year	969	(954)
Effects of exchange rate changes on cash	55	(534)
Cash at the end of the financial year	78	969

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Hamilton James Bruce Group Limited as an individual entity and the consolidated entity consisting of Hamilton James Bruce Group Limited and its subsidiaries.

(a) Basis of preparation

This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes and the parent entity financial statements and notes of Hamilton James & Bruce Group Limited comply with International Financial Reporting Standards (IFRS).

These financial statements have been prepared in accordance with the historical cost convention.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the financial statements are impairment testing and valuation of intangibles on acquisition.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hamilton James & Bruce Group Limited, the parent entity, as at 30 June 2007 and the results of all subsidiaries for the year then ended. Hamilton James & Bruce Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The balances, and effects of transactions, between the Group companies have been eliminated.

The HJ&B Employee Share Trust administers the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the HJ&B Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating within other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Hamilton James & Bruce Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different

from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is recognised at fair value of the consideration received or receivable. Revenue for the major business activities is recognised as follows:

- Temporary placements: On receipt and processing of a timesheet from the temporary employee or contractor;
- Permanent placements: In stage payments once the service has been performed or on appointment is accepted by both the client and the candidate.

Amounts disclosed as revenue are net of credit notes raised in respect of services requiring replacement.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation Legislation

Hamilton James & Bruce Group Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Hamilton James & Bruce Group Limited, and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Hamilton James & Bruce Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned consolidated entities.

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating lease payments (net of incentives) are charged to the income statement on a straight line basis over the lease term.

Incentives received on entering into operating leases are recognised as liabilities and written off over the period of the lease. Lease incentives at the reporting date are being written off over periods of up to 10 years.

(h) Business combinations

The purchase method of accounting is used for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their fair value as at the acquisition date based on the best available evidence of the price at which the instruments could be exchanged between knowledgeable, willing parties in an arm's length transaction. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits at call with financial institutions and other highly liquid investments with short periods to maturity (less than three months), which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

All trade debtors are recognised when the risks and rewards of ownership of the underlying sales transactions have passed to customers.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives vary from 3-5 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(m) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

The cost of rectification of leasehold property at the end of a lease is estimated and is brought into the balance sheet at fair value. The asset is then depreciated over the life of the lease.

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Software

Costs incurred on software and its implementation are treated as intangible assets. The Group capitalises certain direct labour costs of those persons directly involved with the development and implementation of systems where the systems contribute to future period financial benefits through revenue generation and/or cost reduction. These capitalised costs are amortised over the period in which the benefits will be received.

(iii) Databases

Databases acquired as part of a business combination are recognised separately from goodwill. They are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over 5 years.

(iv) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. They are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which vary from 3 to 9 months.

(v) Brandnames

Brandnames acquired as part of a business combination are recognised separately from goodwill. They are not considered to have a finite useful life and are therefore not being amortised. Brandnames are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at fair value at date of acquisition less accumulated impairment losses.

(o) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the

consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and
- finance lease charges.

(r) Provisions

Provisions for legal claims and services are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(iii) Profit share and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

(iv) Superannuation

The consolidated entity participates in a accumulation superannuation plan. The amount charged to the income statement in respect of superannuation represents the contributions paid or payable by the consolidated entity to the superannuation fund during the reporting year.

The Group does not participate in a defined benefit superannuation plan.

(v) Share-based payments

Share-based compensation benefits are provided to employees via the Hamilton James & Bruce Share Plan and the Employee Performance Rights Plan of Hamilton James & Bruce Group Limited.

Hamilton James & Bruce Share Plan

Shares transferred to employees from the HJ&B Share Trust for no cash consideration under the Hamilton James & Bruce Share Plan are valued at market value on the date of granting. This value is allocated to reporting periods between the grant date and the vesting date based on estimates of probability at each balance sheet date the total number that will vest. The allocated value is recognised as an employee benefit expense with a corresponding increase in equity.

Employee Performance Rights Plan

Performance rights granted under the Employee Performance Rights Plan are also recognised as an employee benefit expense with a corresponding increase in equity. The fair value at grant date is independently determined using a Binomial model, which takes into account the exercise price, the life of the instrument, share price at grant date, expected volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

Vesting conditions, other than market conditions, are taken into account by adjusting the number of rights that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit recognised each period takes into account the most recent estimate.

(vi) Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made

to encourage voluntary redundancy. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits relating to an acquired entity or operation that arise as a consequence of acquisitions are recognised as at the date of acquisition in the books of the acquiree if, at or before the acquisition date, the main features of the terminations were planned and a valid expectation had been raised in those employees affected that the terminations would be carried out and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier. These liabilities are disclosed in aggregate with other restructuring costs as a consequence of the acquisition.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

(vii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(t) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Investments and other financial assets

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements, are brought to account at fair value and dividend income is recognised in the income statement when receivable. Controlled entities are accounted for in the consolidated financial statements.

The Group does not hold any investments that meet the recognition and measurement requirements under AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with the other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the ASIC, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(z) New accounting standard and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods and have not been adopted early by the Group. The Group's assessment of the impact of the applicable new standards and interpretation is set out below;

- (i) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB133, AASB139, AASB1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's financial instruments.

- (ii) *AASB-I 10 Interim Financial Reporting and Impairment*

AASB-I 10 is applicable to reporting periods beginning on or after 1 November 2006 and relates to goodwill impairment losses recognised for goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed in the annual report. As the Group has not recognised an impairment loss, application of the interpretation will have no impact on the Group's or the parent entity's financial statements.

Notes to the consolidated financial statements

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's business units have investments in two geographic areas, being Australia and New Zealand. The wholly owned subsidiary in New Zealand, Hamilton James & Bruce Consulting Limited acts as an investment vehicle holding 24.2% interest in OCG Consulting Limited.

(c) **Equity-accounted investments**

The Group owns 24.2% of OCG Consulting Limited, a recruitment company located in New Zealand which is accounted for using the equity method and operates in the same business segment as the rest of the Group.

(d) **Secondary reporting format - geographical segments**

	2007 \$000	2006 \$000
Segment revenues from continuing operations		
Australia	80,075	77,358
New Zealand	191	164
	<u>80,266</u>	<u>77,522</u>
Segment assets		
Australia	30,875	27,513
New Zealand	4,865	3,008
	<u>35,740</u>	<u>30,521</u>
Acquisitions of property, plant and equipment		
Australia	131	403
New Zealand	-	-

Segment revenues were allocated based on the country in which the customer was located.
Segment assets and capital expenditure were allocated based on where the assets were located.

NOTE 3 DIVIDENDS

	2007 \$000	2006 \$000
Ordinary shares		
Dividends paid during the interim financial reporting period	1,337	1,834

NOTE 4 EQUITY SECURITIES ISSUED

	2007 Shares	2005 Shares	2007 \$000	2005 \$000
Issues of ordinary shares during the financial year				
Issue as part of consideration paid for IT Resources	6,000,000	-	1,860	-

NOTE 5 BUSINESS COMBINATION AND DISPOSAL OF BUSINESS

Current period

1(a) Summary of acquisition of IT Resources Group

On 11 September 2006, Hamilton James & Bruce Pty Limited acquired a Melbourne based IT recruitment and contracting business, IT Resources Group Pty Ltd (ITR).

The acquired business contributed revenues of \$4,552,000 and net profit before tax of \$541,000 to the Group for the period from 1 October 2006 to 30 June 2007.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below)	\$000
Cash paid	880
HJB shares issued	1,860
Deferred settlement	1,152
Total purchase consideration	3,892
Fair value of net identifiable assets acquired (refer to c) below))	424
Goodwill	3,468

(b) Purchase consideration

	\$000
Cash	880
Issue of 6,000,000 ordinary shares at market price	1,860
Deferred settlement	1,152
	3,892

The deferred settlement amount has been paid on 31 August 2007 and therefore has been brought to account as a component of goodwill.

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows;

	Acquiree's carrying amount \$000	Fair value \$000
Plant & equipment	11	11
Deferred tax asset	-	9
Intangible assets: Database	-	323
Intangible assets: Brandnames	-	232
Intangible assets: Customer Contracts	-	65
Provision for employee benefits	(29)	(29)
Deferred tax liability	-	(186)
Net identifiable assets acquired	(18)	425

The goodwill is attributable to the workforce and the profitability of the business. The fair value of the assets and liabilities acquired are based on discounted cash flow models, apart from the the value of brandnames, which are based on the capitalisation of notional relief royalty and the value of the database, which is based in the capitalisation of historic profits.

2(a) Summary of acquisition of Provincial Personnel

On 19 March 2007, Hamilton James & Bruce Pty Limited acquired a Gold Coast based recruitment and contracting business, Provincial Personnel Pty Ltd.

The acquired business contributed revenues of \$311,000 and net profit before tax of \$58,000 to the Group for the period from 19 March 2007 to 30 June 2007.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below)	\$000
Cash paid	313
Direct costs relating to the acquisition	1
Total purchase consideration	<u>314</u>
Fair value of net identifiable assets acquired (refer to c) below))	<u>124</u>
Goodwill	<u>190</u>

(b) Purchase consideration

	\$000
Cash	314
	<u>314</u>

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows;

	Acquiree's carrying amount \$000	Fair value \$000
Prepayments	13	13
Plant & equipment	24	24
Deferred tax asset	-	1
Intangible assets: Database	-	114
Intangible assets: Brandnames	-	6
Intangible assets: Customer Contracts	-	5
Provision for employee benefits	(2)	(2)
Deferred tax liability	-	(37)
Net identifiable assets acquired	<u>35</u>	<u>124</u>

The goodwill is attributable to the workforce and the profitability of the business. The fair value of the assets and liabilities acquired are based on discounted cash flow models, apart from the the value of brandnames, which are based on the capitalisation of notional relief royalty and the value of the database, which is based in the capitalisation of historic profits.

Both businesses acquired during the year were privately owned prior to their acquisition and did not supply financial statements for that period. It is therefore impractical to disclose the revenue or profit or loss of the combined entity as though the acquisition date for these business combinations had been the beginning of the period.

Supplementary Appendix 4E information and other relevant disclosures

	2007 cents	2006 cents
(a) NTA backing		
Net tangible asset backing per ordinary security	6.9	11.3

(b) Details of controlled entities

(i) Control gained over entities having material effect	N/A
(ii) Loss of control of entities having material effect	N/A

(c) Details of associate entities

(i) Name of entity	OCG Consulting Limited
(ii) Percentage holding	24.2%

	2007 \$000	2006 \$000
(iii) Profit from continuing operations and income tax	191	164

(d) Dividends

(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
Special dividend: Current period (paid Dec 06)	2 cents	2 cents	Nil
Previous period (paid Dec 05)	2 cents	2 cents	Nil

Dividend Reinvestment Plan	The Company does not have a dividend reinvestment plan
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(e) Franking credits available and prospects for paying or partly franked dividends for at least the next year

Franking credits available at 30 June 2007 are \$1,811,000 based on the 30% tax rate.

(e) Retained earnings reconciliation

Movements in retained profits were as follows:	2007 \$000	2006 \$000
Opening balance	2,941	45
Net profit for the year	258	4,730
Consolidation of HJ&B Employee Share Trust	34	-
Dividends	(1,337)	(1,834)
Closing balance	1,896	2,941

Compliance statement

- 1 This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), 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.



Neil Gordon
Acting Chief Financial Officer

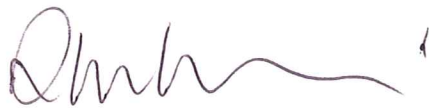
30 August 2007

Directors' declaration

In the directors' opinion:

- (a) the financial reports and notes set out on pages 6 to 24 are in accordance with the Corporations Act 2001, including;
 - (i) complying with 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 30 June 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date; and
- (b) there are reasonable grounds to believe that Hamilton James & 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.



Deborah Wilson
Chairman and Chief Executive Officer

Sydney, 30 August 2007