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HJB
HAMILTON
JAMES & BRUCE

WE KNOW PEOPLE

Hamilton James and Bruce Group Limited Announces Half Year Results - 31st December 2008

Thursday 9th April, 2009 - Hamilton James & Bruce Group Limited (HJB) today announced an after tax loss of $5.887 million. Pre tax losses were $5.767 million. These losses include a non-cash amount of $2.882 million for the recognition of a liability for an onerous contract relating to the lease of the consolidated entities Sydney premises.

Half year revenues totaled $30.048 million and were down by 29% on the corresponding period in 2007. HJB has been affected by the well publicised decline in trading within the recruitment sector and in particular this has impacted permanent revenues which were down 54.5% on the corresponding period in 2007.

HJB has undergone a period of staff and cost rationalization during the past six months which has resulted in a reduced cost base for the remainder of the 2009 year. HJB has successfully signed with new financiers and the transitioning of its invoice financing facilities is imminent. The company also has shareholder support for additional financing should it be required.

HJB will continue to implement cost reduction strategies to combat the unpredictability of the economic environment. These cost reduction strategies will focus on reassessing office locations, staff working hours and overall flexibility.

Whilst the employment market is extremely tight, there are opportunities for an experienced business such as HJB to find traction and produce positive returns. With a strong temporary and contracting base, significantly reduced costs, plus more effective financing, the company believes that its new 'leaner' structure offers more versatility and value to all stakeholders. We are confident that during this challenging period we can grow market share whilst being cash flow positive.

HJB continues discussions with potential strategic partners. This would provide a platform for growth and benefits for all stakeholders.

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Hamilton James & Bruce Group Limited
Appendix 4D
Half-Year Report

WE KNOW PEOPLE

1 Name of entity; Hamilton James & Bruce Group Limited
ABN: 90 091 302 975
Half-year ended: 31 December 2008
Previous period: 31 December 2007

2 Results for announcement to the market

			$000		$000
2.1	Revenues from continuing operations	down by	29%	to	30,048
2.2	Operating profit before tax	down by	6,096	to	(5,767)
2.3	Net profit for the period attributable to members of Hamilton James & Bruce Group Limited	down by	5,967	to	(5,887)

2.4 Dividends

	Amt per share	Franked amt per share
This period		
Final dividend	N/A	N/A
Interim dividend	Nil	Nil
Special dividend	Nil	Nil
Previous period		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Special dividend (paid Dec 06)	Nil	Nil

2.5 Record date for determining entitlements to dividends: N/A

Hamilton James & Bruce Group Limited
Interim financial report - 31 December 2008

Contents

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 2008.

Directors

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

Tim Burton-Taylor (Chairman – appointed 29 August 2008)
Deborah Wilson (Managing Director & CEO)
Anna Buduls (Resigned 29 September 2008)
Mohit Prasad (CFO & Company Secretary – appointed 29 September 2008)

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 2008	**6 Months to 31 December**		
	2008	**2007**	**Change**
	$0	**$0**	%
Revenue			
Permanent Placement Fees	4,037	8,891	-54.59%
Temporary Invoicing	25,832	33,407	-22.68%
Other	179	149	20.13%
Total Revenue	30,048	42,447	-29.21%
Operating (loss)/profit before tax and equity accounted profits	**-5767**	**522**	n/a
Equity accounted profits	0	142	n/a
Operating profit before tax	-5767	664	n/a
Income tax expense	-120	-249	-51.81%
Operating profit after tax	-5887	415	n/a
Loss after tax from sale of OCG shares (net of tax)	0	-335	n/a
Consolidated profit after tax attributable to members	**-5887**	**80**	n/a

HJB recorded a loss before tax of $5.767m for the six months to 31 December 2008 compared to a profit before tax of $329k in the corresponding period last year.

HJB's net loss after tax was $5.887m compared to a profit after tax of $80k in the corresponding period last year.

Directors' report (continued)

This result includes a non-cash write off of $2,882 million relating directly to its leased premises in Sydney city. The company continues to seek an exit and/or alternate strategies to retreat from a lease which is deemed by the Directors to be commercially unviable in this economic environment. This write-off will result in a positive P & L benefit from January 2009.

The well publicised trading conditions have affected the entire recruitment industry with HJB being no exception. Permanent placement revenue was down 54.5% year on year with the Sydney office being hardest hit. Temporary staffing revenue also declined by 23% for the same period however this was mainly due to market contraction.

As per previous announcements HJB has undergone a period of staff and cost rationalisation, the outcome being a much reduced cost base for 2009. Further rationalisation will occur as the economic climate continues to put pressure on the production of sales. As part of this process we are reviewing all operational office locations. In conjunction with this, we are in the process of changing our finance facility to further support the flexibility required in this market
HJB has had a long standing banking history with the ANZ however over the past six months HJB has breached banking covenants which has necessitated a restructure of the organisation's finances.
HJB has secured alternative financing which has the potential to free up more available funds which will be used for both working capital and potential organic and non organic growth strategies.

Whilst the employment market is extremely tight, there are opportunities for an experienced business such as HJB to find traction and produce positive returns. The company believes that its new 'leaner' structure offers more versatility and value to all stakeholders. We are confident that during this challenging period we can grow market share whilst being cash flow positive.

Dividend

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

Balance Sheet

Current Assets:
As at 31 December 08 HJB's Balance Sheet has been strengthen significantly by the addition of the $2M cash generated by the Rights Issue undertaken in December 2008. Trade and other receivables had decreased by $2.103m from Jun 08. This was mainly due the reduction in Sales and reducing DSO's to 35 days from 37 days in June.

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

Current Liabilities:
The trade and other creditors balance has reduced by $361K from Jun 08 to $4,2661k.
The Invoice Finance Facility was drawn to $3,416 at the end of Dec 08, an increase of $1,473 from Jun 08. This was offset by cash at hand increasing from $160K to $2,386K.

Based on the review of current operations, the initiatives instigated to date and the assessment of future cash flows Management have revisited the impairment model used at the FY08 year end. After discussion with PwC, Management believes that further impairment of Goodwill is not necessary at this current time however will review again at the year end.

This leaves total equity at Dec 08 at $6,704K, approximately 5 cents per share.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

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 directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

Consolidated income statement

For the half-year ended 31 December 2008

	Period ended 31 December	
	2008	2007
	$000	$000
Revenue from continuing operations	**30,048**	42,447
Profit / (loss) from sale of 25% of OCG Consulting Limited	**-**	(335)
Foreign exchange gain / (loss)	**-**	(13)
Depreciation and amortisation expense	**(686)**	(785)
Impairment - other assets	**(943)**	-
Occupancy	**(3,802)**	(1,211)
Employment costs	**(29,290)**	(38,139)
Interest expense	**(189)**	(315)
Other expenses	**(905)**	(1,462)
Share of net profits of associate accounting for using the equity method	**-**	142
Profit before income tax	**(5,767)**	329
Income tax expense	**(120)**	(249)
Profit for the half-year	**(5,887)**	80

	Cents	Cents
Basic earnings per share	**-8.6**	0.1
Diluted earnings per share	**-8.6**	**0.1**

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

Consolidated balance sheet

As at 31 December 2008

	Period ended	
	31-Dec-08	30-Jun-08
	$000	$000
Current assets		
Cash and cash equivalents	**2,386**	160
Trade and other receivables	**6,962**	9,069
Available-for-sale financial assets	**-**	-
Total current assets	**9,348**	9,229
Non-current assets		
Investments accounted for using the equity method	**-**	-
Available-for-sale financial assets	**1**	1
Property, plant and equipment	**1,800**	3,274
Deferred tax assets	**-**	-
Intangible assets	**7,577**	7,956
Total non-current assets	**9,378**	11,231
Total assets	**18,726**	20,460
Current liabilities		
Trade and other payables	**4,266**	4,627
Borrowings	**3,416**	1,943
Lease incentives	**210**	350
Current tax liabilities	**228**	186
Provisions	**1,326**	584
Deferred settlement	**-**	100
Total current liabilities	**9,446**	7,790
Non-current liabilities		
Lease incentives	**768**	1,456
Deferred tax liabilities	**-**	-
Provisions	**1,808**	576
Deferred settlement	**-**	-
Total non-current liabilities	**2,576**	2,032
Total liabilities	**12,022**	9,822
Net assets	**6,704**	10,638
Equity		
Contributed equity	**21,615**	19,665
Reserves	**97**	94
Retained profits	**(15,008)**	(9,121)
Total equity	**6,704**	10,638

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2008

	Period ended 31/12/2008 $000	30/06/2008 $000
Total equity at the beginning of the half-year	**10,638**	21,506
Adjustment to retained earnings	**-**	(446)
	10,638	21,060
Consolidation of HJ&B Employee Share Trust		-
Exchange differences on foreign translation	**3**	(960)
Reversal of FCTR arising on disposal of foreign entities	**-**	1,109
Net income recognised directly in equity	**3**	149
Profit for the half-year	**(5,887)**	**(10,571)**
Total recognised income and expense for the half-year	**(5,884)**	(10,422)
Transactions with equity holders in their capacity as equity holders:		
Share payment reserve	**-**	-
Issue of equity	**1,950**	-
Dividends paid	**-**	-
	1,950	-
Total equity at the end of the half-year	**6,704**	**10,638**

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

Consolidated cash flow statement

For the half-year ended 31 December 2008

	Period ended	
	31/12/2008	30/06/2008
	$000	$000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**35,170**	87,699
Payments to suppliers and employees (inclusive of goods and services tax)	**(36,122)**	(86,701)
	(952)	998
Interest paid	**(190)**	(509)
Interest received	**15**	82
Income taxes refund	**(20)**	173
Net cash inflow/(outflow) from operating activities	**(1,147)**	744
Cash flows from investing activities		
Payment for purchase of business	**(100)**	-
Settlement of prior year purchase of subsidiary	**-**	(1,192)
Proceeds from sale of subsidiary	**-**	2,114
Payment for software	**-**	-
Payment for property, plant and equipment	**(15)**	(890)
Net cash inflow/(outflow) from investing activities	**(115)**	32
Cash flows from financing activities		
Proceeds from capital raising	**2,015**	-
Proceeds from borrowings	**1,906**	-
Proceeds from lease incentive/fitout	**-**	150
Dividends paid	**-**	-
Repayment of borrowings from borrowers	**-**	(3,079)
Repayment of borrowings for associates	**-**	2,440
Net cash inflow/(outflow) from financing activities	**3,921**	**(489)**
Net increase/(decrease) in cash held	**2,659**	287
Cash at the beginning of the half-year	**(273)**	(66)
Effects of exchange rate changes on cash	**-**	(494)
Cash at the end of the half-year	**2,386**	(273)

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

Notes to the consolidated financial statements

NOTE 1 BASIS OF PREPARATION OF INTERIM FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

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 2008 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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 Income Statement for the half year, ended 31 December 08 reflects a consolidated group net loss of $5.887M and the Balance Sheet reflects total equity of $6.704M.

The consolidated net loss for the half year ended 31 December 2008 reflects the impact of:

a) The recognition of a liability for an onerous contract relating to the lease of the consolidated entity's Sydney premises. The premises in Bridge Street Sydney are only partially occupied. The liability recognized reflects the unused portion of the space and certain assumptions as to when the space may be assigned or sub-let.
b) Decline in permanent revenue caused by a downturn in the employment market. This in light of the company's previous levels of fixed costs has led to a trading loss.

As at the 31 December 2008, the Group was in breach of its banking covenants relating to the company's invoice finance facility. The specific breach related to the Consolidated Debt Service Cover calculation which was impacted by the losses and onerous lease review. In January 2009, due to the company's continual breach of its covenants, the company's bankers, Australian and New Zealand Banking Corporation Limited (ANZ), advised HJB of the need to seek alternate financing. The company has now secured a formal offer for alternate financing which the Directors believe will enable the group to replace the current working capital facilities provided by ANZ. ANZ are supportive of our transition to alternate financiers.

To continue as a going concern the company requires:

1) The transition from ANZ to the new financiers
2) Successfully negotiate a commercially sustainable strategy in relation to its onerous Sydney premises
3) Continually generate funds from the company's operating activities in line with management forecasts
4) Continued realisation of cost savings from restructuring activities
5) Successful negotiation of payment plans with various creditors including the Australian Taxation Office
6) Continuing improvement in cash collections and the improvement of the company's working capital position
7) Securing additional working capital via the release of funds held to cover guarantees, as well as improved and/or additional finance facilities.

Cash flow projections prepared by the company indicate that the Group will continue as a going concern subject to the successful outcomes being achieved on the above matters. The Directors have also successfully negotiated additional financial support from some of HJB's shareholders in the amount of $1 million to provide working capital, if required, to realise the initiatives outlined above plus potential growth strategies. This additional funding would take the form of a convertible note and is subject to shareholder approval.

NOTE 1 continued

As a result of these matters there is significant uncertainty as to whether the Group will continue to have adequate facilities in place to fund its working capital requirements and generate positive cash flows should the above actions not be achieved as expected. This in turn creates significant uncertainty of the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities and commitments in the normal course of business and at the amounts stated in the half-year financial report. However, the Directors believe that they will be successful in achieving outcomes outlined above and has access to adequate alternate working capital facilities and, accordingly have prepared the half-year financial report on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial report at 31 December 2008. Accordingly no further adjustments have been made to the half-year financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Correction of error in recording income tax refundable/payable for New Zealand entities in the previous financial year

Due to an error in the income tax computations associated with the tax impacts of the liquidation of the wholly owned subsidiaries in New Zealand, the income tax refundable/payable position as at 30 June 2008 was overstated by $392,000.

This error had the effect of overstating consolidated trade and other receivables by $206,000, understating the consolidated current tax liability by $186,000, and overstating consolidated retained profits and consolidated total equity by $392,000 as at 30 June 2008

The error had no effect on the consolidated profit after income tax for the period ended 31 December 2007.

The error has been corrected by restating each of the affected financial statement line items for the year end 30 June 2008, as described above.

Restricted Cash

Included in the cash balance is a restricted amount of $1.525 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's business units had investments in two geographic areas, being Australia and New Zealand. The wholly owned subsidiaries in New Zealand are dormant and are currently in the process of being liquidated.

(c) Equity-accounted investments

The consolidated entity holds no investments relating to equity accounting.

(d) Secondary reporting format - geographical segments

	Period ended 31 December	
	2008	2007
	$000	$000
Segment revenues from continuing operations		
Australia	**30,048**	42,265
New Zealand	**-**	182

	Period ended	
	31/12/2008	30/06/2008
	$000	$000
Segment assets		
Australia	**18,682**	20,365
New Zealand	**44**	95
Acquisitions of property, plant and equipment		
Australia	15	890
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

	Period ended 31 December	
	2008	2007
	$000	$000
Ordinary shares		
Dividends paid during the interim financial reporting period	**-**	-

NOTE 4 EQUITY SECURITIES ISSUED

	Period ended		Period ended	
	31/12/2008	30/06/2008	**31/12/2008**	30/06/2008
	Shares	Shares	**$000**	$000
Issues of ordinary shares during the half year				
Issue as part of Non-Renounceable Rights Issue	67,141,685	-	**2,014**	-

NOTE 5 BUSINESS COMBINATION AND DISPOSAL OF BUSINESS

Current period

On 31 October 2008, the two New Zealand wholly owned subsidiaries CHMC Consulting Limited and New PDH Limited were amalgamated. On amalgamation CHMC Consulting Limited was struck off.

Prior period

On 30 November 2007, Hamilton James & Bruce Group Limited (HJB) disposed of it's remaining interest in OCG Consulting Limited (OCG)

		$000
Consideration for selling OCG shares	NZ$	2,475
Less: Amount under equalisation agreement		(45)
Less: Carrying amount of investment in OCG as at 30/11/2007		(2,816)
Loss on disposal of investment	NZ$	(386)
	or Equivalent AUD$	(335)

NOTE 6 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date.

NOTE 7 COMMITMENTS

	31/12/2008	30/06/2008
Operating Leases	**$000**	$000

The Group leases various offices under non-cancellable operating leases expiring within two to seven 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.

Included in the commitment below is an amount of $2.412 million which has been provided for in the balance sheet at 31 December 2008 for the Sydney office lease onerous contact.

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

Not later than one year	**2,670**	2,814
Later than one year but not later than 5 years	**8,910**	10,065
Later than 5 years	**728**	1,030
Commitments not recognised in the financial statements	**12,308**	13,909

Supplementary Appendix 4D information and other relevant disclosures

		Period ended 31 December	
		2008	2007
(a)	**NTA backing**	**cents**	cents
	Net tangible asset backing per ordinary security	**0.7**	4.0

(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 — N/A

(ii) Percentage holding — N/A

(iii) Profit from discontinued operations and income tax

	Period ended 31 December	
	2008	2007
	$000	$000
	-	**142**

(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
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 or partly franked dividends for at least the next year

Franking credits available at 31 December 2008 are $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.

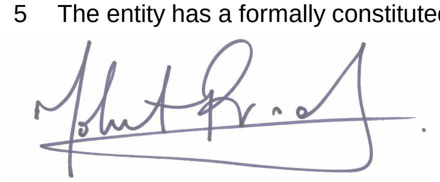
2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

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
- [X] 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.



Mohit Prasad
Chief Financial Officer

9 April 2009

Directors' declaration

In the directors' opinion:

(a) the half-year financial reports and notes set out on pages 6 to 14 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 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe the 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.

Timothy Burton Taylor
Chairman

9 April 2009

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the review of Hamilton James and Bruce Group Limited for the half year ended 31 December 2008, 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.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
9 April 2009

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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 balance sheet as at 31 December 2008, and the income statement, 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 Limited Group (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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not 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 2008 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

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.

PRICEWATERHOUSECOOPERS

Independent auditor's review report to the members of Hamilton James & Bruce Group Limited (continued)

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, we have not become aware of any matter that makes us believe that the half-year financial report of Hamilton James & Bruce Group Limited is not 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 2008 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*

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualification to our conclusion expressed above, we draw attention to Note 1 in the half year financial report which comments on a number of potential consequences of Hamilton James & Bruce Group Limited's current position with respect to its existing financiers, finalisation of financial support from shareholders, alternate financiers and its financial performance and position. Accordingly there is a significant uncertainty whether the company will continue as a going concern and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the half-year financial report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
9 April 2009

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