**ASX ANNOUNCEMENT** **31 AUGUST 2010**

# HUMANIS GROUP LIMITED – FULL YEAR RESULTS 30 JUNE 2010

Specialist labour hire, professional placement and international recruitment company **Humanis Group Limited (ASX Code: HUM)** is pleased to announce its results for the financial year ended 30 June 2010. The period was characterised by significant progress and transition for Humanis, with the Company (previously known as Total Staffing Solutions Limited) successfully completing the merger with Westhum Group (owner of Westaff Australia and New Zealand) in December 2009, and acquiring international recruitment firm UltimateSkills Global (July 2009).

Humanis recorded a strong improvement in underlying earnings for the FY10 period, in line with pre merger expectations. Underlying EBITDA (excluding merger and acquisition and other one-off expenses of $2.12 million) was $1.61 million for the 12 month period. The result included $1.91 million underlying EBITDA (excluding merger and acquisition and other one-off expenses of $1.18 million) in the 2H reflecting the first full six-month period of revenues and earnings trading as a merged entity. The Company reported consolidated revenue and a net loss after tax for the FY10 period of $129.98 million and $3.06 million respectively.

Post merger and integration, Humanis has emerged as a mid-tier Australasian labour hire and international recruitment provider. The Company offers clients integrated labour hire and recruitment services with 17 offices throughout Australia and in the Philippines. The merged entity operates under four main brands (TSS, Westaff, UltimateSkills and Indigenous Services Australia) and provides domestic and international labour recruitment services to a number of sectors including transport, government, manufacturing, logistics, aviation, banking, resources, oil and gas, construction and civil infrastructure.

**2010 Highlights**

- Completed merger with Westhum (owner of leading labour hire specialist Westaff Australia and New Zealand) Dec 09
- Completed strategic acquisition of international recruitment business UltimateSkills Global (USG) Jul 09
- $129.98 million reported revenue reflected 7 month contribution from Westaff operations
- Recorded material improvement in underlying EBITDA to $1.61 million (excluding merger and acquisition and other one-off expenses of $2.12 million) and included strong 2H performance
- Successfully completed integration of Westaff Australasia and TSS (Total Staffing Solutions) businesses under merged group structure
- Strong 2H performance across all divisions including international recruitment
- Merger generated material cost and sales synergies with continued benefits to follow in FY11
- Maintained positive momentum into current trading recording new labour hire contract wins in the resources and civil infrastructure sectors

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## Financials

Humanis Group Limited reports a consolidated revenue of $129.98 million and a consolidated loss before tax of $3.55 million for the year ended 30 June 2010 from continuing operations, and a net loss after tax of $3.06 million This follows a consolidated net loss after tax of $1.57 million for the six months ended 31 December 2009.

The results included 7 months of revenue from the Westaff operations, in addition to a number of one-off costs associated with the merger and acquisitions, as well as other one-off expenses. The results were indicative of the difficult economic conditions experienced in the first half of the year and the early part of 2010, and the costs associated with refocusing the business on profitable performance. This included merger and acquisition costs and the legal and settlement costs associated with former senior employees.

The consolidated loss included one-off items relating to the merger and acquisition of $2.12 million, namely:

- Legal expenses and staff settlements of $0.66 million
- IT integration expenses of $0.19 million
- Other integration expenses of $1.06 million
- Refinancing and capitalisation costs of $0.23 million.

Other one off expenses of $0.66 million included:

- $0.45 million in impairment charges relating to write down of intangibles (customer contracts and relationships) in the Westhum Group and UltimateSkills Global
- Provision for doubtful debts against trade receivables totaling $0.12 million.

Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), excluding these one-off costs and expenses was $1.61 million. This figure included a $1.91 million underlying EBITDA performance in the 2H, and provided an indication of the earnings capability in the merged entity.

Humanis reported negative operating cashflow of $2.72 million for the 12 month period. Of this figure, the 2H contributed $0.72 million negative operating cashflow and included several one-off expenses related to the merger and acquisition. The 2H performance also included interest and other finance charges of $1.51 million.

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## Operations

### Domestic Labour Hire and Recruitment

- Reported $127.11 million revenue for the financial year for the labour hire businesses
- Result included 7 months of trading from Westaff (Australia and New Zealand) operations
- Experienced strong growth in labour hire and a recovery in domestic recruitment
- Operating under the key brands of TSS and Westaff, the Company has expanded its product offering to include unskilled and skilled labour hire together with indigenous recruitment, payroll services and training
- Achieved annualised cost savings of approximately $3 million through reduction and consolidation of overhead costs including rationalisation of branch locations and staff numbers.
- Further opportunity to extract savings in current period utilizing the Company's Philippines operations
- Completed the year with a strong national and local sales pipeline particularly in skilled labour hire

### International Recruitment

- Reported $0.80 million revenue for the financial year reflecting difficult trading environment in first three quarters.
- International (trading under USG brand) experienced strong turnaround in performance in final quarter and completed financial period with $5 million order book
- USG provides a strong platform for growth and is well positioned to benefit from emerging skill shortage and demand for international labour in resources, oil and gas and civil infrastructure sectors

### Capital Management

The Company finished the financial year in a much improved cash and trade receivables position. Cash and cash equivalents were $1.02 million, along with strong trade and other receivables of $23.21 million.

Despite significant non-recurring costs the company was able to reduce term debt by $0.4m over the second half of the year. As earnings and cash flow improve the company intends to accelerate debt reduction in order to achieve Net Debt to EBITDA of less than 2.5 times.

Total borrowings of $25.43 million at year end included $14.54 million drawdown on the debtor finance facilities with Bibby and St George, and $5.44 million in commercial bills with St George.

Furthermore the Board has engaged corporate advisors to assist in implementing a capital management program that will enable simplification of the current funding facilities, a reduction in ongoing costs and better position the company for organic and where appropriate, earnings accretive acquisitive growth.

## Outlook

The Company has commenced the current trading period with positive momentum across all divisions with several contract wins expected to positively impact this year's results. Post merger, the Company's significantly reduced cost base is expected to also impact positively on cash flow generation in the current half.

The board expects Humanis to deliver a solid recovery in reported earnings in FY11 in line with its peers. This reflects the several restructuring and consolidation initiatives undertaken by the Company in FY10, along with recent contract wins and a general improvement in domestic market conditions.

The Company's delivery of the strong international order book and realization of exciting developments from the expanded domestic labour hire and recruitment product range, are also expected to positively impact this year's trading result.

Post merger, Humanis is now well positioned to become a leading mid-tier Australasian labour hire and international recruitment provider.

**In commenting on the results for the full year, George Gelavis, CEO, Humanis Group Limited, said,**

"Despite global and local market conditions continuing to provide an uncertain backdrop to business activity, Humanis has produced a result with evidence of sustainable and growing revenue. In the year ahead, it is expected that increased demand, particularly in the international and local permanent recruitment sector, as well as a restructured cost base will enable the Company to enjoy improved growth and profitability."

–Ends –

For more information please visit the Company website at www.humanis.com.au

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**ABOUT HUMANIS GROUP LIMITED**

Humanis Group Limited (ASX Code: HUM) is a specialist labour hire, professional placement and international recruitment firm trading under the brands of TSS, Westaff and UltimateSkills. The Company listed on the Australian Stock Exchange (ASX) in January 2008 as Total Staffing Solutions Limited and later merged with Westhum Group Limited (owner of Westaff Australia and New Zealand) in December 2009. The merged group has a national and international footprint (17 offices in all capital cities) with core capabilities encompassing temporary, permanent and international recruitment in Australia, New Zealand and the Philippines.

Humanis Group is in a position to expand their existing offshore recruitment business and consolidate its presence in industry sectors with chronic skills shortages. Humanis Group will continue to develop its national footprint and broaden its geographical reach throughout Australia. The Professional Services and Labour Hire Division, brings an experienced management and technical team possessing the requisite industry knowledge and contacts. Our team of industry-focused professionals have years of experience across a range of specialty areas, and bring with them a wealth of knowledge and expertise.

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**APPENDIX 4E**
**PRELIMINARY FINAL REPORT**
**HUMANIS GROUP LIMITED**
**(formerly TOTAL STAFFING SOLUTIONS LIMITED)**
**ABN 42 009 296 324**
**Results for Announcement to the Market**
**Financial Year Ended ('current period') – 30 June 2010**
**('previous corresponding period' – 30 June 2009**

| | | $A |
|---|---|---|
| Revenue from ordinary activities | Up 154% to | 129,976,502 |
| Loss after tax from ordinary activities | Down 73% to | (3,064,153) |
| Loss after tax attributable to owners | Down 73% to | (3,064,153) |

The company does not propose to pay any dividends.

| **Earnings per share from loss from continuing operations attributable to the ordinary equity holders of the company** | **Current Period** | **Previous Corresponding Period** |
|---|---|---|
| **Basic EPS** | **(0.79) Cents** | **(0.05) cents** |
| **Diluted EPS** | **(0.79) Cents** | **(0.05) cents** |
| **Earnings per share from loss attributable to the ordinary equity holders of the company** | | |
| **Basic EPS** | **(0.79) Cents** | **(0.10) cents** |
| **Diluted EPS** | **(0.79) Cents** | **(0.10) cents** |
| **Net Tangible Backing** | | |
| Net tangible asset backing per ordinary security | 0.012 cents | (0.014) cents |
| **Net Asset Backing** | | |
| Net asset backing per ordinary security | (0.020) cents | (0.014) cents |

The preliminary final report is based on financial statements that are in the process of being audited.

**Details of entities where control has been gained or lost during the period**

On 15 July 2009, the group acquired 100% of the shares of Ultimate Skills Global Pty Ltd, a Perth based international recruitment business to strengthen its international recruitment division.

On 29 November 2009, the group acquired 100% shares in Westhum Group Limited, an Australian owned business and one of the largest providers of blue collar workers in Australia and New Zealand. The group was acquired as Humanis believes that both groups would benefit from the synergies created by the combination.

George Gelavis
Director

31 August 2010

**APPENDIX 4E**
**PRELIMINARY FINAL REPORT**
**HUMANIS GROUP LIMITED**
**(formerly TOTAL STAFFING SOLUTIONS LIMITED)**

**Consolidated Statement of Comprehensive Income**
For the financial year ended 30 June 2010

| | Note | 2010 $ | 2009 $ |
|---|---|---|---|
| Revenue from continuing operations | 2 | 129,976,502 | 51,192,713 |
| Other income | | 5,903 | - |
| Employee benefits expense | 3 | (123,390,893) | (50,139,926) |
| Depreciation and amortisation | 3 | (823,015) | (190,234) |
| Travel and recruitment expense | 3 | (577,380) | (1,244,004) |
| Share based payment expense | 3 | (105,980) | (458,286) |
| Impairment losses | 3 | (51,768) | (2,433,233) |
| Finance costs | 3 | (2,024,798) | (517,043) |
| Other expenses | 3 | (6,557,885) | (3,663,625) |
| **Loss before income tax** | | (3,549,314) | (7,453,638) |
| Income tax benefit | 4 | 485,161 | 1,546,741 |
| | | - | - |
| Loss from continuing operations | | (3,064,153) | (5,906,897) |
| Loss from discontinued operations | | - | (5,740,306) |
| **Loss for the year** | | (3,064,153) | (11,647,203) |
| **Total comprehensive income for the year** | | (3,064,153) | (11,647,203) |
| Loss is attributable to: | | | |
| Owners of Humanis Group Limited | | (3,064,153) | (11,647,203) |
| Total comprehensive income attributable to: | | | |
| Owners of Humanis Group Limited | | (3,064,153) | (11,647,203) |

Notes to the Preliminary Final Report are included on pages 6 to 25

**APPENDIX 4E**
**PRELIMINARY FINAL REPORT**
**HUMANIS GROUP LIMITED**
**(formerly TOTAL STAFFING SOLUTIONS LIMITED)**

**Consolidated Statement of Financial Position**
As at 30 June 2010

| | Note | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | 1,019,103 | 268,175 |
| Trade and other receivables | 7 | 23,214,767 | 5,996,635 |
| Prepayments and other current assets | 8 | 743,196 | 6,704 |
| **Total current assets** | | 24,977,066 | 6,271,514 |
| **Non-current assets** | | | |
| Other financial assets | 9 | 250,965 | 187,000 |
| Property, plant and equipment | 11 | 959,283 | 478,742 |
| Deferred tax asset | 10 | 6,500,126 | 2,670,512 |
| Intangible assets | 12 | 19,417,722 | - |
| **Total non-current assets** | | 27,128,096 | 3,336,254 |
| **Total assets** | | 52,105,162 | 9,607,768 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 17,280,193 | 6,913,303 |
| Provisions | 15 | 2,158,822 | 268,981 |
| Borrowings | 14 | 25,416,523 | 4,435,894 |
| **Total current liabilities** | | 44,855,538 | 11,618,178 |
| **Non-current liabilities** | | | |
| Borrowings | 14 | 21,918 | 65,755 |
| Deferred tax Liability | 10 | 86,725 | - |
| **Total non-current liabilities** | | 108,643 | 65,755 |
| **Total liabilities** | | 44,964,181 | 11,683,933 |
| **Net assets** | | 7,140,981 | (2,076,165) |
| **EQUITY** | | | |
| Contributed Equity | 15 | 25,568,507 | 13,272,828 |
| Reserves | 16 | 498,283 | 512,663 |
| Accumulated Losses | 17 | (18,925,809) | (15,861,656) |
| **Total Equity** | | 7,140,981 | (2,076,165) |

Notes to the Preliminary Final Report are included on pages 6 to 25

**Consolidated Statement of Cash flows**
For the financial year ended 30 June 2010

| | Note | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 129,110,086 | 63,523,240 |
| Cash paid to suppliers and employees | | (129,687,252) | (65,882,889) |
| Interest received | | 22,980 | 24,650 |
| Interest paid | | (2,043,018) | (537,323) |
| Deposit paid | | - | (24,162) |
| Fringe benefits tax paid | | (71,399) | (24,983) |
| Income tax paid | | | 20,393 |
| **Net cash outflow from operating activities** | | (2,668,603) | (2,941,860) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant & equipment | | (151,422) | (145,484) |
| Proceeds from disposal of equity investments | | 109,262 | - |
| Cash acquired in business combinations | | (8,604,659) | - |
| Disposal of discontinued operations, net of cash disposed off | | - | 1,047,988 |
| **Net cash inflow/(outflow) from investing activities** | | (8,646,819) | 902,504 |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | 1,205,000 | 750,000 |
| Repayment of borrowings | | (1,795,504) | (1,500,000) |
| Proceeds from issue of shares | | 1,620,025 | 975,000 |
| Proceeds from issue of options | | - | 257,648 |
| Sundry loans | | - | 133,845 |
| Finance payment in respect of lease | | (43,836) | (43,836) |
| **Net cash inflow from financing activities** | | 985,685 | 572,657 |
| Net decrease in cash and cash equivalents | | (10,329,737) | (1,466,699) |
| Cash and cash equivalents at the beginning of the period | | (3,194,705) | (1,728,006) |
| **Cash and cash equivalents at end of period** | | (13,524,442) | (3,194,705) |

Notes to the Preliminary Final Report are included on pages 6 to 25

## Consolidated Statement of Changes in Equity
## for the year ended 30 June 2010

| | Contributed equity $ | Accumulated losses $ | Reserves $ | Non-controlling interest $ | Total $ |
|---|---|---|---|---|---|
| Balance at 1 July 2008 | 11,453,047 | (4,231,018) | 506,437 | 678,484 | 8,406,950 |
| Loss for the year | | (11,647,203) | | | (11,647,203) |
| Retained earnings from discontinued operations | - | 16,565 | - | - | 16,565 |
| **Total comprehensive income for the year** | - | (15,861,656) | - | - | (3,223,688) |
| **Transactions with owners in their capacity as owners** | | | | | |
| Issued capital net of transaction costs | 1,161,999 | - | - | - | 1,161,999 |
| Deferred consideration performance share scheme | 334,708 | - | - | - | 334,708 |
| Share option issued | | | 404,288 | - | 404,288 |
| Share based payments expense for performance shares | - | - | 375 | - | 375 |
| Cancellation of performance shares for non-achievement of performance shares | - | - | (23,437) | - | (23,437) |
| Transfer from reserves on issue of performance shares | 375,000 | - | (375,000) | - | - |
| Transactions with non-contolling interests | - | - | - | (678,484) | (678,484) |
| Deferred tax liability recognised directly in equity | (51,926) | - | - | - | (51,926) |
| Balance at 30 June 2009 | 13,272,828 | (15,861,656) | 512,663 | - | (2,076,165) |
| Loss for the year | | (3,064,153) | | | (3,064,153) |
| **Other comprehensive income for the year** | | | | | |
| Foreign currency translation differences | - | - | (14,380) | - | (14,380) |
| Total comprehensive income for the year | - | - | 498,283 | - | (5,154,698) |
| **Transactions with owners in their capacity as owners** | - | - | - | - | - |
| Issued capital net of transaction costs | 12,363,524 | - | - | - | 12,363,524 |
| Share based payments expense for performance shares | 10,000 | - | - | - | 10,000 |
| Deferred tax liability recognised directly in equity | (77,845) | - | - | - | (77,845) |
| Balance at 30 June 2010 | 25,568,507 | (18,925,809) | 498,283 | - | 7,140,981 |

Notes to the Preliminary Final Report are included on pages 6 to 25

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of this preliminary final report are set out below and the report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E, and the recognition and measurement requirements of Australian Accounting Standards. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

*Historical cost convention*
These financial statements have been prepared under the historical cost convention except for available-for-sale financial assets at fair value through profit or loss.

*Presentation of Financial Statements*
AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include the replacement of the Statement of comprehensive income with Statement of Comprehensive Income and the Statement of Changes in Equity. Comparative information has been re-stated so that it conformed with the revised standard.

**(b) Principles of consolidation**

*Subsidiaries*
The consolidated financial statements comprise the financial statements of Humanis Group Limited and its subsidiaries at 30 June each year ("the Group").

Subsidiaries are entitled 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. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from date that control commences until the date that control cease. The financial statements of subsidiaries are prepared for the same period as the parent, using consistent account policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

**(c) Foreign currency translation**

The functional and presentation currency of the Humanis Group is Australian dollars (A$).

Foreign currency translations are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

Foreign exchange gains and losses resulting from setting foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the statement of comprehensive income, except for the differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(d) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contracting revenue is bought to account at the contractual rate as labour hours are delivered and direct expenses incurred. Services provided but not yet billed are taken up as accrued revenue.

Permanent recruitment revenue is bought to account when the position has been filled.

Placement fees on international placements are recognised in three phases at the time employment is offered, on commencement of employment and on completion of probation.

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the carrying amount of the financial asset.

**(e) Impairment of Assets**

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(f) Contracts in Progress**

Contracts in progress are stated on the basis of services provided and cost incurred where candidates have been selected but have not arrived in Australia or had their visas approved. Billing of invoices is in three equal parts: candidate selection, candidate visa being approved and candidate arriving in Australia. Costs comprise visa processing fees, airfares and candidate testing fees.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(g) Cash and Cash Equivalents**

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(h) Trade and other receivables**

Trade receivables which generally have 30-90 days terms are recognised and carried at original amount less an allowance for any collectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable in a separate allowance account. Bad debts are written off when identified unless previously provided for.

**(i) Financial Assets**

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

***Loans and receivables***

Non-current loans and receivables include loans due from parties repayable no earlier than 365 days of reporting date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the statement of comprehensive income immediately and amortised using the effective interest method. Loans and receivables are included in trade and other receivables (note7) .

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

**(k) Contributed Equity**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

**(l) Goods and Services Tax**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

Receivables and payable are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**(m) Share Based Payments**

The group provides benefits to employees (including directors) of the group in the form of the share-based payment transactions, whereby employees render services in exchange for shares or options ("Equity-settled transactions").

The fair value of options is recognised as an expense with corresponding increase in equity (Share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined by an independent value using a Black –Scholes option pricing model.

In determining fair value, no account is taken of any performance conditions other than those related to the share price of Humanis Group Limited("Market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of the options are modified, the expense continues to be recognised from grant date as if the terms had never changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where the terms of options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and not designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

**(n) Leases**

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating leases payments are recognised as an expense on a straight-line basis over the lease term in accordance to when the economic benefits from the lease are consumed.

Assets held under finance leases are initially recognised at the fair value at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease charges are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(o) Business Combinations**

The group has adopted revised AASB 3 Business Combinations an amended AASB 127 Consolidated and Separate Financial Statements for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

The group has applied the acquisition method for the business combination.

For every business combination, the group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or business. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

**(p) Intangible Assets**

***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. Each of those cash-generating units represents the Group's investment in a product/service based primarily on the source country of the candidate by each primary reporting segment (note 5). Non-contractual customers relationships has been amortised over an estimated life of 10 years.

**(q) Fair Values**

Fair values may be used for financial asset and liability measurements and well as for sundry disclosures.

**(r) Borrowings**

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over a period of the loans and borrowing using the effective interest method.

**(s) Convertible Notes**

The fair value of the liability portion of the convertible notes is recognised as a liability in the statement of financial position. Interest is calculated on the face value of the each note from the date the notes are issued and recognised in the statement of comprehensive income as finance charges.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(t) Borrowing Costs**

Borrowing costs incurred in relation to commercial bills are amortised over the period of the borrowing. All other borrowing costs are expensed.

**(u) Employee Benefits**

*Wages and Salaries, Annul Leave and Sick Leave*
Liabilities for annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of the 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-vesting sick leave are recognised when leave is taken and measured at the actual rate paid or payable.

**(v) Earnings per Share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(w) Property, plant and equipment**

All property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance costs are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

| | |
|---|---|
| Vehicles | 5 years |
| Furniture, fittings and equipment | 2 – 20 years |
| Leasehold Improvements | 3 - 40 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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. Gains or losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(x) Dividends**

No dividends were provided or paid during the financial year on any class of share. If any dividend had been declared, appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date a provision would have been made.

**(y) 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 applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 assets and liabilities are offset where 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 tax 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 assets and settle the liability simultaneously.

**(z) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable 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.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(aa) Segment Reporting**

Operating segments reported in a manner consistent with the internal reporting provided by the chief operating decision maker which, for the Group, is the executive management committee.

*Change in accounting policy*
The group has adopted AASB 8 Operating Statements from July 2009, which requires operating segments to be identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the executive management committee. This has resulted in an increase in the number of reportable segments presented.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(ab) Going Concern**

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The directors believe that they will be able to raise additional capital or debt funding if required to meet increasing working capital requirements and acquisition opportunities and continue to evaluate the consolidated entity's cash requirements. The directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis.

**NOTE 2: REVENUE**

| | 2010 $ | 2009 $ |
|---|---|---|
| **From continuing operations** | | |
| Rendering of services | 129,643,519 | 50,937,123 |
| Interest income | 22,980 | 12,085 |
| Sales of goods | 310,003 | 243,505 |
| | 129,976,502 | 51,192,713 |
| **From discontinued operations** | | |
| Rendering of services | - | 11,819,088 |
| Interest Income | - | 12,565 |
| | - | 11,831,653 |

**NOTE 3: EXPENSES**

| | 2010 $ | 2009 $ |
|---|---|---|
| **Loss before income tax includes the following specific expenses:** | | |
| *Finance Costs* | | |
| Interest paid/payable | 2,024,798 | 517,043 |
| | 2,024,798 | 517,043 |
| *Depreciation and amortisation* | | |
| Leasehold Improvements | 61,586 | 24,826 |
| Equipment under finance lease | 57,432 | 57,432 |
| Plant & equipment | 257,166 | 107,976 |
| Motor vehicles | 1,114 | - |
| Intangibles | 445,717 | - |
| | 823,015 | 190,234 |
| *Employee benefits expense* | | |
| Wages & salaries | 123,390,893 | 50,139,926 |
| | 123,390,893 | 50,139,926 |

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| *Other expenses* | | |
| Minimum lease payment – operating leases | 1,425,132 | 580,696 |
| Audit & Accounting | 333,685 | 113,844 |
| Legal | 665,181 | 336,218 |
| Telecommunications | 643,121 | 360,111 |
| Merger and acquisitions costs | 1,064,761 | - |
| Sales and Marketing | 419,145 | 428,174 |
| Other | 2,006,860 | 1,844,582 |
| | 6,557,885 | 3,663,625 |
| *Travel and Recruitment* | | |
| Travel & Accommodation | 287,290 | 357,918 |
| Recruitment | 290,090 | 886,086 |
| | 577,380 | 1,244,004 |
| *Impairment Losses* | | |
| Financial assets | 51,768 | - |
| Intangibles assets | - | 2,433,233 |
| | 51,768 | 2,433,233 |
| *Share based payment expense* | | |
| Deferred consideration performance shares | 95,980 | 334,708 |
| Employee share options expense | - | 146,640 |
| Performance share expense | 10,000 | 109,750 |
| Cancellation of performance shares | - | (132,812) |
| | 105,980 | 458,286 |

**NOTE 4: INCOME TAX EXPENSE**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **(a) Components of tax benefit** | | |
| Current tax benefit | - | 108,950 |
| Adjustment in respect of previous year income Income tax | (66,509) | - |
| Deferred tax – origination and reversal of temporary differences | (418,652) | (1,655,691) |
| | (485,161) | (1,546,741) |

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **(b) Reconciliation of the effective tax rate** | | |
| Loss from continuing and discontinued operations before income tax expense | (3,549,314) | (13,052,853) |
| Tax at the Australian tax rate of 30% (2009: 30%) | (1,064,794) | (3,915,856) |
| Adjustment in respect of previous year Income Tax | (66,509) | - |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | 212,986 | 2,525,784 |
| Tax loss not brought to account as a deferred tax asset | 388,051 | - |
| Tax effect of movement in deferred tax items | - | 149,664 |
| Adjustments in respect of previous deferred income tax | 139,665 | (228,489) |
| Realisation of prior tax losses not previously recognised | (16,699) | - |
| Share based payments | (77,861) | (77,844) |
| Income tax expense/(benefit) | (485,161) | (1,546,741) |

## NOTE 5: SEGMENT INFORMATION

### (a) Description of assets

Management has determined the operating segments on internal reports reviewed by the executive management committee for making strategic decisions. The executive management committee comprises the chief executive officer, chief financial officer and divisional managers. The committee monitors the business based on products and geographic factors and have identified 4 reportable segments which is different to what was previously reported**.**

**Domestic Recruitment - Australia**

This division is involved in the placement of temporary and permanent workers sourced domestically.

**International Recruitment - Australia**

This division is involved in the placement of temporary and permanent workers sourced internationally.

**Domestic Recruitment - New Zealand**

This division is involved in the placement in New Zealand of temporary and permanent workers sourced domestically.

**NOTE 5: SEGMENT INFORMATION (continued)**

**Other**

These reportable segments differ from the previous annual financial statements for the financial year ended 30 June 2009 which reflected only 2 reportable segments, being domestic and international.

**(b) Segment information provided to the executive management committee**

Segment information provided to the executive management committee for the year ended 30 June 2010 is as follows:

| **2010** | **Domestic Recruitment Australia** | **International Recruitment Australia** | **Domestic Recruitment New Zealand** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Total segment revenue | 128,230,298 | 960,857 | 2,932,223 | 132,123,378 |
| Inter-segment revenue | (2,146,876) | - | - | (2,146,876) |
| **Revenue from external customers** | 126,083,422 | 960,857 | 2,932,223 | 129,976,502 |
| **Adjusted EBITDA** | (273,560) | (99,798) | (193,377) | (566,735) |

Segment information provided to the executive management committee for the year ended 30 June 2009 is as follows:

| **2009** | **Domestic Recruitment Australia** | **International Recruitment Australia** | **Domestic Recruitment New Zealand** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Total segment revenue | 50,862,908 | 1,521,273 | - | 52,384,181 |
| Inter-segment revenue | (1,191,468) | - | - | (1,191,468) |
| **Revenue from external customers** | 49,671,440 | 1,521,273 | - | 51,192,713 |
| **Adjusted EBITDA** | (2,671,245) | (1,195,682) | - | (3,866,927) |

**NOTE 6: CASH AND CASH EQUIVALENTS**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Cash at bank and in hand | 1,019,103 | 268,175 |

Operating cash at bank and in hand is non-interest bearing. Excess cash is held in an interest bearing account and when the balance is in excess of $10,000 earns interest at floating rates.

**(a) Reconciliation to Cash Flow Statement**

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Cash at bank | 883,872 | 124,855 |
| Term deposit | 135,230 | 143,320 |
| Debtor Finance Facility | (14,543,544) | (3,462,880) |
| Balance per statement of cashflows | (13,524,442) | (3,194,705) |

The term deposits with National Australia Bank secure bank guarantees for rental leases.

**(b) Financing Facilities**

The group has a debtor finance facility with St.George and Bibby financial Services. A registered fixed and floating charge over the assets of the group exists to secure these facilities.

The facility allows the group to be advanced funds against its trade debtors' ledger.

National Australia Bank Limited has provided an equipment lease facility in relation to computer equipment and holds security over the assets subject to the lease.

**NOTE 7: TRADE AND OTHER RECEIVABLES**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **CURRENT** | | |
| Trade Debtors | 21,441,262 | 6,056,880 |
| Provision for impairment of receivables | (418,100) | (270,481) |
| | 21,023,162 | 5,786,399 |
| Other receivables (note (a)) | 2,191,605 | 179,410 |
| Contracts in progress | - | 20,600 |
| Amounts other than trade debts receivable from related parties | - | 10,226 |
| | 23,214,767 | 5,996,635 |

**(a) Other Receivables**

Other receivables arise from transactions outside the usual operating activities of the Group. No interest will be charged for late repayment and no collateral are obtained from these financial assets.

**NOTE 8: PREPAYMENTS AND OTHER CURRENT ASSETS**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Prepayments | 467,649 | 6,704 |
| Other | 275,547 | - |
| | 743,196 | 6,704 |

**NOTE 9: OTHER FINANCIAL ASSETS (NON-CURRENT)**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Investment in unlisted entities at cost | - | 187,000 |
| Investment in listed entities at cost | 250,965 | - |
| | 250,965 | 187,000 |

**NOTE 10: DEFERRED TAX ASSET**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| | **Assets** | | **Liabilities** | | **Net** | |
|---|---|---|---|---|---|---|
| | **30-Jun-10** | **30-Jun-09** | **30-Jun-10** | **30-Jun-09** | **30-Jun-10** | **30-Jun-09** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Trade And Other Receivables | (258,485) | (81,144) | 768,502 | 6,180 | 510,017 | (74,964) |
| Property Plant and Equipment | (1,500,379) | - | 1,557,236 | - | 56,857 | - |
| Trade and Other Payables | (560,214) | (473,902) | - | - | (560,214) | (473,902) |
| Provisions | (535,591) | (80,694) | - | - | (535,591) | (80,694) |
| Payables | (1,438,813) | (1,438,813) | 1,438,813 | 1,438,813 | - | - |
| Borrowing Costs | (99,572) | (1,541) | - | - | (99,572) | (1,541) |
| Business Related Costs | (880,489) | (235,775) | - | - | (880,489) | (235,775) |
| Rights to receive future income | (754,848) | - | - | - | (754,848) | - |
| Tax Losses | (4,254,930) | (1,803,636) | 105,369 | - | (4,149,561) | (1,803,636) |
| Tax (assets)/liabilities | **(10,283,321)** | **(4,115,505)** | **3,869,920** | **(1,444,993)** | **(6,413,401)** | **(2,670,512)** |
| Set off of tax | 3,869,920 | 1,444,993 | (3,869,920) | 1,444,993 | - | - |
| Net Tax (assets/liabilities) | **(6,413,401)** | **(2,670,512)** | **-** | **-** | **(6,413,401)** | **(2,670,512)** |

**NOTE 11 : PROPERTY, PLANT AND EQUIPMENT**

| | Leasehold Improvements | Plant & Equipment | Equipment under finance lease | Motor vehicles | TOTAL |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Year ended 30 June 2009** | | | | | |
| Opening net book amount | 266,767 | 539,273 | 136,736 | 28,055 | 970,831 |
| Additions | 66,952 | 78,532 | - | - | 145,484 |
| Disposals | (177,498) | (241,786) | - | (28,055) | (447,339) |
| Depreciation charge | (24,826) | (107,976) | (57,432) | - | (190,234) |
| Closing net book value | 131,395 | 268,043 | 79,304 | - | 478,742 |
| **As at 30 June 2009** | | | | | |
| Disposals | 159,507 | 434,384 | 172,297 | - | 766,188 |
| Accumulated Depreciation and amortisation | (28,112) | (166,341) | (92,993) | - | (287,446) |
| Net book value | 131,395 | 268,043 | 79,304 | - | 478,742 |
| **Year ended 30 June 2010** | | | | | |
| Opening net book amount | 131,395 | 268,043 | 79,304 | - | 478,742 |
| Acquisition of subsidiary | 222,844 | 485,965 | - | 6,907 | 715,716 |
| Additions | 4,448 | 147,369 | - | - | 151,817 |
| Disposals | - | (10,423) | - | (5,793) | (16,216) |
| Exchange rate difference | 6,504 | 18 | - | - | 6,522 |
| Depreciation charge | (61,586) | (257,166) | (57,432) | (1,114) | (377,298) |
| Closing net book value | 303,605 | 633,806 | 21,872 | - | 959,283 |
| **At 30 June 2010** | | | | | |
| Cost or fair value | 842,777 | 5,385,438 | 172,296 | - | 6,400,512 |
| Accumulated Depreciation and amortisation | (539,172) | (4,751,633) | (150,424) | - | (5,441,229) |
| Net book value | 303,605 | 633,806 | 21,872 | - | 959,283 |

## NOTE 12: INTANGIBLE ASSETS

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **Goodwill** | | |
| At cost at beginning of financial year | - | 8,697,616 |
| Disposal of discontinued operations | - | (6,504,342) |
| Additions-Acquisitions | 12,897,438 | 129,959 |
| Impairment recognised in statement of comprehensive income | - | (2,323,233) |
| At cost at end of financial year | 12,897,438 | - |
| **Non-contractual customer relationships** | | |
| Additions-Acquisitions | 6,966,000 | - |
| Amortisation Charge | (445,716) | - |
| At cost at end of financial year | 6,520,284 | - |
| **Intellectual Property** | | |
| At cost at beginning of financial year | - | 110,000 |
| Impairment recognised in statement of comprehensive income | - | (110,000) |
| | - | - |
| Cost at end of financial year | 19,417,722 | - |

## NOTE 13: TRADE AND OTHER PAYABLES

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Trade Payables | 3,185,860 | 388,669 |
| Other Payables | 14,094,333 | 6,524,634 |
| | 17,280,193 | 6,913,303 |

## NOTE 14: BORROWINGS

| | Note | 2010 | 2009 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT** | | | |
| Finance lease liability | | 43,836 | 43,836 |
| Borrowings from related entities | | 5,385,808 | 929,178 |
| Borrowings - others | | 5,443,335 | - |
| Debtor finance facility | | 14,543,544 | 3,462,880 |
| | | 25,416,523 | 4,435,894 |

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **NON CURRENT** | | |
| Finance lease liability | 21,918 | 65,755 |
| | 21,918 | 65,755 |

**NOTE 15: PROVISIONS**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Integration costs | 471,127 | - |
| Employee Benefits | 1,587,695 | 268,981 |
| Legal Fees | 100,000 | - |
| | 2,158,822 | 268,981 |

Provision for integration costs is made up of total lease costs till expiration due to the closure of some of the branches and made good on the premises.

The current provision for employee benefits includes all employee leave entitlements. The entire amount is presented as current as the group expects all its employees to take the full amount of accrued leave or require payment within the next 12 months.

Provision was made for legal fees due to the settlement of litigation with one of the original vendors of the Westhum Group.

**NOTE 16: ISSUED CAPITAL**

| | 2010 Shares | 2009 Shares |
|---|---|---|
| Ordinary Shares fully paid | 600,523,224 | 143,214,663 |

| Date | Details | No of Shares | Issue Price | $ |
|---|---|---|---|---|
| 01-July 2008 | Balance | 103,520,496 | | 11,453,047 |
| 14-October-2008 | Issues of shares to vendors under share sale agreement | 7,929,343 | - | 719,855 |
| 24-December-2008 | Placement of shares | 13,050,000 | 0.05 | 652,500 |
| 24-December-2008 | Issue of shares under deferred consideration performance share scheme | 6,694,167 | 0.05 | 334,708 |
| 24-December-2008 | Issue of shares as a result of achievement of performance milestone | 2,500,000 | 0.15 | 375,000 |
| 24-February-2009 | Placement of shares | 1,950,000 | 0.05 | 97,500 |
| 11-March-2009 | Share buyback under share sale agreement | (7,929,343) | - | (719,856) |
| 26-June-2009 | Issues of shares to vendors under share sale agreement | 11,000,000 | 0.017 | 187,000 |
| 26-June-2009 | Issues of shares to vendors under share sale agreement | 4,500,000 | 0.05 | 225,000 |
| 30-June-2009 | Deferred tax liability recognised directly in equity | | | (51,926) |
| 30-June-2009 | Balance | 143,214,663 | | 13,272,828 |
| 28-July-2009 | Placement of shares | 500,000 | 0.050 | 25,000 |
| 11-August-2009 | Placement of shares | 35,000,000 | 0.022 | 825,000 |
| 25-November-2009 | Issue of shares under deferred consideration performance share scheme | 3,999,167 | 0.024 | 95,980 |
| 30-December-2009 | Placement of shares | 9,786,171 | 0.022 | 215,296 |
| 30-December-2009 | Placement of shares | 342,222,223 | 0.028 | 9,582,222 |
| 08-January-2010 | Placement of shares | 59,400,000 | 0.025 | 1,485,000 |
| 25-January-2010 | Placement of shares | 3,600,000 | 0.025 | 90,000 |
| 09-February-2010 | Placement of shares | 800,000 | 0.025 | 20,000 |
| 25-February-2010 | Placement of shares | 1,000,000 | 0.025 | 25,000 |
| 13-April-2010 | Placement of shares | 1,000 | 0.025 | 25 |
| 30-June-2010 | Issue of shares as a result of achievement of performance milestone | 1,000,000 | 0.010 | 10,000 |
| 30-June-2010 | Deferred tax liability recognised directly in equity | | | (77,845) |
| 30-June-2010 | Balance | 600,523,224 | | 25,568,507 |

**NOTE 16: RESERVES**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Share based reserves | 255,015 | 255,015 |
| Share Option reserves | 257,648 | 257,648 |
| Foreign Currency Translation reserves | (14,380) | - |
| | 498,283 | 512,683 |

**NOTE 17: RETAINED EARNINGS**

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Balance as at 1 July | (15,861,656) | (4,231,018) |
| Retained earnings from discontinued operations | - | 16,565 |
| Net loss for the year | (3,064,153) | (11,647,203) |
| Balance as at 30 June | (18,925,809) | (15,861,656) |

**APPENDIX 4E**
**PRELIMINARY FINAL REPORT**
**HUMANIS GROUP LIMITED**
**(formerly TOTAL STAFFING SOLUTIONS LTD)**

**Corporate Information**

**Directors**

Bryan Gardiner (Non-executive Chairman)
Craig Munro (Non-executive director)
Andrew Parker (Non-executive director)
Dion Smith
George Gelavis
Angus Mason

**Company Secretary**

Mark Clements

**Registered Office & Principal Place of Business**

Suite 4, 177-179 Davy Street
BOORAGOON WA 6154
Website : www.tsswestaff.com.au
Telephone : (08) 9421 3499
Facsimile : (08) 9421 3455

**Share Registry**

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone : (08) 9315 2333
Facsimile : (08) 9315 2233

Humanis Group Limited shares are listed on the Australian Securities Exchange (ASX) under the ASX Code HUM.