2010 annual report

Ross Human Directions Limited | ABN 25 003 758 709

Ross Human Directions Limited
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Annual Report – 30 June 2010

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Ross Human Directions Limited and controlled entities
Directors Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ross Human Directions Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Directors
The following persons were directors of Ross Human Directions Limited during the whole of the financial year and up to the date of this report:

Fergus Allan McDonald
Julia Mary Ross
Eileen Joy Doyle

Hugh Henderson was a director from the beginning of the financial year until 10 November 2009.

Timothy Neale Trumper was appointed as a director on 21 September 2009 and continues in office at the date of this report.

Principal activities
During the year, the principal continuing activities of the Group consisted of the provision of contract, temporary and permanent job placements, technology consulting and management solutions, managed training solutions, and also business process outsourcing.

Dividends – Ross Human Directions Limited
Dividends paid to members during the financial year were as follows:

	2010	2009
	$'000	$'000
Final fully franked ordinary dividend for the year ended 30 June 2009 of 1.0 cents (2008: 1.5 cents) per fully paid share paid on 9 October 2009	**835**	1,252
Interim fully franked ordinary dividend for the year ended 30 June 2010 of 1.5 cents (2009: 0.75 cents) per fully paid share paid on 26 March 2010	**1,252**	627
Total dividends in respect of the year	**2,087**	1,879

In addition to the above dividends, since the end of the financial year the directors have declared the payment of a final fully franked ordinary dividend of $1,669,967.66 (2.0 cents per fully paid share) to be paid on or about 8 October 2010 out of retained profits at 30 June 2010.

Review of operations and activities
The net profit of the consolidated entity for the financial year was $6,906,000 (2009: $4,073,000) after deducting an income tax expense of $2,254,000 (2009: $1,630,000).

The operating profit before income tax of the consolidated entity for the financial year was $9,160,000 (2009: $5,703,000).

Ross Human Directions Limited (RHD) announced that the company continues to achieve improvements in profits attributable to members. The company reported fiscal 2010 results of net profit after tax to 30 June 2010 of $6.906 million. This represents an increase of 70% against net profit achieved in FY09. The profit result of $6.906 million was achieved off total revenue of $373.9 million (2009: $393.0 million) and earnings per share of 8.3 cents per share (2009: 4.9 cents per share).

Earnings before interest, tax, depreciation and amortisation (EBITDA) of $12.94 million showed an increase of $906,000 over the previous corresponding period and this was achieved despite a decrease in revenue of 4.9% to $373.9 million.

The company is observing accelerated interest from clients in the services offered by our non-recruitment segment and we expect to see increasing uptake by our clients of these more sophisticated and complex HR solutions outside recruitment. The improved profitability of this division in this reporting period reflects this trend. Whilst our recruitment segment remains a key driver of revenue, our non-recruitment segment has been a significant contributor to this profit result.

The company is in a positive net cash position at balance date, representing a further significant improvement against the previous period. This is demonstrated by a $10.5 million turnaround achieved in the company's net cash position during the year. The on-going progress in the management of working capital has been achieved alongside effective cost base management.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On the 19 July 2010 the Company announced that it had entered into a Scheme Implementation Agreement (SIA) with Peoplebank Holdings Pty Limited (Peoplebank) under which it proposed that Peoplebank will acquire all of the issued share capital in the Company. Peoplebank is backed by Navis Capital, a private equity firm with over US$3.5bn under management and with investments across Asia and Australia. A further announcement was made on the 13 September 2010, when Peoplebank subsequently revised their offer and increased the consideration payable to RHD shareholders.

The proposal is to be implemented by way of a Scheme of Arrangement under which the Company's shareholders will receive as consideration for each share held the amount of $0.70 in cash. The revised offer represents a premium of 82% to the last closing price of RHD shares on 19 July 2010, 85% to the 3 month Volume Weighted Average Price (VWAP) as at close of trade on 19 July 2010, 88% to the 6 month VWAP as at the close of trade on 19 July 2010 and 95% to the 12 month VWAP as at close of trade on 19 July 2010. Under the SIA, the Company is also permitted to pay a final dividend of up to $0.02 per share on or before implementation of the Scheme.

The Board of Directors unanimously considers the Scheme to be in the best interests of shareholders and recommends that shareholders approve the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the scheme is in the best interests of shareholders. Each of the Directors intends to vote or cause to be voted all of the shares in the Company they own or control the voting of, in favour of the Scheme, again in the absence of a superior proposal and subject to an independent expert concluding that the scheme is in the best interests of shareholders.

On the 13 September 2010 the Company announced that it had received an expression of interest from Corom Pty Ltd (Corom), a substantial RHD shareholder, to acquire all of the issued share capital in the Company. Corom stated that it was considering submitting a proposal to acquire RHD, subject to confirmatory due diligence. Corom also stated that any proposal advanced by Corom would be at a price, in cash, that is superior to the consideration of $0.70 offered by Peoplebank. The expression of interest from Corom is incomplete, conditional and non-binding and may not develop into a formal proposal.

Since year end, the directors have declared the payment of a final dividend of 2.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 8 October 2010 is $1.670 million. Apart from this, there are no other material post balance date events.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
Given the nature of Ross Human Directions Limited's business, the company is not subject to any specific or significant environmental regulation, however, the company has over a period of years demonstrated its commitment to the protection and sustainable use of the environment in which it operates, as well as to the health and safety of its employees, customers and the public at large and to compliance with all applicable environmental laws, rules and regulations in the jurisdictions in which it conducts its business.

Ross Human Directions Limited has been awarded by our governing industry body, the RCSA, for its sustainability program. It has been recognised through awards in both 2008 and 2009 for its efforts in promoting positive corporate citizenship through the RCSA President's awards for Corporate Citizenship.

Information on directors

Fergus Allan McDonald Non Executive Chairman

Experience and expertise
Allan McDonald joined the board in April 2000 and was appointed to the Chair. He is a member of both the Audit and Remuneration Committees.

Mr McDonald has had extensive executive experience in investment and commercial banking sectors and is presently associated with a number of companies as a consultant and Company Director.

Allan has a Bachelor of Economics degree from the University of Sydney and has completed the Advanced Management Programme at Macquarie University. He is a Fellow of the Australian Society of Certified Practicing Accountants, a Fellow of the AIM, a Fellow of the AICD, and a Fellow of the Chartered Institute of Company Secretaries in Australia.

Other current directorships
Astro Japan Property Group (Director of responsible entity, Astro Japan Property Management Limited), director and Chairman since 19 February 2005.
Billabong International Limited. Director since July 2000.
Multiplex Property Trust (Director of responsible entity, Brookfield Multiplex Funds Management Limited), director since 22 October 2003 and Chairman from May 2005.
Multiplex SITES Trust (Director of responsible entity, Brookfield Multiplex Funds Management Limited), director since 22 October 2003 and Chairman from May 2005.
Multiplex Acumen Property Fund, Multiplex European Property Fund and Multiplex Prime Property Fund (Director of responsible entity, Brookfield Multiplex Capital Management Limited) Director and Chairman since 1 January 2010.

Former directorships in last 3 years
Multiplex Limited, from 22 October 2003 to 31 October 2007.
Brookfield Multiplex Limited (formerly Multiplex Limited), director from 2003 to 2007 and Chairman from 2005 to 2007.

Special responsibilities
Chairman of the board
Member of remuneration committee
Member of audit committee

Interests in shares and options
An indirect interest of 517,500 ordinary shares in Ross Human Directions Limited

Information on directors (continued)

Julia Mary Ross Managing Director and Deputy Chairman

Experience and expertise
Julia Ross has twenty-eight years' experience in the recruitment industry. This followed a career in the construction industry where she earned her first management role for a division of the Taylor Woodrow Group. Julia's progress to senior level at a young age resulted in her becoming a finalist in the prestigious Business Women of the Year Awards presented by the London Times and Veuve Clicquot (UK).

Julia's career in the recruitment industry began in the United Kingdom with an international group, with whom she progressed to manage their operations within Asia, Australia and New Zealand.

In 1988 Julia founded Julia Ross Recruitment and has held the position of Managing Director for almost twenty-one years. During this twenty-one year period, the company developed from a single service-line business to providing generalist, professional, specialist, executive and IT recruitment alongside HR Consulting services covering all aspects of human resources management including outsourcing, payroll services and managed training services. The company, through its Technology Solutions division, offers a further area of niche expertise in systems integration and design and project management.
Reappointed Managing Director on 15 August 2008. Deputy Chairman from 5 March 2007. Group Managing Director for 18 years from 1988 to 5 March 2007 and Acting Chief Executive from 19 October 2007 to 15 August 2008. Ms Ross founded the current Ross Human Directions Limited business in 1988 and took the company through to IPO in 2000.
Previous background includes director of Australia and New Zealand of a leading multi-national employment agency and role as Chief Executive of a division of Taylor Woodrow Group.

Julia Ross has received many accolades including the Westpac Group Business Owner Award in the Telstra Business Woman of the Year Awards. She is a keen philanthropist and is involved with numerous community groups and charities, supporting various committees dedicated to helping the disadvantaged and less privileged.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Deputy Chairman

Interests in shares and options
A direct and indirect interest of 37,230,159 ordinary shares in Ross Human Directions Limited

Information on directors (continued)

Eileen Joy Doyle BMath, MMath, PhD, FAICD. Director – Non Executive

Experience and expertise

Extensive executive experience in manufacturing sector, and a non-executive director of several other Australian companies. Eileen has diverse business experience both as a senior executive and as a board member. She is a Fellow of the AICD. She served as Chairman of Port Waratah Coal Services for eleven years until retiring in July 2009,

Other current directorships

OneSteel Limited, director from 2000
Steel and Tube Holdings Limited, director from 2005 (NZ listed)
The GPT Group from March 2010
Boral Limited from March 2010
CSIRO, director from 2006

Former directorships in last 3 years

Port Waratah Coal Services, Chairman to July 2009
State Super Financial Services Australia to Nov 2009

Special responsibilities

Member of remuneration committee
Chairman of audit committee

Interests in shares and options

A direct interest of 10,000 ordinary shares in Ross Human Directions Limited

Information on directors (continued)

Timothy Neale Trumper Director – Non Executive – appointed 21 September 2009

Experience and expertise
Tim Trumper is a media and marketing executive who has held senior positions in media, internet and consumer marketing organisations including PBL and Time Warner and has twice been elected Chairman of the Magazine Publishers of Australia.

Tim has experience in Australia raising capital including working with private equity. He has been invited onto the Southern Cross University Foundation and is Chairman of alumni development. In March 2009, Tim joined the advisory board of Wholesale Investor and in August 2009 was appointed Media Controller for Beiersdorf Australia and New Zealand. Tim is Chairman of the Remuneration Committee (from 10 November 2009) and is a member of the Audit Committee.

Tim has an MBA with distinction in Strategic Management from Southern Cross University and as a Director of The Bestest Foundation assisted in the establishment of this charity for disadvantaged Australian children.

Tim Trumper is a media and marketing executive who has held senior positions in media, internet and consumer marketing organisations

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Chairman of remuneration committee
Member of audit committee

Interests in shares and options
Nil

Joint Company Secretaries
The joint Company Secretaries are Mr Gregory Joseph Coolahan and Mr David Andrew Marshall.

Mr Coolahan was appointed to the position of Company Secretary on 25 September 2007. He joined Ross Human Directions Limited in March 2001 as Commercial and Legal Director.

Mr Marshall was appointed to the position of Joint Company Secretary on 21 May 2010. He joined Ross Human Directions Limited in March 2009 as Chief Financial Officer.

Meetings of directors
The numbers of meetings of the company's board of directors and of each board committee during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees Audit		Remuneration	
	A	B	A	B	A	B
Attendee:						
Fergus Allan McDonald	9	10	2	2	1	1
Julia Mary Ross	9	10	*	*	*	*
Eileen Joy Doyle	10	10	2	2	1	1
Hugh Henderson (up to 10 November 2009)	3	3	1	1	1	1
Tim Trumper (from 21 September 2009)	8	8	1	1	0	0

A Number of meetings attended
B Number of meetings held during the time the director held office or was a member of the committee during the year
* Not a member of the relevant committee

Retirement, election and continuation in office of directors

In accordance with the Constitution, Dr Eileen Doyle retires as a director at the annual general meeting and, being eligible, offers herself for re-election.

Remuneration report

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency;
- capital management.

The company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in total shareholder return and delivering growth in return on funds employed as well as focusing the executive on key non-financial drivers of value ;
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to shareholder growth;
- provides a clear structure for earning rewards;
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The board has established a remuneration committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board.

Non-executive directors do not receive shares from the Ross Human Directions Limited Long Term Senior Executive Share Plan.

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (continued)

Directors' fees

The Chairman's and non-executive directors' remuneration is inclusive of committee fees.

Non-executive directors' fees were determined based on market fees for directors at September 2000, and revised more recently in May 2005. From 1 July 2005 non-executive directors' fees increased from $35,000 p.a. plus superannuation to $45,000 p.a. plus superannuation, with the Chairman's fees moving from $50,000 p.a. plus superannuation to $65,000 p.a. plus superannuation.

Retirement allowances for directors

Non-executive directors do not receive retirement allowances. Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Ross Human Directions Limited Long Term Senior Executive Share Plan; and
- superannuation.

The combination of these comprise the executive's total remuneration.

Base pay

Structured as a total employment cost package that may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives may receive benefits including car allowances.

Retirement benefits

Retirement benefits are delivered under a number of defined contribution superannuation funds. These funds provide lump sum benefits based on contributions and earnings of the funds. Other retirement benefits may be provided directly by the company if approved by shareholders.

Short-term incentives

Should the company achieve a pre-determined profit target set by the remuneration committee then a pool of short-term incentive (STI) is available for executives for allocation during the annual review. Commissions and bonuses are payable in cash each year. Using a profit target ensures variable award is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisation or business unit performance.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (continued)

For the year ended 30 June 2010, the KPIs linked to short term incentive plans were based on Group, individual business and personal objectives. The KPIs required performance in reducing operating costs and achieving specific targets in relation to profitability, as well as other key, strategic non-financial measures linked to drivers of performance in future reporting periods. These KPIs are not generic across the senior executive team.

The short term commission and bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee. The STI target annual payment is reviewed annually.

Long-term incentives

Long term incentives are provided to certain employees via the Ross Human Directions Limited Long Term Senior Executive Share Plan. See page 16 for further information.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Ross Human Directions Limited and Ross Human Directions Group are set out in the following tables.

The key management personnel of the Group are the directors of Ross Human Directions Limited (see pages 6 and 7 above) and the following executives who have authority and responsibility for planning, directing and controlling the activities of the entity:

S Basso – Managing Director, Aurion Corporation Pty Limited
MJ Emery – General Manager, Australia and New Zealand Recruitment
GG Gomes – Head of Global Sales and Emerging Business
DA Marshall – Chief Financial Officer and Joint Company Secretary
RA Pierro – General Manager, Non-Recruitment
KD Saunders – Head of Sales, Human Capital Solutions

Remuneration report (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)

Key management personnel of the Group and other executives of the Company and the Group

2010	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Cash Bonus	Non-monetary benefits	Super-annuation	Long service leave	Shares	Total
	$	$	$	$	$	$	$
Non-executive directors							
FA McDonald	65,000	-	-	5,850	-	-	70,850
EJ Doyle	45,000	-	-	4,050	-	-	49,050
T Trumper (from 21 September 2009)	33,750	-	-	3,038	-	-	36,788
H Henderson (from 1 July 2009 to 10 November 2009)	17,654	-	-	1,589	-	-	19,243
Sub-total non-executive directors	**161,404**	**-**	**-**	**14,527**	**-**	**-**	**175,931**
Executive directors							
JM Ross*	-	-	4,547	-	-	-	4,547
Other key management personnel(Group)							
S Basso^#	244,634	68,611	-	27,643	4,612	2,807	348,307
MJ Emery (from 3 August 2009) ^	221,154	27,500	-	12,793	4,412	-	265,859
GG Gomes (from 3 May 2010)#	44,423	-	-	1,947	1,053	-	47,423
DA Marshall^#	265,000	-	-	14,434	5,127	-	284,561
RA Pierro ^ #	230,000	107,519	-	14,433	6,563	7,092	365,607
KD Saunders^#	240,000	18,097	2,406	14,433	2,671	5,612	283,219
Total key management personnel compensation (Group)	**1,406,615**	**221,727**	**6,953**	**100,210**	**24,438**	**15,511**	**1,775,454**

* J M Ross did not take remuneration for the year ended 30 June 2010.
^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.
# Denotes one of the 5 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*.

Remuneration report (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)

Key management personnel of the Group and other executives of the Company and the Group

2009	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Cash Bonus	Non-monetary benefits	Super-annuation	Long service leave	Shares	Total
	$	$	$	$	$	$	$
Non-executive directors							
FA McDonald *Chairman*	65,000	-	-	5,850	-	-	70,850
KL Wilson (from 1 July 2008 to 12 December 2008)	21,635	-	-	2,492	-	-	24,127
EJ Doyle	45,000	-	-	4,050	-	-	49,050
H Henderson	45,000	-	-	4,050	-	-	49,050
Sub-total non-executive directors	**176,635**	**-**	**-**	**16,442**	**-**	**-**	**193,077**
Executive directors							
JM Ross*	-	-	-	-	-	-	-
Other key management personnel(Group)							
PH Beck *(from 1July 2008 to 17 October 2008)*	236,836	-	-	4,734	(1,458)	(11,979)	228,133
PD Madden ^ # *(from 1 July 2008 to 27 March 2009)*	287,686	40,700	-	11,078	(71,863)	(4,844)	262,757
DA Marshall *(from 30 March 2009)*	61,154	-	-	3,172	1,317	-	65,643
GJ Meekin ^ # *(from 8 July 2008 to 9 April 2009)*	251,333	-	-	14,285	-	-	265,618
S Moon *(from 1 July 2008 to 25 November 2008)*	145,000	20,500	-	6,320	(1,333)	-	170,487
P O'Sullivan *(from 9 February 2009 to 5 June 2009)*	184,740	-	-	4,758	-	-	189,498
RA Pierro ^ #	230,000	79,591	-	13,721	6,469	23,682	353,463
PJ Redding *(from 1 July 2008 to 2 March 2009)*	245,294	10,470	-	10,021	7,607	(13,203)	260,189
L Robertson *(from 1 July 2008 to 16 September 2008)*	65,783	20,000	-	3,677	(4,687)	(4,844)	79,929
KD Saunders ^ #	240,000	-	-	13,721	4,591	5,673	263,985
C Vickers-Willis ^ #	239,615	-	-	13,721	5,377	11,414	270,127
Total key management personnel compensation (Group)	**2,364,076**	**171,261**	**-**	**115,650**	**(53,980)**	**5,899**	**2,602,906**

* J M Ross did not take remuneration for the year ended 30 June 2009.
^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.
# Denotes one of the 5 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*.
(1) Included in Cash Salary and Fees are termination payments paid to PH Beck ($114,381), PD Madden ($139,245), P O'Sullivan ($34,355), PJ Redding ($56,166) and L Robertson ($18,090) during the year.

Remuneration report (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2010	2009	**2010**	2009	**2010**	2009
Executive directors of Ross Human Directions Limited						
JM Ross	-	-	-	-	-	-
Other key management personnel of the Group						
S Basso	**79%**	-	**20%**	-	**1%**	-
PH Beck *	-	105%	-	-	-	(5%)
MJ Emery	**90%**	-	**10%**	-	-	-
GG Gomes	**100%**	-	-	-	-	-
PD Madden	-	86%	-	15%	-	(1%)
DA Marshall	**100%**	100%	-	-	-	-
GJ Meekin	-	100%	-	-	-	-
S Moon	-	88%	-	12%	-	-
P O'Sullivan	-	100%	-	-	-	-
RA Pierro	**69%**	71%	**29%**	22%	**2%**	7%
PJ Redding *	-	101%	-	4%	-	(5%)
L Robertson	-	81%	-	25%	-	(6%)
KD Saunders	**92%**	98%	**6%**	-	**2%**	2%
C Vickers-Willis	-	96%	-	-	-	4%

* The fixed remuneration of PH Beck and PJ Redding is shown as greater than 100% due to the reversal of a share based payments expense in 2009 for reasons of non-vesting and/or lapsing in 2009.

Remuneration report (continued)

C Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Group Managing Director, Chief Financial Officer and other specified executives are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including additional superannuation contributions and car allowances and participation, when eligible, in the Ross Human Directions Limited Long Term Senior Executive Share Plan. Other major provisions of the agreements relating to remuneration are set out below.

JM Ross, *Managing Director and Executive Deputy Chairman*

- Term of agreement – ongoing contract commencing 21 June 2000.
- The contractual base salary plus superannuation for the year ended 30 June 2010 was $436,000, however, Ms Julia Ross elected not to take any remuneration during the period.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to 12 months of base salary.

S Basso, *Managing Director, Aurion Corporation Pty Limited*

- Term of agreement – ongoing contract commencing May 2002.
- Base salary plus superannuation for the year ending 30 June 2010 of $260,000, to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to six months of base salary.

MJ Emery, *General Manager, Australia and new Zealand Recruitment*

- Term of agreement – ongoing contract commencing 3 August 2009.
- Base salary plus superannuation for the year ending 3 August 2010 of $263,745 (annualised) to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to four weeks of base salary.

G Gomes, Head of Global Sales and Emerging Business

- Term of agreement – ongoing contract commencing 3 May 2010.
- Base salary plus superannuation for the year ending 3 May 2011 of $314,361 (annualised) to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months of base salary.

DA Marshall, *Chief Financial Officer and Joint Company Secretary*

- Term of agreement – ongoing contract commencing 30 March 2009.
- Base salary plus superannuation for the year ending 30 June 2010 of $278,745, to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months of base salary.

RA Pierro, *General Manager, Non-Recruitment*

- Term of agreement – ongoing contract commencing 24 March 2005.
- Base salary plus superannuation for the year ended 30 June 2010 of $243,721, to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to four weeks of base salary.

KD Saunders, Head of Sales – *Human Capital Solutions*

- Term of agreement – ongoing contract commencing 21 January 2008.
- Base salary plus superannuation for the year ended 30 June 2010 of $253,745 to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months of base salary.

Remuneration report (continued)

D Share-based compensation

Long Term Senior Executive Share Plan

Ross Human Directions Limited shares are allocated to executives under the Long Term Senior Executive Share Plan. The Long Term Senior Executive Share Plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted shares that only vest if certain performance standards are met and employees are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

When shares in the share plan are granted, they vest over a 36-month period. No shares vest until the directors are satisfied that the performance hurdle in respect to growth in basic earnings per share has been satisfied. If the growth in basic earnings per share is equal to or greater than:

- 7%, then one third of the shares are available to be vested;
- 8%, then two thirds of the shares are available to be vested;
- 9%, then the full allocation of the shares are available to be vested.

Shares that do not vest (and any entitlements accruing on them) are forfeited.

A participant must not sell, transfer, encumber, mortgage, charge or otherwise deal with the shares (being the "disposal restrictions") allocated to the participant during the disposal restrictions period.

The disposal restrictions period commences on the date that the shares are allocated to the participant and ceases on the earlier of:

- the expiration of a period of ten years after the date of allocation;
- the date on which the participant ceases to be employed by the Group;
- the expiration of the escrow period applicable to the shares.

The trustee will hold in trust any income (dividends), bonus shares and other entitlements derived on shares allocated to a participant from the time shares are allocated to a participant until those shares vest. The trustee will distribute those dividends, bonus shares or other entitlements to participants on the date on which the shares vest. The participant is not entitled to any earlier distribution of those dividends, bonus shares or other entitlements before the date on which the relevant shares vest.

Until the vesting date for any shares, the participant must abstain from voting, and not exercise any voting rights attached to those shares not vested in the participant.

If any shares are forfeited, all income derived on, all bonus shares that accrue to or any entitlements that accrue to (or any funds, shares, options or other securities arising from the sale or exercise of any entitlements that accrue to) those forfeited shares are also forfeited.

For a period of 24 months immediately following the vesting of the shares (each period being the escrow period) the disposal restrictions continue. During the escrow period the shares will be held by the trustee in accordance with the trust on behalf of the participant. At the conclusion of the escrow period, the shares are automatically released and the disposal restrictions terminate.

During the escrow period, participants are entitled to receive any dividends or other distributions (if any) paid or made on shares. This applies irrespective of the shares being subject to the disposal restrictions.

During the escrow period, participants are entitled to direct the trustee how the voting rights attaching to the shares will be exercised, either generally or in any particular case. This applies irrespective of the shares being subject to the disposal restrictions.

Remuneration report (continued)
D Share-based compensation (continued)

The terms and conditions of each grant of shares under the Long Term Senior Executive Share Plan, affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Value of share at grant date	Vesting dates
28 August 2007	$0.63	One third after 31 August 2008; one third after 31 August 2009; one third after 31 August 2010
15 February 2008	$0.52	One third after 15 February 2009; one third after 15 February 2010; one third after 15 February 2011
14 April 2008	$0.52	One third after 14 April 2009; one third after 14 April 2010; one third after 15 April 2011
28 November 2008	$0.20	One third after 31 August 2009; one third after 31 August 2010; one third after 31 August 2011

Details of ordinary shares granted under the Long Term Senior Executive Share Plan, provided as remuneration to each director of Ross Human Directions Limited and each of the key management personnel of the parent entity and the Group, are set out below. Further information on the Long Term Senior Executive Share Plan is set out in note 35 to the financial statements.

Name	Number of shares granted during the year		Number of shares vested during the year	
	2010 **$**	2009 $	**2010** **$**	2009 $
Directors of Ross Human Directions Limited	-	-	-	-
Other key management personnel of the Group				
S Moon	-	363,000	-	-
RA Pierro	-	50,000	-	-
KD Saunders	-	100,000	-	-
C Vickers-Willis	-	100,000	-	-

E Additional information

Performance of Ross Human Directions Limited

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current year. Over the past 5 years, the Group's return on equity (calculated as profit after tax as a percentage of total equity) has averaged 13.4% per annum. During the same period, average executive remuneration (for the top five paid Group executives) has reduced by approximately 5.1% per annum.

Details of remuneration: cash bonuses and shares

For each cash bonus and grant of shares included in the above tables, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses are payable in future years. The shares vest over three years, provided the vesting conditions are met and none of them will vest if the conditions are not satisfied, hence, the minimum value of yet to vest is $nil. The maximum value of the grant yet to vest has been determined as the amount of the grant date fair value of the shares that is yet to be expensed.

Name	**Cash Bonus**		**Shares**					
	Paid %	Forfeited %	Year Shares granted	Shares Vested %	Shares Forfeited %	Financial years in which shares may vest	Minimum total value of shares granted yet to vest $	Maximum total value of shares granted yet to vest $
S Basso	68	32	2009	-	33	30/6/2011 30/6/2012	nil	1,023
MJ Emery	28	72	-	-	-	-	-	-
RA Pierro	108	-	2008	-	33	30/6/2011	nil	nil
			2009	-	33	30/6/2011 30/6/2012	nil	1,023
KD Saunders	18	72	2009	-	33	30/6/2011 30/6/2012	nil	2,047

Remuneration report (continued)

E Additional information (continued)

Further details relating to shares are set out below:

Name	A Remuneration consisting of shares	B Value at grant date $	C Value at lapse date $
S Basso	1%	-	6,250
MJ Emery	-	-	-
GG Gomes	-	-	-
DA Marshall	-	-	-
RA Pierro	2%	-	31,250
KD Saunders	2%	-	12,500

A = The percentage of the value of remuneration consisting of shares, based on the value expensed during the current year. Negative amounts are due to the reversal of a share based payments expense in 2010 for reasons of non-vesting and/or lapsing in 2010.
B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment of Options* granted during the year as part of remuneration.
C = The value at lapse date of shares that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

Insurance of Officers

During the financial year, Ross Human Directions Limited paid a premium to insure the directors, secretaries and all the executives of the Group entities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES *110 Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2010	2009
	$	$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	**162,122**	150,576
Related practices of PricewaterhouseCoopers Australian firm	**26,665**	27,721
Non-PricewaterhouseCoopers audit firms (Slaven Jeffcote, Moores Rowland, Farrell Grant Sparks, RSM Chio Lim)	**33,265**	17,492
Total remuneration for audit services	**222,052**	195,789
Non audit services		
PricewaterhouseCoopers Australian firm:		
Indirect tax advice	**-**	2,000
Non-PricewaterhouseCoopers (Deloitte Touche Tohmatsu, Structured Programme Services Pty Limited, Moores Rowland, Robert J Kidney & Co, Jeffcote Donnison)		
Tax compliance services	**97,383**	86,211
Total remuneration for non audit services	**97,383**	88,211

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Julia Mary Ross
Managing Director and Deputy Chairman

Eileen Doyle
Director Non-Executive Chairman Audit Committee

Sydney
27 September 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the audit of Ross Human Directions Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ross Human Directions Limited and the entities it controlled during the period.

Marc Upcroft
PricewaterhouseCoopers

27 September 2010

Ross Human Directions Limited and controlled entities
Corporate Governance Statement

Ross Human Directions Limited (the company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX's Corporate Governance principles and recommendations.

Principle 1: Lay solid foundations for management and oversight.
Companies should establish and disclose the respective roles and responsibilities of board and management.

ASX Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
The functions reserved to the Board include:

- overseeing the company, including control and accountability systems;
- contributing to the development and final approval of managements corporate strategy and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, internal control, codes of conduct, and legal compliance;
- reviewing and approving business plans, the annual budget and financial plans;
- overseeing and monitoring senior executive's performance and implementation of strategic goals and objectives;
- appointing and removing of Managing Director or equivalent;
- ratifying the appointment and the removal of senior executives;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

The Board has delegated authorities to the Managing Director to implement the strategies and policies. The delegated authorities are reviewed annually.

The Board has delegated a number of its responsibilities to the Audit Committee and Remuneration Committee as detailed in Principle 4 and 8 below respectively.

ASX Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
The performance of the Board, the Chairman, the Managing Director and the other senior executives is reviewed on an annual basis.

ASX Recommendation 1.3: Companies should provide information indicated in the Guide to Reporting on Principle 1.
To the extent applicable, the information is provided above under Principle 1.

ASX Principle 2: Structure the Board to add value.
Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

ASX Recommendation 2.1: A majority of the board should be Independent Directors.
In compliance with the Board Charter, the Board comprises 4 Non-Executive Directors (including the Chairman) and one Executive Director (the Managing Director):-

Name	**Position**	**Appointed**
Allan McDonald	Independent Non-Executive Director – Chairman	2000
Eileen Joy Doyle	Independent Non-Executive Director	2005
Tim Trumper	Independent Non-Executive Director	2009
Julia Mary Ross	Executive Director	1989

In accordance with the Board Charter the Board will comprise a mix of Directors from different backgrounds with complimentary skills and experience, and will comprise a majority of independent Directors.

The Annual Report details each Director's skills, experience and expertise relevant to their position, their term in office and details of their attendance at Board and/or Committee meetings.

The Board Charter also provides that a Director is entitled to seek independent professional advice at the company's expense. A Director must obtain the written approval of the Chairman prior to seeking the advice.

Directors' independence.
The board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- is or has been employed in an executive capacity by the company or any other Group member within three years before commencing to serve on the board;
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other Group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the company or a controlled entity other than as a director of the Group; and
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Group or 5% of the individual director's net worth is considered material for these purposes.

The company's constitution specifies that at each annual general meeting, one third of the directors (other than the Managing Director), or, if their number is not 3 or a multiple of 3, then the number nearest one third, and any other director not in such one third who has held office for 3 years or more, must retire from office. The directors to retire at the annual general meeting must be those who have been longest in office since their last election, but, as between persons who were elected as directors on the same day, those to retire must be determined by lot, unless otherwise agreed between themselves.

In determining the number of directors to retire at an annual general meeting, no account is to be taken of:

- a director appointed by the directors to fill a casual vacancy or as an addition to the existing directors and who only holds office until the meeting; or
- the Managing Director who is exempted from retirement by rotation.

The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives.

The Managing Director is responsible for implementing Group strategies and policies.

The board charter specifies that these are separate roles to be undertaken by separate people.

ASX Recommendation 2.2: The chairperson should be an independent Director.
The Chairman of the Board, Mr Allan McDonald, is an independent non-executive Director in accordance with the criteria set out in Recommendation 2.1.

ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.
The roles of Chairman and Managing Director are not exercised by the same individual. The Chairman is an independent non-executive Director. The Board Charter provides that the roles of the Chairman and the Managing Director must not be exercised by the same person. The respective roles and responsibilities of the Chairman and the Managing Director are set out in the Board Charter.

Ms Julia Mary Ross is the Managing Director and Deputy Chairman.

ASX Recommendation 2.4: The Board should establish a nomination committee.
In view of the small size of the Board, the Directors have decided not to establish a Nomination Committee. This is inconsistent with Recommendation 2.4, although the recommendation itself recognises that a Nomination Committee does not provide the same efficiencies for smaller boards. Under the Constitution the selection and appointment of new Directors to the Board can be made by the Directors. The Board will assess the appropriate mix of skills, experience and expertise required on the Board at the time of making an additional Director appointment. An appointed Director must submit themselves for election at the next Annual General Meeting.

ASX Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors.
The Board is responsible for reviewing and monitoring its performance and the performance of its committees and the individual Directors.

The Board Charter requires an annual review of the Board to evaluate the performance of the Board, its committees and each individual Director against relevant charters, corporate governance policies and agreed goals and objectives.

ASX Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.
To the extent applicable the information is provided above under Principle 2.

ASX Principle 3: Promote ethical and responsible decision-making.

Companies should actively promote ethical and responsible decision-making.

ASX Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code.

The Directors, the senior management team and all employees are subject to a *Code of Conduct* which is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all Directors and employees in the context of their employment and the company's activities; and
- employees are aware of their responsibilities to always act with honesty, integrity objectivity and fairness in all business relationships and observing the highest standard of business relationships and compliance with the laws.

The Code of Conduct requires Directors and employees to:

- avoid conflicts of interest between their personal interests and those of the company and its clients; and
- deal with shareholders, clients, customers, suppliers, competitors and other employees in a manner that is fair, lawful, diligent and with honesty, integrity and respect.

The Code of Conduct also requires Directors and employees to report any actual or potential breach of the law, the Code of Conduct or other policies.

The company, in accordance with the Code of Conduct aims to provide equal employment opportunities free of any discrimination whatsoever.

The Managing Director and the Chief Financial Officer each sign off to the Board that the financial records represent a true and fair view of the company's financial position and comply with the Accounting Standards.

ASX Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The company has in its Code of Conduct implemented a policy that requires notification by senior executives of any dealings in the companies' securities and no trades within a 4 week period of the half yearly and yearly announcements or prior to any major announcement.

The Directors have agreements that require them to notify the company within 3 days of any dealings in the company's securities.

ASX Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.

To the extent applicable the information is provided above under Principle 3.

ASX Principle 4: Safeguard Integrity in Financial Reporting.

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

ASX Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit Committee for the purposes of:

- reviewing, assessing and approving the annual and half yearly financial reports and any other information released to the market;
- assisting the board in reviewing the effectiveness of the internal control environment;
- considering the independence and competence of the external auditor; and
- reviewing and monitoring related party transactions and assess their propriety.

ASX Recommendation 4.2: The audit committee should be structured so that it:

- *consists only of non-executive directors;*
- *consists of a majority of independent directors;*
- *is chaired by an independent chair, who is not the chair of the board; and*
- *has at least three members*.

The structure of the Audit Committee is consistent with ASX Recommendation 4.2.

In 2010 the Audit Committee comprised Ms Eileen Doyle (independent non-executive Committee Chairman), Mr Allan McDonald, Mr Hugh Henderson (retired in November 2009) and Mr Tim Trumper (from 21 September 2009). All members possess the requisite financial expertise.

The Committee meets as required but generally not less than twice per annum. The Committee reports to the Board following each Committee meeting and makes recommendations to the Board for approval or appropriate action. The attendance of the Committee members at Committee Meetings during the financial year is disclosed in the Directors' Report Annual Report.

ASX Recommendation 4.3: The audit committee should have a formal charter.
The Audit Committee has adopted a formal Charter. The Charter sets out details of the responsibilities of the Committee which include:

- assisting the Board in fulfilling its responsibilities for the accounting policies of the group and ensuring that they are in accordance with the Accounting Standards, the financial reporting process and internal control relating to all matters affecting financial performance and the audit process;
- overseeing the effective operation of the risk management framework;
- review and assess significant accounting estimates and judgement in financial reports;
- reviewing management's process for ensuring compliance with relevant laws and regulations in relation to the preparation of financial report; and
- recommend to the Board the appointment, removal, and remuneration of the external auditors.

ASX Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.
To the extent applicable the information is provided above under Principle 4.

ASX Principle 5: Make Timely and Balanced Disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

ASX Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
The Company has an established policy for the disclosure requirements.

The Chief Financial Officer and Company Secretary have been nominated as the persons responsible for communication to ASX.

The Board is actively and regularly involved in discussing disclosure obligations in respect of all major matters that come before it.

All information posted to the ASX is also included on the company's website (www.rossjuliaross.com) as soon possible after it has been uploaded to the ASX.

Members of the management team are required to ensure that they are familiar with the Policy, report material information to the Company Secretary and provide sufficient details to the Company Secretary to allow a view to be formed as to whether the information requires disclosure.

ASX Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

To the extent applicable the information is provided above under Principle 5.

ASX Principle 6: Respect the Rights of Shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

ASX Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The company's policy on communications is contained within its Corporate Governance Statement detailing the company website at www.rossjuliaross.com and encourages shareholders to utilise this website as their primary tool to access shareholder information and disclosures. The website provides access to reports filed with ASX :

- detailed information regarding the Board;
- all ASX announcements and media releases, which are posted to the website promptly following release;
- copies of full-year and half-year financial reports;
- summaries of Board and Committee Charters and relevant corporate governance policies;
- copies of Annual Reports; and
- the details of Computershare's details for share registry inquiries.

A number of shareholders have elected to receive the Annual Report electronically.

ASX Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

To the extent applicable the information is provided above under Principle 6.

ASX Principle 7: Recognise and Manage Risk.

Companies should establish a sound system of risk oversight and management and internal control.

ASX Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Audit Committee assists the Board, and in accordance with the Audit Committee Charter, the role of the Audit Committee includes consideration of the overall risk management framework of the company.

The Audit Committee includes amongst its responsibilities:

- overseeing the effective operation of the risk management framework;
- keeping the Board informed of all significant business risks;
- reviewing in conjunction with management the system for identifying, managing and monitoring the key risks of ; and
- obtaining reports from management on the status of any key risk exposures or incidents.

ASX Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The company has not yet adopted a formal risk management system, but incorporates risk management processes in all its major bids, project management and IT systems implementations.

ASX Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director and the Chief Financial Officer have stated to the Board in writing (provided in accordance with section 295A of the Corporations Act):

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and the Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

ASX Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.
To the extent applicable the information is provided above under Principle 7.

ASX Principle 8: Remunerate Fairly and Responsibly.

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX Recommendation 8.1: The Board should establish a remuneration committee.
The Remuneration Committee is comprised of independent non-executive Directors, has an independent non-executive Chairman, who is not the Chairman of the Board, and has three members. The members of the Committee are Mr Hugh Henderson (Chairman) (retired in November 2009), Dr Eileen Doyle, Mr Allan McDonald and Mr Tim Trumper (from 10 November 2009) (Chairman).

The Remuneration Committee's function is to support and advise the Board in fulfilling its responsibilities to employees by:

- endeavouring to ensure that the Managing Director and senior management are remunerated fairly and appropriately;
- endeavouring to ensure that the remuneration policies and outcomes strike a balance between the interests of rewarding and motivating 's executives and employees in order to secure the long term benefits;
- assuming responsibility for management succession planning and appropriate development programmes; and
- recommend to the Board issue of new shares under the Long Term Executive Share Plan.

ASX Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of executive directors and senior executives.
Independent non-executive Directors are paid an annual fee for their services on the Board and all committees of the Board. Independent non-executive Directors are not provided with retirement benefits other than statutory superannuation and do not receive options or bonus payments.

ASX Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8
To the extent applicable the information is provided above under Principle 8.

Ross Human Directions Limited

Financial Report
– 30 June 2010

Contents Page

This financial report covers both Ross Human Directions Limited as an individual entity and the consolidated entity consisting of Ross Human Directions Limited and its subsidiaries. The financial report is presented in the Australian currency.

Ross Human Directions Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ross Human Directions Limited
Level 11, 133 Castlereagh Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in Directors' Report on pages 2-21, which are not part of this financial report.

The financial report was authorised for issue by the directors on 27 September 2010. The directors have the power to amend and re-issue the financial report.

Through the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Investor's Centre on our website: www.rossjuliaross.com .

Income Statements
For the year ended **30 June 2010**

	Notes	Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
Revenue from continuing operations	5	**373,859**	392,974	**317,997**	314,774
Other income	6	**1**	63	**-**	-
Costs of temporary staff and other services		**(315,372)**	(327,321)	**(278,142)**	(271,618)
Employee benefits expense		**(32,996)**	(38,281)	**(21,641)**	(25,648)
Depreciation and amortisation expenses	7	**(2,586)**	(3,422)	**(1,883)**	(2,617)
Reduction in the carrying amount of goodwill due to the realisation of acquired tax losses	7	**-**	(682)	**-**	-
Finance costs	7	**(1,198)**	(2,231)	**(1,293)**	(1,270)
Other expenses		**(12,548)**	(15,397)	**(9,878)**	(8,196)
Profit before income tax		**9,160**	5,703	**5,160**	5,425
Income tax expense	8	**(2,254)**	(1,630)	**(1,614)**	(824)
Profit attributable to equity holders of Ross Human Directions Limited		**6,906**	4,073	**3,546**	4,601

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	34	**8.3**	4.9
Diluted earnings per share	34	**8.3**	4.9

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

Statements of Comprehensive Income
For the year ended **30 June 2010**

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Profit for the year		**6,906**	4,073	**3,546**	4,601
Other comprehensive income					
Exchange differences on translation of foreign operations	23	**(694)**	1,131	**-**	-
Other comprehensive loss / income for the year net of tax		**(694)**	1,131	**-**	-
Total comprehensive income for the year		**6,212**	5,204	**3,546**	4,601

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of Financial Position
As at **30 June 2010**

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
ASSETS					
Current Assets					
Cash and cash equivalents	9	**7,646**	4,785	**3,811**	407
Trade and other receivables	10	**53,189**	55,256	**41,680**	42,694
Total Current Assets		**60,835**	60,041	**45,491**	43,101
Non-Current Assets					
Other financial assets	11	**-**	-	**32,507**	32,507
Property, plant and equipment	12	**1,187**	2,375	**879**	1,474
Deferred tax assets	13	**5,285**	5,927	**4,691**	5,230
Intangible assets	14	**14,097**	14,757	**3,486**	4,327
Total Non-Current Assets		**20,569**	23,059	**41,563**	43,538
Total Assets		**81,404**	83,100	**87,054**	86,639
LIABILITIES					
Current Liabilities					
Trade and other payables	15	**28,915**	26,731	**20,973**	18,580
Borrowings	16	**302**	7,054	**26,284**	29,194
Current tax liabilities		**280**	987	**31**	410
Provisions	17	**1,568**	1,579	**941**	775
Total Current Liabilities		**31,065**	36,351	**48,229**	48,959
Non-Current Liabilities					
Payables	18	**92**	92	**92**	92
Borrowings	19	**4,814**	5,682	**4,814**	5,682
Deferred tax liabilities	20	**1,170**	860	**994**	780
Provisions	21	**1,609**	1,684	**1,061**	741
Total Non-Current Liabilities		**7,685**	8,318	**6,961**	**7,295**
Total Liabilities		**38,750**	44,669	**55,190**	56,254
Net Assets		**42,654**	38,431	**31,864**	30,385
EQUITY					
Contributed equity	22	**23,004**	23,004	**25,118**	25,118
Reserves	23(a)	**(946)**	(272)	**200**	180
Retained profits	23(b)	**20,596**	15,699	**6,546**	5,087
Total Equity		**42,654**	38,431	**31,864**	30,385

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity
For the year ended **30 June 2010**

Consolidated

	Contributed equity $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Share based-payments reserve $'000	Total equity $'000
Balance at 1 July 2008	23,004	13,026	(1,583)	521	34,968
Total comprehensive income for the year	-	4,073	1,131	-	5,204
Transfer from share-based payments reserve to retained earnings	-	408	-	(408)	-
Transactions with owners in their capacity as owners:					
Employee share plan	-	-	-	67	67
Dividends paid	-	(1,808)	-	-	(1,808)
	-	(1,808)	-	67	(1,741)
Balance at 30 June 2009	**23,004**	**15,699**	**(452)**	**180**	**38,431**
Total comprehensive income for the year	-	6,906	(694)	-	6,212
Transactions with owners in their capacity as owners:					
Employee share plan	-	-	-	20	20
Dividends paid	-	(2,009)	-	-	(2,009)
	-	(2,009)	-	20	(1,989)
Balance at 30 June 2010	**23,004**	**20,596**	**(1,146)**	**200**	**42,654**

Statements of Changes in Equity
For the year ended **30 June 2010 (continued)**

Parent Entity

	Contributed equity $'000	Retained earnings $'000	Share based-payments reserve $'000	Total equity $'000
Balance at 1 July 2008	25,118	1,957	521	27,596
Total comprehensive income for the year	-	4,601	-	4,601
Transfer from share-based payments reserve to retained earnings	-	408	(408)	-
Transactions with owners in their capacity as owners:				
Employee share plan	-	-	67	67
Dividends paid	-	(1,879)	-	(1,879)
	-	(1,879)	67	(1,812)
Balance at 30 June 2009	**25,118**	**5,087**	**180**	**30,385**
Total comprehensive income for the year	-	3,546	-	3,546
Transactions with owners in their capacity as owners:				
Employee share plan	-	-	20	20
Dividends paid	-	(2,087)	-	(2,087)
	-	(2,087)	20	(2,067)
Balance at 30 June 2010	**25,118**	**6,546**	**200**	**31,864**

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

Statements of Cash Flows
For the year ended **30 June 2010**

	Notes	Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		413,090	448,702	350,883	350,221
Payments to suppliers and employees (inclusive of goods and services tax)		(396,725)	(423,395)	(338,348)	(345,765)
		16,365	25,307	12,535	4,456
Interest paid		(1,150)	(2,170)	(1,250)	(1,224)
Income taxes paid		(1,583)	(432)	(1,549)	(418)
Net cash inflow from operating activities	33	13,632	22,705	9,736	2,814
Cash flows from investing activities					
Payments for property, plant and equipment		(540)	(396)	(447)	(160)
Payments for intangible assets		(215)	(155)	-	(106)
Proceeds from sale of property, plant and equipment		-	3	-	-
Dividends received		-	-	-	814
Interest received		13	61	5	9
Net cash (outflow) inflow from investing activities		(742)	(487)	(442)	557
Cash flows from financing activities					
Proceeds from borrowings		12,000	25,409	15,841	43,798
Repayment of borrowings		(19,644)	(44,892)	(19,644)	(44,891)
Dividends paid to company's shareholders	24	(2,009)	(1,808)	(2,087)	(1,879)
Net cash outflow from financing activities		(9,653)	(21,291)	(5,890)	(2,972)
Net increase in cash and cash equivalents		**3,237**	927	**3,404**	399
Cash and cash equivalents at beginning of the financial year		**4,785**	3,652	**407**	8
Effect of exchange rate changes on cash and cash equivalents		**(376)**	206	**-**	-
Cash and cash equivalents at the end of the financial year	9	**7,646**	4,785	**3,811**	407

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

Notes to the Financial Statements
30 June 2010

Contents

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 years presented, unless otherwise stated. The financial report includes separate financial statements for Ross Human Directions Limited as an individual entity and the consolidated entity consisting of Ross Human Directions Limited and its subsidiaries.

The accounting policies adopted are consistent with those of the previous financial year.

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs
The consolidated financial statements of the Ross Human Directions Limited group and the separate financial statements of Ross Human Directions Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Early adoption of standards
The group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2009:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. As a result of the early adoption of AASB 2009-5, transaction costs associated with the business combination described in note 43 have been presented as operating rather than financing cash flow. There was no other impact on the current or prior year financial statements.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property, as applicable.

Critical accounting estimates
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 involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Financial statement presentation
The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Deficiency of working capital
As at 30 June 2010, the parent entity is in a net current asset deficiency position of $2,738,000. This is mainly due to loans from the subsidiaries being classified as current. The subsidiaries are not expected to call in loans due from the parent entity in the short term and it is expected that the parent entity will be able to meet its financial obligations. In any event, a Deed of Cross Guarantee has been entered into by all Australian entities whereby each company that is party to the Deed guarantees the debts of the other entities in that "Closed Group". This is outlined in note 31.

Note 1 Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ross Human Directions Limited ("company'' or "parent entity'') as at 30 June 2010 and the results of all subsidiaries for the year then ended. Ross Human Directions 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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 acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Ross Human Directions Limited

(ii) Long Term Senior Executive Share Trust

The Group has formed a trust to administer the Group's long term senior executive share plan. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the Ross Human Directions Limited Long Term Senior Executive Share Trust are disclosed as treasury shares and deducted from contributed equity.

(iii) Changes in accounting policy

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 Consolidated and Separate Financial Statements became operative.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Note 1 Summary of Significant Accounting Policies (continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

Change in accounting policy
The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

Comparatives for 2009 have been restated.

(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 Ross Human Directions 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 they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit and loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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 and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale where applicable.

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.

Note 1 Summary of Significant Accounting Policies (continued)

(e) 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 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.

Revenue is recognised for the major business activities as follows:

(i) Human resources
Income from contracting is brought to account when the services are provided. Contracting services provided but not yet billed are taken up as accrued revenue. All other fee income is recognised when services are performed.

(ii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Dividend revenue
Dividend revenue is recognised as revenue when the right to receive payment is established.

(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 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 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 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 asset and settle the liability simultaneously.

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

Note 1 Summary of Significant Accounting Policies (continued)

(f) Income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(ii) Tax consolidation legislation

Ross Human Directions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Ross Human Directions Limited, and the controlled entities in the tax consolidated Group 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, Ross Human Directions 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. Details about the tax funding agreement are disclosed in note 8.

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

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term or long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Note 1 Summary of Significant Accounting Policies (continued)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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 exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy
A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

The changes were implemented prospectively from 1 July 2009.

Note 1 Summary of Significant Accounting Policies (continued)

(i) Impairment of assets

Goodwill and intangible 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. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less 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.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash.

The amount of the impairment loss is recognised in the income statement in other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(l) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value though profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Note 1 Summary of Significant Accounting Policies (continued)

(l) Investments and other financial assets (continued)

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

Note 1 Summary of Significant Accounting Policies (continued)

(m) 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Office equipment	2-8 years
- Furniture and fittings	3-7 years
- Leasehold improvements	3–6 years
- Leased plant and equipment	4-10 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 (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(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 acquired in business combinations 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 each country of operation by each primary reporting segment.

(ii) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 8 years.

(o) Trade and other payables

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

Note 1 Summary of Significant Accounting Policies (continued)

(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 statement of financial position 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 finance cost.

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 reporting date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present 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's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine 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.

(r) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1 Summary of Significant Accounting Policies (continued)

(r) Employee benefits (continued)

(iii) Retirement benefit obligations
All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plans. The Group contributes to defined contribution plans. The plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the Ross Human Directions Limited Long Term Senior Executive Share Plan. Information relating to this scheme is set out in note 36.

Under the long term senior executive share plan, shares issued by the Ross Human Directions Limited Long Term Senior Executive Share Trust to senior executives for no cash consideration vest over a vesting period, as determined by the directors. The market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period.

(v) Profit-sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares 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.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income tax) is recognised directly in equity.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Note 1 Summary of Significant Accounting Policies (continued)

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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, adjusted for bonus elements in ordinary shares issued during the 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.

(v) 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 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 other receivables or payables in the statement of financial position.

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 flows.

(w) Rounding of amounts

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 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, the nearest dollar.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The group has not yet decided when to adopt AASB 9.

(y) Corporations Amendments (Corporate Reporting Reform) Act 2010

Following changes made to the corporations Act 2001 and the Corporations Regulations 2010 in June 2010, annual reports for financial years ending on or after 30 June 2010 no longer need to include separate columns and associated note disclosures for the parent entity. Instead, the Corporation Regulations now prescribe limited disclosures that will need to be made in the notes to the financial statements, which includes disclosure of key financial information for the parent entity and details of any guarantees, contingent liabilities and commitments. The reduced disclosures are not applicable until 2013 but available for early adoption. As at 30 June 2010, the group has not decided when to adopt this regime.

Note 2 Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group and parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**7,646**	4,785	**3,811**	407
Trade and other receivables	**53,189**	55,256	**41,680**	42,694
Other financial assets	**-**	-	**32,507**	32,507
	60,835	60,041	**77,998**	75,608
Financial liabilities				
Trade and other payables	**28,915**	26,731	**20,973**	18,580
Borrowings	**5,116**	12,736	**31,098**	34,876
	34,031	39,467	**52,071**	53,456

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is not exposed materially to foreign exchange risk arising from currency exposures to the Australian dollar.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

As at 30 June 2010, no forward contracts have been entered into.

The Group's exposure to foreign exchange risk at the reporting date and prior year was not material.

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars, except as set out below:

	30 June 2010	30 June 2009
	NZD	NZD
	$'000	$'000
Bank loans	**1,000**	2,100

Parent entity sensitivity

The parent entity's post tax profit for the year would have been $74,000 higher/$90,000 lower (2009 - $107,000 higher/$131,000 lower) had the Australian dollar strengthened/weakened by 10% against the NZ dollar as a result of the NZ dollar borrowings. These borrowings are a hedge against an intercompany receivable held by another wholly owned Australian subsidiary. The receivable is due by the New Zealand subsidiary, payable in NZ dollars. On consolidation, there is no foreign exchange impact.

Note 2 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Price risk
The Group and the parent entity are not exposed to equity securities or commodity price risk.

(iii) Cash flow and fair value interest rate risk
The Group's main interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. During 2010 and 2009, the Group's borrowings at variable rate were denominated in Australian Dollars and New Zealand Dollars.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2010		30 June 2009	
	Weighted average Interest rate %	**Balance $ '000**	Weighted average Interest rate %	Balance $ '000
Bank debtor finance and bank loans	**5.78**	**5,116**	4.04	12,736

An analysis by maturities is provided in (c) below.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a quarterly basis to verify that maximum loss potential is within the limit given by management.

Group sensitivity

At 30 June 2010, if interest rates had changed by -/+ 1% from the year end rates with all other variables held constant, post-tax profit for the year would have been $36,000 lower/higher (2009 – $89,000 lower/higher), mainly as a result of lower/higher interest expense from borrowings. Equity would have been $36,000 lower/higher (2009 - $89,000 lower/higher) mainly as a result of lower/higher interest expense from borrowings.

Parent entity sensitivity

The parent entity's main interest rate risk arises from cash equivalents and loans with variable interest rates. At 30 June 2010, if interest rates had changed by -/+ 1% from the year end rates with all other variables held constant, post-tax profit for the year would have been $36,000 lower/higher (2009 – $89,000 lower/higher), mainly as a result of lower/higher interest expense from borrowings. Equity would have been $36,000 lower/higher (2009 - $89,000 lower/higher) mainly as a result of lower/higher interest expense from borrowings.

Note 2 Financial Risk Management (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 51.

Independent credit assessments are used for all new customers and only those regarded with a low risk of default are accepted. If there is insufficient credit information to give an accurate assessment, other factors such as an assessment of financial position, nature of proposed transaction and Directors personal guarantees are considered. Compliance with credit terms are monitored by the Consolidated Entity's finance executives and reports are submitted to the Board of Directors on a monthly basis for review.

The Consolidated Entity maintains standard credit terms in its terms and conditions. Some preferred supplier agreements dictate longer payment terms, however, the credit risk remains unaltered.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature and relative compliance with credit terms. At balance date, examination of the consolidated trade debtor's ledger reveals no reason for an impairment adjustment.

Management have reviewed all trade receivables that are currently held in the trade receivables ledger that are outside trade terms and are satisfied that adequate provisions have been made. The amounts within trade receivables which are past due or impaired are detailed in Note 10.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing arrangements
The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		**Parent Entity**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Floating rate				
-Expiring within one year (debtor finance and bank loan)	**30,698**	23,946	**30,698**	23,946
-Expiring beyond one year (bank loan and bill facilities)	**9,186**	12,318	**9,186**	12,318
	39,884	36,264	**39,884**	36,264

The debtor finance facility may be drawn at any time and is subject to annual review. The commercial bill facilities may be drawn at any time and are subject to annual review and have an average maturity of 1.8 years (2009 – 2.3 years).

Note 2 Financial Risk Management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities
The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings, based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group – At 30 June 2010	**Less than 6 months $'000**	**6 – 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contrac-tual cash flows $'000**	**Carrying Amount (assets)/ liabilities $'000**
Non-derivatives							
Trade and other payables	**28,915**	**-**	**-**	**-**	**92**	**29,007**	**29,007**
Borrowings	**302**	**-**	**864**	**4,524**	**-**	**5,690**	**5,116**
Bank guarantees	**1,473**	**-**	**-**	**-**	**-**	**1,473**	**1,473**
Total non-derivatives	**30,690**	**-**	**864**	**4,524**	**92**	**36,170**	**35,596**

Group – At 30 June 2009	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contrac-tual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Trade and other payables	26,731	-	-	-	92	26,823	26,823
Borrowings	7,054	-	1,773	4,539	-	13,366	12,736
Bank guarantees	2,037	-	-	-	-	2,037	2,037
Total non-derivatives	35,822	-	1,773	4,539	92	42,226	41,596

Parent – At 30 June 2010	**Less than 6 months $'000**	**6 – 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contrac-tual cash flows $'000**	**Carrying Amount (assets)/ liabilities $'000**
Non-derivatives							
Trade and other payables	**46,954**	**-**	**-**	**-**	**92**	**47,046**	**47,046**
Borrowings	**302**	**-**	**864**	**4,524**	**-**	**5,690**	**5,116**
Bank guarantees	**1,263**	**-**	**-**	**-**	**-**	**1,263**	**1,263**
Total non-derivatives	**48,519**	**-**	**864**	**4,524**	**92**	**53,999**	**53,425**

Parent – At 30 June 2009	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contrac-tual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Trade and other payables	40,720	-	-	-	92	40,812	40,812
Borrowings	7,054	-	1,773	4,539	-	13,366	12,736
Bank guarantees	1,827	-	-	-	-	1,827	1,827
Total non-derivatives	49,601	-	1,773	4,539	92	56,005	55,375

Note 2 Financial Risk Management (continued)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, Ross Human Directions Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2),and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Shares in Ross Human Directions Limited held by the Ross Human Directions Limited Long Term Senior Executive Trust at 30 June 2010 are valued at fair value using quoted prices (level 1). In the group accounts this entry is eliminated on consolidation.

The parent entity had no assets or liabilities measured at fair value at 30 June 2010.

Note 3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(n). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carry forward losses to the extent that the unused tax losses can be utilised. Refer to note 13 for further details.

Note 4 Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board considers the business from a product perspective and has identified two reportable segments, recruitment and non-recruitment. Non-recruitment consists of technology consulting and management solutions, managed training solutions, payroll outsourcing and the sale of payroll software.

(b) Segment information provided to the board of directors

	Recruitment $'000	Non-recruitment $'000	Total $'000
Year ended 30 June 2010			
Total segment revenue	**280,695**	**94,333**	**375,028**
Inter-segment revenue	**(938)**	**(231)**	**(1,169)**
Revenue from external customers	**279,757**	**94,102**	**373,859**
EBITDA	**3,825**	**9,119**	**12,944**
Year ended 30 June 2009			
Total segment revenue	309,999	84,587	394,586
Inter-segment revenue	(1,341)	(271)	(1,612)
Revenue from external customers	308,658	84,316	392,974
EBITDA	4,772	7,266	12,038

A reconciliation of EBITDA to operating profit before tax is provided as follows:

	2010 $'000	2009 $'000
EBITDA	**12,944**	12,038
Depreciation and amortisation expense	**(2,586)**	(4,104)
Finance costs	**(1,198)**	(2,231)
Profit before income tax from continuing operations	**9,160**	5,703

(c) Other segment information

Segment revenue
Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

Segment assets and liabilities
No analysis between segments for assets and liabilities is provided as this information is not provided to the board of directors or senior executives.

Note 5 Operating Revenue

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
From continuing operations				
Sales revenue				
Services	**373,846**	392,913	**317,992**	313,952
Other revenue				
Interest	**13**	61	**5**	8
Dividends	**-**	-	**-**	814
	373,859	392,974	**317,997**	314,774

Note 6 Other Income

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Foreign exchange gains (net)	**1**	**63**	**-**	-

Note 7 Expenses

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	**670**	752	**445**	475
Furniture and fittings	**128**	163	**60**	36
Leasehold improvements	**913**	687	**537**	369
Total depreciation	**1,711**	1,602	**1,042**	880
Amortisation	**875**	1,820	**841**	1,737
Reduction in the carrying amount of goodwill due to the realisation of acquired tax losses	**-**	682	**-**	-
Finance costs				
Interest and finance charges paid/payable	**1,002**	2,093	**1,144**	1,176
Provisions: unwinding of discount	**148**	77	**106**	48
Exchange losses on foreign currency borrowings	**48**	61	**43**	46
Finance costs expensed	**1,198**	2,231	**1,293**	1,270
Net loss on disposal of plant and equipment	**-**	10	**-**	-
Rental expense relating to operating leases				
Minimum lease payments	**3,870**	5,346	**2,795**	2,998
Superannuation expense	**18,073**	17,453	**16,566**	15,658
Research and development	**1,064**	1,140	**-**	-

Note 8 Income Tax Expense

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Income tax payable				
Current tax	**1,545**	1,329	**718**	691
Deferred tax	**952**	383	**753**	156
Under (over) provided in prior years	**(243)**	(82)	**143**	(23)
Current tax	**2,254**	1,630	**1,614**	824
Income tax expense is attributable to:				
Profit from continuing operations	**2,254**	1,630	**1,614**	824
Deferred income tax expense (revenue) included in income tax expense comprises:				
Decrease in deferred tax assets (note 13)	**642**	290	**539**	74
Increase in deferred tax liabilities (note 20)	**310**	93	**214**	82
	952	383	**753**	156
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable				
Profit from continuing operations before income tax expense	**9,160**	5,703	**5,160**	5,425
Tax at the Australian tax rate of 30% (2009: 30%)	**2,748**	1,711	**1,548**	1,628
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
Goodwill impairment / reduction	**-**	205	**-**	-
Entertainment	**37**	36	**30**	23
Non-taxable dividends	**-**	-	**-**	(244)
Sundry items	**34**	79	**89**	15
	2,819	2,031	**1,667**	1,422
Difference in overseas tax rates	**(173)**	(198)	**-**	-
(Over) under provision in prior years	**(371)**	(54)	**(53)**	62
Prior year tax losses not recognised now recouped	**-**	(705)	**-**	(705)
Tax losses of subsidiaries not recognised	**(21)**	179	**-**	-
Deferred tax asset written off	**-**	377	**-**	45
Income tax expense (benefit)	**2,254**	1,630	**1,614**	824
(c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**1,335**	1,825	**760**	760
Potential tax benefit @ 30%	**400**	548	**228**	228
Difference in overseas tax rates	**(26)**	(86)	**-**	-
Potential tax benefit	**374**	462	**228**	228

Note 8 Income Tax Expense (continued)

(d) Tax consolidation legislation

Ross Human Directions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(f).

The entities have entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ross Human Directions Limited.

The entities also entered into a tax funding agreement under which the wholly-owned entities fully compensate Ross Human Directions Limited for any current tax payable assumed and are compensated by Ross Human Directions Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ross Human Directions Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 29 (d))

Note 9 Current Assets – Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**7,646**	4,785	**3,811**	407

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial period as shown in the Cash Flow Statements as follows:

Balances per statements of cash flows	**7,646**	4,785	**3,811**	407

(b) Interest rate risk exposure

The Group's and parent entity's exposure to interest rate risk is discussed in note 2.

Note 10 Current Assets – Trade and Other Receivables

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables	**52,422**	54,668	**41,677**	42,770
Less: Provision for impairment of receivables (note (a))	**(863)**	(1,180)	**(560)**	(710)
	51,559	53,488	**41,117**	42,060
Other receivables (note (c))	**128**	343	**-**	-
Loans to related parties (note (d))	**-**	-	**5**	35
Prepayments	**1,502**	1,425	**558**	599
	53,189	55,256	**41,680**	42,694

(a) Impaired trade receivables

As at 30 June 2010, current trade receivables of the Group with a nominal value of $863,000 (2009 - $1,266,000) were impaired.

As at 30 June 2010, current trade receivables of the parent with a nominal value of $560,000 (2009 - $763,000) were impaired.

The ageing of these receivables is as follows:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
1 to 3 months	**339**	-	**265**	-
4 to 6 months	**497**	592	**268**	568
Over 6 months	**27**	674	**27**	195
	863	1,266	**560**	763

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Balance at 1 July	**1,180**	2,062	**710**	1,112
Provision for impairment recognised during the year	**(317)**	(87)	**(150)**	(327)
Transfer from subsidiary	**-**	-	**-**	55
Receivables written off during the year as uncollectible	**-**	(795)	**-**	(130)
Balance at 30 June	**863**	1,180	**560**	710

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Note 10 Current Assets – Trade and Other Receivables (continued)

(b) Past due but not impaired

As at 30 June 2010, trade receivables of $5,688,000 (2009 - $7,339,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Up to 3 months	**5,303**	7,284	**3,081**	2,744
3 to 6 months	**385**	55	**-**	-
	5,688	7,339	**3,081**	2,744

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(d) Loans to related parties

Further information relating to loans to related parties is set out in note 29.

(e) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(f) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Note 11 Non-Current Assets – Other Financial Assets

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Shares in subsidiaries 1 July 2009	**-**	-	**32,507**	36,190
Transfer to Deferred Tax Assets (note 13)	**-**	-	**-**	(3,683)
Shares in subsidiaries 30 June 2010 (note 30)	**-**	-	**32,507**	32,507

These financial assets are carried at cost.

Note 12 Non-Current Assets – Property, Plant and Equipment

Consolidated	**Furniture & fittings $'000**	**Leasehold improve-ments $'000**	**Plant & equipment $'000**	**Leased plant & equipment $'000**	**Total $'000**
At 1 July 2008					
Cost	1,049	4,775	9,122	10	14,956
Accumulated depreciation	(736)	(3,256)	(7,390)	(7)	(11,389)
Net book amount	313	1,519	1,732	3	3,567
Year ended 30 June 2009					
Opening net book amount	313	1,519	1,732	3	3,567
Exchange differences	7	-	19	-	26
Additions	69	197	129	1	396
Assets classified as held for sale and other disposals	(12)	-	-	-	(12)
Depreciation charge	(163)	(687)	(749)	(3)	(1,602)
Closing net book amount	214	1,029	1,131	1	2,375
At 30 June 2009					
Cost	985	5,048	9,373	11	15,417
Accumulated depreciation	(771)	(4,019)	(8,242)	(10)	(13,042)
Net book amount	214	1,029	1,131	1	2,375
Year ended 30 June 2010					
Opening net book amount	214	1,029	1,131	1	2,375
Exchange differences	6	(9)	(14)	-	(17)
Additions	21	404	115	-	540
Depreciation charge	(128)	(912)	(670)	(1)	(1,711)
Closing net book amount	113	512	562	-	1,187
At 30 June 2010					
Cost	342	1,881	2,754	-	4,977
Accumulated depreciation	(229)	(1,369)	(2,192)	-	(3,790)
Net book amount	113	512	562	-	1,187

Note 12 Non-Current Assets – Property, Plant and Equipment (continued)

Parent entity	Furniture & fittings $'000	Leasehold improve-ments $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
At 1 July 2008					
Cost	600	1,687	3,595	7	5,889
Accumulated depreciation	(482)	(863)	(2,343)	(7)	(3,695)
Net book amount	118	824	1,252	-	2,194
Year ended 30 June 2009					
Opening net book amount	118	824	1,252	-	2,194
Additions	59	101	-	-	160
Depreciation charge	(36)	(368)	(476)	-	(880)
Closing net book amount	141	557	776	-	1,474
At 30 June 2009					
Cost	659	1,788	3,594	-	6,041
Accumulated depreciation	(518)	(1,231)	(2,818)	-	(4,567)
Net book amount	141	557	776	-	1,474
Year ended 30 June 2010					
Opening net book amount	141	557	776	-	1,474
Additions	2	395	50	-	447
Depreciation charge	(60)	(537)	(445)	-	(1,042)
Closing net book amount	83	415	381	-	879
At 30 June 2010					
Cost	137	1,228	1,677	-	3,042
Accumulated depreciation	(54)	(813)	(1,296)	-	(2,163)
Net book amount	83	415	381	-	879

Non-current assets pledged as security

Refer to note 19 for information on non-current assets pledged as security by the parent entity and its controlled entities.

Note 13 Non-Current Assets – Deferred Tax Assets

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Employee benefits	**1,062**	969	**744**	680
Superannuation accrual	**630**	445	**630**	445
Doubtful debts	**193**	228	**169**	213
Provision for legal costs and other provisions	**324**	383	**260**	106
Audit fees provision	**83**	60	**49**	60
Fringe benefits tax provision	**42**	34	**42**	34
Lease incentives	**-**	101	**-**	9
Unused tax losses (note 14)	**2,797**	3,683	**2,797**	3,683
Depreciation	**154**	24	**-**	-
Total deferred tax assets	**5,285**	5,927	**4,691**	5,230

Deferred tax assets to be recovered after more than 12 months	**5,184**	5,667	**4,647**	5,051
Deferred tax assets to be recovered within 12 months	**101**	260	**44**	179
	5,285	5,927	**4,691**	5,230

Movements - Consolidated	**Tax losses $'000**	**Employee benefits $'000**	**Superannuation accrual $'000**	**Other $'000**	**Total $'000**
At 1 July 2008	-	751	503	1,280	2,534
Transfer from goodwill (note 14)	3,683	-	-	-	3,683
(Charged)/credited to the income statement	-	218	(58)	(450)	(290)
At 30 June 2009	3,683	969	445	830	5,927
(Charged)/credited to the income statement	(886)	93	185	(34)	(642)
At 30 June 2010	2,797	1,062	630	796	5,285

Movements – Parent entity	**Tax losses $'000**	**Employee benefits $'000**	**Superannuation accrual $'000**	**Other $'000**	**Total $'000**
At 1 July 2008	-	562	467	592	1,621
Transfer from Other Financial Assets (note 11)	3,683	-	-	-	3,683
(Charged)/credited to the income statement	-	118	(22)	(170)	(74)
At 30 June 2009	3,683	680	445	422	5,230
(Charged)/credited to the income statement	(886)	64	185	98	(539)
At 30 June 2010	2,797	744	630	520	4,691

Note 14 Non-Current Assets – Intangible assets

Consolidated	**Software $'000**	**Goodwill $'000**	**Total $'000**
At 1 July 2008			
Cost	10,699	18,147	28,846
Accumulated amortisation and impairment	(5,094)	(2,965)	(8,059)
Net book amount	5,605	15,182	20,787
Year ended 30 June 2009			
Opening net book amount	5,605	15,182	20,787
Additions	155	-	155
Impairment charge**	-	(682)	(682)
Transfer to Deferred Tax Assets** (note 13)	-	(3,683)	(3,683)
Amortisation charge*	(1,820)	-	(1,820)
Closing net book amount	3,940	10,817	14,757
At 30 June 2009			
Cost	10,854	18,147	29,001
Accumulated amortisation and impairment	(6,914)	(7,330)	(14,244)
Net book amount	3,940	10,817	14,757
Year ended 30 June 2010			
Opening net book amount	3,940	10,817	14,757
Additions	215	-	215
Amortisation charge*	(875)	-	(875)
Closing net book amount	3,280	10,817	14,097
At 30 June 2010			
Cost	5,487	10,817	16,304
Accumulated amortisation and impairment	(2,207)	-	(2,207)
Net book amount	3,280	10,817	14,097

* Amortisation of $1,820,000 (2009 - $1,820,000) is included in depreciation and amortisation expense in the income statement.

** In the 2009 year, the carrying value of goodwill attributable to the acquisition of SPHN (ACT) Pty Limited was reduced due to the realisation of acquired tax losses previously not brought to account. This has been disclosed as a reduction in the carrying amount of goodwill due to the realisation of acquired tax losses in the income statement $682,000 in 2009. At 30 June 2009, a further reduction of $3.683 million was made to recognise deferred tax assets relating to tax losses which should have been recognised in an earlier financial year. There was no impact of this adjustment on net profit for the 2009 year.

Note 14 Non-Current Assets – Intangible Assets (continued)

Parent entity	**Software $'000**	**Goodwill $'000**	**Total $'000**
At 1 July 2008			
Cost	9,384	562	9,946
Accumulated amortisation and impairment	(3,904)	(84)	(3,988)
Net book amount	5,480	478	5,958
Year ended 30 June 2009			
Opening net book amount	5,480	478	5,958
Additions	106	-	106
Amortisation charge	(1,737)	-	(1,737)
Closing net book amount	3,849	478	4,327
At 30 June 2009			
Cost	9,491	562	10,053
Accumulated amortisation and impairment	(5,642)	(84)	(5,726)
Net book amount	3,849	478	4,327
Year ended 30 June 2010			
Opening net book amount	3,849	478	4,327
Amortisation charge	(841)	-	(841)
Closing net book amount	3,008	478	3,486
At 30 June 2010			
Cost	4,971	478	5,449
Accumulated amortisation and impairment	(1,963)	-	(1,963)
Net book amount	3,008	478	3,486

Note 14 Non-Current Assets – Intangible Assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified as follows.

A summary of the goodwill allocation is presented below.

2010	**Australia/New Zealand $'000**	**East Asia $'000**	**Europe $'000**	**Total $'000**
Julia Ross Perth	**478**	**-**	**-**	**478**
Ross Specialist	**1,204**	**-**	**-**	**1,204**
Julia Ross UK	**-**	**-**	**53**	**53**
Aurion Corporation Pty Limited	**9,082**	**-**	**-**	**9,082**
	10,764	**-**	**53**	**10,817**

2009	**Australia/New Zealand $'000**	**East Asia $'000**	**Europe $'000**	**Total $'000**
Julia Ross Perth	478	-	-	478
Ross Specialist	1,204	-	-	1,204
Julia Ross UK	-	-	53	53
Aurion Corporation Pty Limited	9,082	-	-	9,082
	10,764	-	53	10,817

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(b) Key assumptions used for value-in-use calculations

CGU	**Growth rate ***		**Discount rate ****	
	2010 %	2009 %	**2010 %**	2009 %
Julia Ross Perth	**4.0**	3.5	**18.6**	19.0
Ross Specialist	**4.0**	4.7	**18.6**	20.0
Julia Ross UK	**3.9**	3.9	**18.6**	19.0
Aurion Corporation Pty Limited	**3.9**	3.9	**18.6**	19.0

* Weighted average growth rate used to extrapolate cash flows beyond the budget period.
**In performing the value-in-use calculations for each CGU, the company has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rates are disclosed above. The movements in the equivalent pre-tax discount rates between 2009 and 2010 reflect changes in the anticipated timing of future cash flows.

These assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates reflect specific risks relating to the relevant segments and the countries in which they operate.

Note 15 Current Liabilities – Trade and Other Payables

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables	**7,420**	6,748	**6,233**	4,798
Other payables	**21,495**	19,983	**14,740**	13,782
	28,915	26,731	**20,973**	18,580

Risk exposure
Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 2.

Note 16 Current Liabilities – Borrowings

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Secured				
Bank debtor finance	**-**	7,054	**-**	7,054
Bank overdraft	**302**	-	**302**	-
Unsecured				
Amounts payable to controlled entities	**-**	-	**25,982**	22,140
	302	7,054	**26,284**	29,194

Security and fair value disclosures
Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 19.

Risk exposures
Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

Note 17 Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Make good provision	**67**	238	**67**	46
Surplus lease provision	**186**	381	**-**	71
Employee benefits – long service leave	**1,315**	960	**874**	658
	1,568	1,579	**941**	775

(a) Make good provision

Ross Human Directions Limited is required to restore leased office premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Surplus lease provision

Ross Human Directions Limited is required to make provision for any leased commercial office space surplus to its current and expected needs. A provision has been recognised for the present value of the estimated expenditure relating to these office leases for the remainder of the leasehold period taking into account likely changes in usage and any mitigation of expenditure through sub-lease or other commercial outcomes. These costs have been expensed at the time the provision is established.

(c) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated – 2010 Current	**Make good provision $'000**	**Surplus lease provision $'000**	**Total $'000**
Carrying amount at start of year	238	381	619
Charged/(credited) to the income statement	-	(195)	(195)
Utilised	(74)	-	(74)
Amount classified as non-current	(97)	-	(97)
Carrying amount at end of year	67	186	253

Parent – 2010 Current	**Make good provision $'000**	**Surplus lease provision $'000**	**Total $'000**
Carrying amount at start of year	46	71	117
Charged/(credited) to the income statement	-	(71)	(71)
Utilised	(74)	-	(74)
Amount classified as current	95	-	95
Carrying amount at end of year	67	-	67

Note 18 Non-Current Liabilities – Payables

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Other payables	**92**	92	**92**	92

Note 19 Non-Current Liabilities – Borrowings

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Secured				
Bank loan	**814**	1,682	**814**	1,682
Commercial bills payable	**4,000**	4,000	**4,000**	4,000
	4,814	5,682	**4,814**	5,682

Secured liabilities and assets pledged as security
The total secured liabilities (current and non-current) are as follows:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Secured				
Bank debtor finance	**-**	7,054	**-**	7,054
Bank overdraft	**302**	-	**302**	-
Bank loan	**814**	1,682	**814**	1,682
Commercial bills payable	**4,000**	4,000	**4,000**	4,000
	5,116	12,736	**5,116**	12,736

The bank debtor finance, bank loan and commercial bill facilities of the parent entity are secured by a fixed and floating charge over the assets of the parent entity and certain of its controlled entities domiciled in Australia.

The bank debtor finance is also secured by a negative pledge that imposes certain covenants on the parent entity and certain subsidiary companies. The negative pledge states that (subject to certain exceptions) the borrower companies must not provide additional security over their assets and will ensure that the following ratios are met:

(i) earnings before interest, tax, depreciation and amortisation must not be less than three times gross interest expense;
(ii) total net worth must not at any time fall below 25% of total tangible assets;
(iii) shareholder funds (excluding asset revaluations) must not at any time fall below an amount of $15 million;
(iv) total borrowings (including all drawn debt facilities and contingent liabilities under bank guarantees and/or letters of credit) must not at any time exceed a figure of 3.5 times earnings before interest, tax, depreciation and amortisation; and
(v) drawn debt facilities must not at any time exceed 80% of the total Australian debtors (excluding Aurion Corporation Pty Limited debtors).

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
	Notes	**$'000**	$'000	**$'000**	$'000
Current					
Fixed and floating charge					
Cash and cash equivalents	9	**4,806**	684	**3,811**	407
Receivables	10	**46,953**	49,127	**41,680**	42,694
Total current assets pledged as security		**51,759**	49,811	**45,491**	43,101
Non-current					
Fixed and floating charge					
Other financial assets	11	**-**	-	**32,507**	32,507
Plant and equipment	12	**1,042**	2,161	**879**	1,474
Intangible assets	14	**14,097**	14,757	**3,485**	4,327
Total non-current assets pledged as security		**15,139**	16,918	**36,871**	38,308
Total assets pledged as security		**66,898**	66,729	**82,362**	81,409

Note 19 Non-Current Liabilities – Borrowings (continued)

(b) Fair value

The carrying amounts and fair values of borrowings at balance date are:

Group	**2010** Carrying amount $'000	**2010** Fair value $'000	2009 Carrying amount $'000	2009 Fair value $'000
On-statement of financial position				
Non-traded financial liabilities				
Bank debtor finance	**-**	**-**	7,054	7,054
Bank overdraft	**302**	**302**	-	-
Bank loans	**814**	**814**	1,682	1,682
Commercial bills payable	**4,000**	**4,000**	4,000	4,000
	5,116	**5,116**	12,736	12,736

Parent entity	**2010** Carrying amount $'000	**2010** Fair value $'000	2009 Carrying amount $'000	2009 Fair value $'000
On-statement of financial position				
Non-traded financial liabilities				
Bank debtor finance	**-**	**-**	7054	7,054
Bank overdraft	**302**	**302**	-	-
Bank loans	**814**	**814**	1,682	1,682
Commercial bills payable	**4,000**	**4,000**	4,000	4,000
Amounts payable to controlled entities	**25,982**	**25,982**	22,140	22,140
	31,098	**31,098**	34,876	34,876

None of the classes are readily traded on organised markets in standardised form.

(i) On-statement of financial position

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings equals their carrying amount, as the commercial bills are rolled on average every three months and the impact of discounting the bank loan is not significant.

(ii) Off-statement of financial position

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 27. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed is the directors' estimate of amounts which would be payable by the Group as consideration for the assumption of those contingencies by another party.

Risk exposures

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in note 2.

Note 20 Non-Current Liabilities – Deferred Tax Liabilities

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Property, plant and equipment	**592**	276	**416**	196
Other financial assets (investment in Long Term Senior Executive Share plan)	**578**	584	**578**	584
Total deferred tax liabilities	**1,170**	860	**994**	780
Deferred tax liabilities to be settled after more than 12 months	**1,078**	589	**884**	550
Deferred tax liabilities to be settled within 12 months	**92**	271	**110**	230
	1,170	860	**994**	780

Movements - Consolidated	**Property, plant and equipment $'000**	**Other financial assets $'000**	**Total $'000**
At 1 July 2008	216	551	767
Charged/(credited) to the income statement	60	33	93
At 30 June 2009	276	584	860
Charged/(credited) to the income statement	316	(6)	310
At 30 June 2010	592	578	1,170

Movements – Parent entity	**Property, plant and equipment $'000**	**Other financial assets $'000**	**Total $'000**
At 1 July 2008	147	551	698
Charged/(credited) to the income statement	49	33	82
At 30 June 2009	196	584	780
Charged/(credited) to the income statement	220	(6)	214
At 30 June 2010	416	578	994

Note 21 Non-Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Make good provision	**582**	300	**480**	146
Surplus lease provision	**176**	517	**-**	-
Employee benefits – long service leave	**851**	867	**581**	595
	1,609	1,684	**1,061**	741

(a) Make good provision

Ross Human Directions Limited is required to restore leased office premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Surplus lease provision

Ross Human Directions Limited is required to make provision for any leased commercial office space surplus to its current and expected needs. A provision has been recognised for the present value of the estimated expenditure relating to these office leases for the remainder of the leasehold period taking into account likely changes in usage and any mitigation of expenditure through sub-lease or other commercial outcomes. These costs have been expensed at the time the provision is established.

(c) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated – 2010 **Non-current**	**Make good provision** **$'000**	**Surplus lease provision** **$'000**	**Total** **$'000**
Carrying amount at start of year	300	517	817
Amount classified as non-current	97	-	97
Transfer from payables	37	-	37
Charged/credited to the income statement	148	(341)	(193)
Carrying amount at end of year	582	176	758

Parent – 2010 **Non-current**	**Make good provision** **$'000**	**Surplus lease provision** **$'000**	**Total** **$'000**
Carrying amount at start of year	146	-	146
Amount classified as current	(95)	-	(95)
Transfer from subsidiary	323	-	323
Charged/credited to the income statement			
- unwinding of discount	106	-	106
Carrying amount at end of year	480	-	480

Note 22 Contributed Equity

		Consolidated and Parent Entity		Consolidated and Parent Entity	
	Notes	**2010 Shares**	2009 Shares	**2010 $'000**	2009 $'000
(a) Share capital					
Fully paid ordinary shares					
Total contributed equity - parent entity	(b),(c)	**83,498,383**	83,498,383	**25,118**	25,118
Treasury shares	(d)	**(3,134,223)**	(3,134,223)	**(2,114)**	(2,114)
Total consolidated contributed equity				**23,004**	23,004

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
30 June 2009	Balance	83,498,383	25,118
30 June 2010	Balance	83,498,383	25,118

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. All ordinary shares are fully paid.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Treasury shares

Treasury shares are shares in Ross Human Directions Limited that are held by the Ross Human Directions Limited Long Term Senior Executive Share Trust for the purpose of issuing shares under the Ross Human Directions Limited Long Term Senior Executive Share Plan (see note 35 for further information).

Date	Details	Number of shares	$'000
30 June 2009	Balance	(3,134,223)	(2,114)
30 June 2010	Balance	(3,134,223)	(2,114)

Note 22 Contributed Equity (continued)

(e) Long Term Senior Executive Share Plan

Information relating to the Ross Human Directions Limited Long Term Senior Executive Share Plan, including details of shares issued under the scheme, is set out in note 35.

(f) Share buy-back

There is no current on-market buy back.

(g) Capital risk management

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the parent entity monitor capital on the basis of the gearing ratio at a consolidated level. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2010 and 30 June 2009 were as follows:

		Consolidated	
	Notes	**2010 $'000**	2009 $'000
Total borrowings	16,19	**5,116**	12,736
Less: cash and cash equivalents	9	**(7,646)**	(4,785)
Net debt/(cash)		**(2,530)**	7,951
Total equity		**42,654**	38,431
Total capital		**40,124**	46,382
Gearing ratio		**(6%)**	17%

The reduction in group gearing is largely due to the group improving its net debt/cash levels by $10.5 million (2009: $18.4 million) through improved management of working capital resulting in a net cash inflow from operating activities of $13.6 million (2009: $22.7 million).

Note 23 Reserves and Retained Profits

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Share-based payments reserve	**200**	180	**200**	180
Foreign currency translation reserve	**(1,146)**	(452)	**-**	-
	(946)	(272)	**200**	180
Movements:				
Share-based payments reserve				
Balance 1 July	**180**	521	**180**	521
Transfer to Retained Earnings	**-**	(408)	**-**	(408)
Long Term Senior Executive Share Plan expense	**20**	67	**20**	67
Balance 30 June	**200**	180	**200**	180
Foreign currency translation reserve				
Balance 1 July	**(452)**	(1,583)	**-**	-
Currency translation differences arising during the year	**(694)**	1,131	**-**	-
Balance 30 June	**(1,146)**	(452)	**-**	-

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Balance at 1 July	**15,699**	13,026	**5,087**	1,957
Net profit for the year	**6,906**	4,073	**3,546**	4,601
Transfer from share-based payments reserve	**-**	408	**-**	408
Dividends	**(2,009)**	(1,808)	**(2,087)**	(1,879)
Balance at 30 June	**20,596**	15,699	**6,546**	5,087

(c) Nature and purpose of reserves

(i) Share-based payments reserve
The share-based payments reserve is used to recognise:

- the grant date fair value of shares issued to senior executives;
- in the Group – the issue of shares held by the Ross Human Directions Limited Long Term Senior Executive Share Trust to senior executives; and
- in the parent entity – the fair value of shares issued to employees of subsidiaries and the funding of the share purchase by the Ross Human Directions Limited Long Term Senior Executive Share Trust.

(ii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

Note 24 Dividends

	Parent Entity	
	2010	2009
	$'000	$'000
Ordinary shares		
Final dividend for the year ended 30 June 2009 of 1.0 cents (2008 – 1.5 cents) per fully paid share paid on 9 October 2009 (2008 – 10 October 2008)		
Fully franked based on tax paid @ 30%	**835**	1,252
Interim dividend for the year ended 30 June 2010 of 1.5 cents (2009 – 0.75 cents) per fully paid share paid on 26 March 2010 (2009 – 27 March 2009)		
Fully franked based on tax paid @ 30%	**1,252**	627
Total dividends paid in cash	**2,087**	1,879

	Parent Entity	
	2010	2009
Dividends not recognised at year end	**$'000**	$'000
In addition to the above dividends, since year end the directors have declared the payment of a final dividend of 2.0 cents per fully paid ordinary share, (2009 – 1.0 cents) fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 8 October 2010 out of retained profits at 30 June 2010, but not recognised as a liability at year end, is:	**1,670**	835

Franked dividends

The franked portions of the dividends declared after 30 June 2010 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2010.

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2009: 30%)	**1,869**	1,508	**1,869**	1,508

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

- franking credits that will arise from the payment of the current tax liability
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
- franking credits that may be prevented from being distributed in subsequent financial years.

The impact on the franking account of the dividend declared by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $718,000 (2009: $359,000).

Note 25 Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Short-term employee benefits	**1,635,295**	2,535,337	**1,322,050**	2,535,337
Post employment benefits	**100,210**	115,650	**72,567**	115,650
Long-term benefits	**24,438**	(53,980)	**19,826**	(53,980)
Share-based payments	**15,511**	5,899	**12,704**	5,899
	1,775,454	2,602,906	**1,427,147**	2,602,906

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 9 to 15.

(b) Equity instrument disclosures relating to key management personnel

(i) Shares provided as remuneration under the Long Term Senior Executive Share Plan

Details of shares provided as remuneration under the Long Term Senior Executive Share Plan, together with terms and conditions can be found in Section D of the remuneration report on pages 16 to 17.

(ii) Share holdings

The numbers of shares held under the Long Term Senior Executive Share Plan by key management personnel of the Group, including their personally-related parties, are set out below. No shares are held under the Long Term Senior Executive Share Plan by any of the directors of Ross Human Directions Limited:

2010 Name	**Balance at the start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at the end of the year**	**Vested and exercisable**	**Unvested**
Key management personnel of the Group							
S Basso	50,000	-	-	(16,667)	33,333	-	33,333
RA Pierro	183,334	-	-	(83,334)	100,000	-	100,000
KD Saunders	100,000	-	-	(33,334)	66,666	-	66,666

2009 Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Key management personnel of the Group							
MR Alley *	400,000	-	-	(400,000)	-	-	-
PH Beck *	600,000	-	-	(600,000)	-	-	-
I Boztepe *	100,000	-	-	(100,000)	-	-	-
PD Madden * ^	254,558	-	-	(254,558)	-	-	-
S Moon *	-	363,000	-	(363,000)	-	-	-
L Robertson *	50,000	-	-	(50,000)	-	-	-
RA Pierro *	200,000	50,000	-	(66,666)	183,334	-	183,334
KD Saunders *	-	100,000	-	-	100,000	-	100,000
C Vickers-Willis *	50,000	100,000	-	(16,667)	133,333	-	133,333

* Shares granted under the Long Term Senior Executive Share Plan
^ Unlisted performance share rights granted

Note 25 Key Management Personnel Disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings
The numbers of shares in the company held during the financial year by each director of Ross Human Directions Limited and other key management personnel of the Group, including their personally-related parties, are set out below. There were no shares granted to the directors during the year as compensation.

2010 **Name**	**Balance at the start of the year**	**Received during the year**	**Other changes during the year**	**Balance at the end of the year**
Directors of Ross Human Directions Limited				
Ordinary shares				
JM Ross	37,230,159	-	-	37,230,159
FA McDonald	517,500	-	-	517,500
EJ Doyle	10,000	-	-	10,000
Other key management personnel of the Group				
Ordinary shares				
S Basso	250,000*	-	-	250,000
RA Pierro	3,000	-	-	3,000

* Held jointly with Mrs Margaret Anne Mugridge

2009 **Name**	**Balance at the start of the year**	**Received during the year**	**Other changes during the year**	**Balance at the end of the year**
Directors of Ross Human Directions Limited				
Ordinary shares				
JM Ross	37,230,159	-	-	37,230,159
FA McDonald	467,500	-	50,000	517,500
KL Wilson	47,181	-	(47,181)	-
EJ Doyle	10,000	-	-	10,000
Other key management personnel of the Group				
Ordinary shares				
S Moon	10,000	-	(10,000)	-
RA Pierro	3,000	-	-	3,000

(c) Loans to key management personnel
There were no loans to directors of Ross Human Directions Limited and other key management personnel of the Group, including their personally-related parties during the year.

(d) Other transactions with key management personnel
Ms Julia Ross, Managing Director and Deputy Chairman controls a company, TPC Nominees Pty Limited. Ross Human Directions Limited has rented a floor in an office building from TPC Nominees Pty Limited for the past nine years. The rental agreement is based on normal commercial terms and conditions. The rent and outgoings amounted to $106,665 (2009 - $74,007) for the company and the Group.

Ms Julia Ross, Managing Director and Deputy Chairman owns an apartment in London. Ross Human Directions Limited has rented the apartment for use by executives visiting the UK operation during the year. The arrangement is based on normal commercial terms and conditions. The rent amounted to $100,000 (2009 - $100,000) for the company and the Group.

Note 26 Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	**162,122**	150,576	**162,122**	150,576
Related practices of PricewaterhouseCoopers Australian firm	**26,665**	27,721	**-**	-
Non-PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	**33,265**	17,492	**-**	-
Total remuneration for audit services	**222,052**	195,789	**162,122**	150,576
Taxation services				
PricewaterhouseCoopers Australian firm				
Indirect tax advice	**-**	2,000	**-**	2,000
Non-PricewaterhouseCoopers audit firms				
Tax compliance services	**97,383**	86,211	**41,171**	25,634
Total remuneration for taxation services	**97,383**	88,211	**41,171**	27,634
Total remuneration for non-audit services	**97,383**	88,211	**41,171**	27,634

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally legal advice and client surveys, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 27 Contingent Liabilities

The parent entity had contingent liabilities at 30 June 2010 and 30 June 2009 in respect of:

Guarantees
Unsecured guarantees given in respect of:
(a) leases of rental premises amounting to $997,252 (2009 - $1,164,116);
(b) contractual agreements between a controlled entity and other third parties amounting to $475,291 (2009: $872,135).

Cross guarantees have been given by Ross Human Directions Limited and a number of its controlled entities as listed in note 31.

These guarantees may give rise to liabilities in the parent entity if the subsidiaries do not meet their obligations under the terms of the loans, leases or other liabilities subject to the guarantees.

Claims
Claims for unspecified damages were lodged during the year. The company has disclaimed liability and is defending the actions. It is not practical to estimate the potential effect of these claims but legal advice indicates that any liability that may arise in the unlikely event the claims are successful will not be significant.

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 28 Commitments

Lease commitments: Group as lessee

Non-cancellable operating leases
The Group leases various offices under non-cancellable operating leases. The leases have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**3,975**	4,376	**2,634**	2,372
Later than one year but not later than five years	**3,980**	6,580	**2,553**	3,712
Later than five years	**112**	417	**-**	-
	8,067	11,373	**5,187**	6,084

Note 29 Related Party Transactions

(a) Parent entities

The ultimate parent entity and the ultimate Australian parent entity in the wholly-owned Group is Ross Human Directions Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 30.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	**-**	-	**829,863**	679,722
Tax losses assumed from wholly-owned tax consolidated entities	**-**	-	**(207,014)**	(440,044)
Dividend revenue				
Subsidiary	**-**	-	**-**	813,961
Superannuation contributions				
Contributions to superannuation funds on behalf of employees	**18,072,614**	17,452,649	**16,565,858**	15,568,273

(e) Loans to/from related parties

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Loans to subsidiaries				
Beginning of the year	**-**	-	**35,050**	238,283
Loans advanced	**-**	-	**-**	-
Loan repayments received	**-**	-	**(30,549)**	(203,233)
End of year	**-**	-	**4,501**	35,050
Loans from subsidiaries				
Beginning of the year	**-**	-	**22,140,169**	3,750,801
Loans advanced	**-**	-	**3,841,348**	18,389,368
Loan repayments made	**-**	-	**-**	-
End of year	**-**	-	**25,981,517**	22,140,169

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Note 29 Related Party Transactions (continued)

(f) Guarantees

The parent entity has provided guarantees in respect of:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Contractual agreements between a subsidiary and other third parties	**-**	-	**475,291**	872,135

(g) Terms and conditions

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The terms and conditions of the tax funding agreement are set out in note 8(d).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Loans to/from subsidiaries are interest free.

Outstanding balances are unsecured and are repayable in cash.

Note 30 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding***	
			2010	2009
			%	%
Julia Ross Personnel Pty Limited*	Australia	Ordinary	**100**	100
Ross Training Pty Limited*	Australia	Ordinary	**100**	100
Ross Financial Pty Limited*	Australia	Ordinary	**100**	100
Ross Industrial Pty Limited*	Australia	Ordinary	**100**	100
Ross IT Consulting Pty Limited*	Australia	Ordinary	**100**	100
Ross Executive Pty Limited*	Australia	Ordinary	**100**	100
The Ross Group of Companies Pty Limited*	Australia	Ordinary	**100**	100
Ross Recruitment Pty Limited*	Australia	Ordinary	**100**	100
Julia Ross Call Centre Solutions Pty Limited*	Australia	Ordinary	**100**	100
Ross Outsourcing Pty Limited*	Australia	Ordinary	**100**	100
Associated Recovery Services Pty Limited*	Australia	Ordinary	**100**	100
Firstwater Pty Limited*	Australia	Ordinary	**100**	100
Firstwater Executive Pty Limited*	Australia	Ordinary	**100**	100
Julia Ross Recruitment Pty Limited*	Australia	Ordinary	**100**	100
Office Angels (Australia) Pty Limited*	Australia	Ordinary	**100**	100
Ross Calibre Pty Limited*	Australia	Ordinary	**100**	100
Rossolutions Pty Limited*	Australia	Ordinary	**100**	100
SPHN (ACT) Pty Limited*	Australia	Ordinary	**100**	100
SPHN Australia Pty Limited*	Australia	Ordinary	**100**	100
Ross Human Directions Group Limited *	Australia	Ordinary	**100**	100
Verossity Pty Limited*	Australia	Ordinary	**100**	100
Ross Logic Pty Limited*	Australia	Ordinary	**100**	100
Ross Logic Outsourcing Pty Limited*	Australia	Ordinary	**100**	100
Ross Navigate Pty Limited*	Australia	Ordinary	**100**	100
SPHN Payroll Pty Limited*	Australia	Ordinary	**100**	100
RHD Plans Pty Limited (formerly A.C.N. 112 623 542 Pty Limited)*	Australia	Ordinary	**100**	100
A.C.N. 113 177 825 Pty Limited*	Australia	Ordinary	**100**	100
A.C.N. 113 178 206 Pty Limited*	Australia	Ordinary	**100**	100
A.C.N. 113 177 521 Pty Limited*	Australia	Ordinary	**100**	100
Aurion Corporation Pty Limited*	Australia	Ordinary	**100**	100
Ross Human Directions Limited	New Zealand	Ordinary	**100**	100
Ross Recruitment Limited	New Zealand	Ordinary	**100**	100
Julia Ross Limited	New Zealand	Ordinary	**100**	100
Ross Recruitment (S) Pte Limited	Singapore	Ordinary	**100**	100
Ross Recruitment (M) Sdn Bhd	Malaysia	Ordinary	**100**	100
Ross Human Directions Limited	Hong Kong	Ordinary	**100**	100
Ross Recruitment Limited	Hong Kong	Ordinary	**100**	100
Verossity Education Limited**	Hong Kong	Ordinary	**100**	100
Julia Ross Limited	Hong Kong	Ordinary	**100**	100
Ross Logic Limited	Hong Kong	Ordinary	**100**	100
Ross Human Directions Limited	United Kingdom	Ordinary	**100**	100
Julia Ross Limited	United Kingdom	Ordinary	**100**	100
Ross Human Directions Limited	Ireland	Ordinary	**100**	100

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. For further information see note 31.

** This dormant subsidiary was deregistered during the year.

*** The proportion of ownership interest is equal to the proportion of voting power held.

Note 31 Deed of Cross Guarantee

Ross Human Directions Limited, Julia Ross Personnel Pty Limited, Ross Training Pty Limited, Ross Financial Pty Limited, Ross Industrial Pty Limited, Ross IT Consulting Pty Limited, Ross Executive Pty Limited, The Ross Group of Companies Pty Limited, Ross Recruitment Pty Limited, Julia Ross Call Centre Solutions Pty Limited, Ross Outsourcing Pty Limited, Associated Recovery Services Pty Limited, Firstwater Pty Limited, Firstwater Executive Pty Limited, Julia Ross Recruitment Pty Limited, Office Angels (Australia) Pty Limited, Ross Calibre Pty Limited, Rossolutions Pty Limited, SPHN (ACT) Pty Limited, SPHN Australia Pty Limited, Ross Human Directions Group Limited, Verossity Pty Limited, Ross Logic Pty Limited, Ross Logic Outsourcing Pty Limited, Ross Navigate Pty Limited, SPHN Payroll Pty Limited, RHD Plans Pty Limited, A.C.N 113 177 825 Pty Limited, A.C.N 113 178 206 Pty Limited, A.C.N 113 177 521 Pty Limited and Aurion Corporation Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities & Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and a summary of movements in consolidated retained profits

The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Ross Human Directions Limited, they also represent the "Extended Closed Group".

Set out below is a consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained profits for the year ended 30 June 2010 of the Closed Group.

	2010	2009
	$'000	$'000
Income statement		
Revenue from continuing operations	**333,090**	328,620
Costs of temporary staff and other services	**(279,576)**	(271,800)
Employee benefits expense	**(30,071)**	(32,919)
Depreciation and amortisation expenses	**(2,488)**	(3,157)
Reduction in carrying amount of goodwill due to realisation of acquired tax losses	**-**	(682)
Finance costs	**(1,312)**	(2,009)
Other expenses	**(11,139)**	(11,423)
Profit before income tax	**8,504**	6,630
Income tax expense	**(2,117)**	(1,257)
Profit for the year	**6,387**	5,373
Statement of comprehensive income		
Profit for the year	**6,387**	5,373
Other comprehensive income for the year net of tax	**-**	-
Total comprehensive income for the year	**6,387**	5,373
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**11,242**	7,269
Profit for the year	**6,387**	5,373
Dividends paid	**(2,009)**	(1,808)
Transfer from share-based payments reserve to retained earnings	**-**	408
Retained profits at the end of the financial year	**15,620**	11,242

Note 31 Deed of Cross Guarantee (continued)

(b) Statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2010 of the Closed Group.

	2010 $'000	2009 $'000
Current assets		
Cash and cash equivalents	**4,806**	684
Trade and other receivables	**46,953**	49,127
Total current assets	**51,759**	49,811
Non-current assets		
Other financial assets	**1,230**	1,230
Property, plant and equipment	**1,042**	2,161
Deferred tax assets	**5,263**	5,903
Intangible assets	**15,967**	16,628
Total non-current assets	**23,502**	25,922
Total assets	**75,261**	75,733
Current liabilities		
Trade and other payables	**27,380**	24,771
Borrowings	**302**	7,054
Current tax liabilities	**56**	471
Provisions	**1,292**	1,269
Total current liabilities	**29,030**	33,565
Non-current liabilities		
Payables	**92**	92
Borrowings	**4,814**	5,682
Deferred tax liabilities	**1,170**	860
Provisions	**1,331**	1,108
Total non-current liabilities	**7,407**	7,742
Total liabilities	**36,437**	41,307
Net assets	**38,824**	34,426
Equity		
Contributed equity	**23,004**	23,004
Reserves	**200**	180
Retained profits	**15,620**	11,242
Total equity	**38,824**	34,426

Note 32 Events Occurring after Reporting Date

On the 19 July 2010 the Company announced that it had entered into a Scheme Implementation Agreement (SIA) with Peoplebank Holdings Pty Limited (Peoplebank) under which it proposed that Peoplebank will acquire all of the issued share capital in the Company. Peoplebank is backed by Navis Capital, a private equity firm with over US$3.5bn under management and with investments across Asia and Australia. A further announcement was made on the 13 September 2010, when Peoplebank subsequently revised their offer and increased the consideration payable to RHD shareholders.

The proposal is to be implemented by way of a Scheme of Arrangement under which the Company's shareholders will receive as consideration for each share held the amount of $0.70 in cash. The revised offer represents a premium of 82% to the last closing price of RHD shares on 19 July 2010, 85% to the 3 month Volume Weighted Average Price (VWAP) as at close of trade on 19 July 2010, 88% to the 6 month VWAP as at the close of trade on 19 July 2010 and 95% to the 12 month VWAP as at close of trade on 19 July 2010. Under the SIA, the Company is also permitted to pay a final dividend of up to $0.02 per share on or before implementation of the Scheme.

The Board of Directors unanimously considers the Scheme to be in the best interests of shareholders and recommends that shareholders approve the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the scheme is in the best interests of shareholders. Each of the Directors intends to vote or cause to be voted all of the shares in the Company they own or control the voting of, in favour of the Scheme, again in the absence of a superior proposal and subject to an independent expert concluding that the scheme is in the best interests of shareholders.

On the 13 September 2010 the Company announced that it had received an expression of interest from Corom Pty Ltd (Corom), a substantial RHD shareholder, to acquire all of the issued share capital in the Company. Corom stated that it was considering submitting a proposal to acquire RHD, subject to confirmatory due diligence. Corom also stated that any proposal advanced by Corom would be at a price, in cash, that is superior to the consideration of $0.70 offered by Peoplebank. The expression of interest from Corom is incomplete, conditional and non-binding and may not develop into a formal proposal.

Since year end, the directors have declared the payment of a final dividend of 2.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 8 October 2010 is $1.670 million. Apart from this, there are no other material post balance date events.

Note 33 Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit for the year	**6,906**	4,073	**3,546**	4,601
Depreciation and amortisation	**2,586**	3,422	**1,883**	2,617
Impairment of goodwill	**-**	682	**-**	-
Non-cash employee benefits expense – share based payments	**20**	67	**20**	67
Dividend and interest income	**(13)**	(61)	**(5)**	(822)
Net loss on sale of non-current assets	**-**	10	**-**	-
Decrease in trade debtors	**1,929**	14,835	**943**	3,576
Decrease (increase) in deferred tax assets	**642**	(3,393)	**539**	(3,609)
Decrease in goodwill	**-**	3,683	**-**	-
Decrease in shares in subsidiaries for tax losses taken up in deferred tax assets	**-**	-	**-**	3,683
Decrease in other operating assets	**138**	17	**71**	587
(Decrease) increase in trade creditors	**699**	(3,937)	**1,435**	(3,735)
(Decrease) increase in other operating liabilities	**1,485**	430	**958**	(4,991)
(Decrease) increase in income taxes payable	**(707)**	513	**(379)**	410
Increase in deferred tax liabilities	**310**	93	**214**	82
Increase (decrease) in other provisions	**(86)**	1,356	**486**	332
Effect of exchange rates on non-cash assets and liabilities	**(277)**	915	**25**	16
Net cash inflow from operating activities	**13,632**	22,705	**9,736**	2,814

Note 34 Earnings Per Share

	Consolidated	
	2010	2009
	Cents	Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	**8.3**	4.9
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**8.3**	4.9

	Consolidated	
	2010	2009
	$'000	$'000
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**6,906**	4,073
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**6,906**	4,073

(d) Weighted average number of shares used as a denominator

	Consolidated	
	2010	2009
	Number	Number
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share and diluted earnings per share	**83,498,383**	83,498,383

Note 35 Share-Based Payments

Long Term Senior Executive Share Plan
A plan under which shares may be issued by the company to senior executives for no cash consideration was approved by the shareholders at the 2007 annual general meeting. All senior executives in the Group are eligible to participate in the plan. Senior executives may elect not to participate in the plan.

The Ross Human Directions Limited Long Term Senior Executive Trust was formed to administer the share plan. The Trust has been consolidated in accordance with note 1(b)(ii).

Shares issued by the trust to the employees are acquired on-market prior to the issue. Shares held by the trust and not yet issued to employees at the reporting date are shown as treasury shares in the consolidated financial report, see note 22(d).

Under the plan, eligible senior executives may be granted fully paid ordinary shares in Ross Human Directions Limited for no cash consideration. The market value of shares issued under the plan, measured as the weighted average price at which at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant, is expensed as part of salaries and wages over the vesting period.

The number of shares issued to participants in the plan is the offer amount divided by the weighted average share price as determined as per above.

Vesting
Unless otherwise determined by the board, the grant of shares vests as follows:

- one third of the number of shares granted vest on the expiry of 12 months after the allocation date or such other period as the company, with the agreement of the senior executive may determine;
- a further one third of the number of shares granted vest on expiry of 24 months after the allocation date or such other period as the company, with the agreement of the senior executive may determine; and
- the final one third of the number of shares granted vest on the expiry of 36 months after the allocation date or such other period as the company, with the agreement of the senior executive may determine.

Performance Hurdle
The performance hurdle is based on basic earnings per share. If the growth in basic earnings per share is equal to or greater than:

- 7%, then one third of the number of shares available for vesting at the time (being one third of the total number of shares) will vest;
- 8%, then two thirds of the number of shares available for vesting at the time will vest;
- 9%, then all of the shares available for vesting at the time will vest.

Shares that do not vest (and any entitlements accruing on them) are forfeited.

Disposal Restrictions
A participant must not sell, transfer, encumber, mortgage, charge or otherwise deal with the shares (being the "disposal restrictions") allocated to the participant during the disposal restrictions period.

The disposal restrictions period commences on the date that the shares are allocated to the participant and ceases on the earlier of:

- the expiration of a period of ten years after the date of allocation;
- the date on which the participant ceases to be employed by the company;
- the expiration of the escrow period applicable to the shares.

Benefits on Shares
The trustee will hold in trust any income (dividends), bonus shares and other entitlements derived on shares allocated to a participant from the time shares are allocated to a participant until those share vest. The trustee will distribute those dividends, bonus shares or other entitlements to participants on the date on which the shares vest. The participant is not entitled to any earlier distribution of those dividends, bonus shares or other entitlements before the date on which the relevant shares vest.

Note 35 Share-Based Payments (continued)

Voting
Until the vesting date for any shares, the participant must abstain from voting, and not exercise any voting rights attached to those shares not vested in the participant.

From the vesting date:

- the trustee will give participants, at the same time as they are given to shareholders of the company, notice of every general meeting of the company and any documents which accompany such notice;
- a participant may give the trustee not less than 72 hours before a general meeting of the company written notice of how to vote in respect of the shares held for and vested in that participant and the trustee shall, to the extent permitted by law, exercise such votes accordingly;
- in the absence of a notice from a participant, the trustee shall abstain from voting in respective of shares held for that participant.

Forfeiture of Dividends and Other Entitlements
If any shares are forfeited, all income derived on, all bonus shares that accrue to or any entitlements that accrue to (or any funds, shares, options or other securities arising from the sale or exercise of any entitlements that accrue to) those forfeited shares are also forfeited.

Escrow Period
For a period of 24 months immediately following the vesting of the shares (each period being the escrow period) the disposal restrictions continue. During the escrow period the shares will be held by the trustee in accordance with the trust on behalf of the participant. At the conclusion of the escrow period, the shares are automatically released and the disposal restrictions terminate.

During the escrow period, participants are entitled to receive any dividends or other distributions (if any) paid or made on shares. This applies irrespective of the shares being subject to the disposal restrictions.

During the escrow period, participants are entitled to direct the trustee how the voting rights attaching to the shares will be exercised, either generally or in any particular case. This applies irrespective of the shares being subject to the disposal restrictions.

Expenses arising from share-based payment transactions
Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense were as follows:

	Consolidated		**Parent Entity**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Shares issued under Long Term Senior Executive Share Plan	**20**	67	**20**	67

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 31 to 90 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 company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 31.

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Julia Mary Ross
Managing Director and Deputy Chairman

Eileen Doyle
Director Non-Executive Chairman Audit Committee

Sydney
27 September 2010

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Ross Human Directions Limited

Report on the financial report

We have audited the accompanying financial report of Ross Human Directions Limited (the company) which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Ross Human Directions Limited and Ross Human Directions Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1 Summary of Significant Accounting Policies, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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Independent auditor's report to the members of Ross Human Directions Limited (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ross Human Directions Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 19 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ross Human Directions Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Ross Human Directions Limited (the company) for the year ended 30 June 2010 included on Ross Human Directions Limited web site. The company's directors are responsible for the integrity of the Ross Human Directions Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other

Independent auditor's report to the members of Ross Human Directions Limited (continued)

information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
27 September 2010

Shareholder Information
30 June 2010

The shareholder information set out below was applicable as at 22 September 2010.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary Shares
1 – 1,000	119
1,001 – 5,000	451
5,001 – 10,000	299
10,001 – 100,000	555
100,001 and over	41
	1,465

There were 69 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity security are listed below:

	Ordinary shares	
Name	Number held	Percentage of issued shares
Julia Ross	34,878,819	41.77
Corom Pty Limited	7,883,283	9.44
Corom Pty Limited	5,012,774	6.00
Mr Victor John Plummer	3,707,895	4.44
RHD Plans Pty Limited	3,134,223	3.75
Bond Street Custodians Limited <BOZI57957 A/C>	2,293,878	2.75
UBS Wealth Management Australia Nominees Pty Ltd	699,378	0.84
John E Gill Operations Pty Limited	644,778	0.77
Mr Walter Frederick Holland	520,000	0.62
Lawnsong Pty Ltd <Lawnsong Super Fund A/C>	517,500	0.62
Mr Philip Julian Eriksen + Mr Julian Hans Eriksen <ACE A/C>	476,728	0.57
HSBC Custody Nominees (Australia) Limited	436,640	0.52
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	426,914	0.51
Cossey Investments Pty Ltd <Cossey Investment A/C>	387,124	0.46
Forbar Custodians Limited <Forsyth Barr Ltd – Nominee A/C>	366,747	0.44
Noel Turner Corporation Pty Ltd <Super Fund A/C>	312,696	0.37
Mr Bruce Andrew Robertson	250,000	0.30
Indcorp Consulting Group Pty Ltd <A&S Robertson Family A/C>	225,000	0.27
Dr Lawrence Johnson	202,042	0.24
Berne No 132 Nominees Pty Ltd <323723 A/C>	200,000	0.24
	62,576,419	74.92

Shareholder Information
30 June 2010 (continued)

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary Shares		
J M Ross	37,230,159	44.59
Corom Pty Limited	16,596,237	19.88

D. Voting rights

The voting rights attached to ordinary shares are:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Corporate Directory

Directors	Fergus Allan McDonald *Non-Executive Chairman* Julia Mary Ross *Managing Director and Deputy Chairman* Eileen Joy Doyle *Non-Executive Director* Timothy Neale Trumper *Non-Executive Director*
Joint Company Secretaries	Gregory Joseph Coolahan & David Andrew Marshall
Notice of annual general meeting	The annual general meeting of Ross Human Directions Limited Will be held at: Wesley Conference Centre Pacific Room Level C2 220 Pitt Street Sydney NSW 2000 Time: 10.00am Date: 24 November 2010 A formal notice of meeting is enclosed or will be mailed separately to shareholders who have not elected to receive a hard copy of the annual report.
Principal registered office in Australia	Level 11, 133 Castlereagh Street Sydney NSW 2000 (02) 8267 4600
Share register	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 1171
Solicitors	Gilbert and Tobin 2 Park Street Sydney NSW 2000
Bankers	National Australia Bank Limited 255 George Street Sydney NSW 2000
Stock exchange listing	Ross Human Directions Limited shares are listed on the Australian Securities Exchange.
Stock exchange code	RHD
Website address	www.rossjuliaross.com