bluestone. global limited
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28 February 2014

ASX ANNOUNCEMENT

Bluestone Global Limited (ASX: BUE)

Results for the half year ended 31 December 2013

- Consolidated revenue $115.6 million
- Costs Reduced from $162.4 (1HFY12) to $121.5
- Gain of $22.6 million recognised on compromise of the ATO tax liability
- Reported Net Profit after Tax of $12.3 million

Recruitment and labour hire specialists Bluestone Global Limited (**Bluestone** or the **Company**) is reporting consolidated revenues of $115.6 million compared to $161.8 million in prior periods and Net Profit after Tax of $12.3 million compared to a loss of $17.9 million in the previous period.

Restructure Plans Impacting Positively

Both the Bluestone Recruitment and ResCo businesses are now well positioned to grow revenue with a significantly improved cost base. The Company's restructured Balance Sheet provides the necessary stability to manage growth profitably and sustainably.

A number of the more significant changes that have been implemented are highlighted below.

Realigned Management & Corporate Structure

The executive team has been realigned, removing a layer of management and establishing a team of General Managers who are empowered and accountable for maintaining and growing the recruitment business in their regions.

The Company is in the process of rationalising the employing entities which will result in further administration and accounting costs savings.

New Workplace Health and Safety Management System

The workplace health and safety performance continues to improve, and we have recalibrated and launched a revised Workplace Health & Safety Management System which facilitates improved consultation and coordination between Bluestone management and our clients.

Dedicated Senior Executive for Resco

The ResCo business has a dedicated senior executive who devotes his energies exclusively to those businesses, and we are actively developing new services for existing clients and diversifying our current customer base.

International operations ceased
With effect from the end of January 2014, all of the loss making activities associated with the international sourcing and deployment businesses have ceased. The Manila administration services support facility has been closed, and its functions have been either brought in-house in Australia or outsourced to a third party business process outsourcing (BPO) operator in Manila, or ceased altogether.

Head office & IT infrastructure rationalised
The Corporate Head Office has been rationalised, with a reduction of more than $6.5 million in staffing costs over the 12 months ending January 2014. The Company has commenced a project to replace its candidate and client management IT platform, up to and including payroll processing; and is upgrading the Company's accounting systems. In addition, we are in the process of embedding new telecommunications and data storage infrastructure.

At the conclusion of these projects, expected 30 June 2014, the Company will have a fully integrated 'front end' and 'back end' allowing for significant reductions in administration costs, better candidate and account management and fully automated and timely management reporting.

OUTLOOK
Non-Executive Chairman Andrew Plympton said, "The achievements of the Company over the past 2 months have been significant and are progressing in line with the restructure plans previously announced. While further changes will continue as required, implementing the initiatives noted above are expected to result in improvements in the Company's operations and financial performance. By its nature, restructuring is mostly cost focused, however we are also focusing on revenue and are pleased to note that January 2014 saw 10% higher temporary hours than the corresponding month last year".

- ENDS -

For Further information, please contact:

Investor enquiries

Andrew Plympton
Non-Executive Chairman
Bluestone Global Limited
03 9685 4400

Stephen Sasse
Chief Executive Officer
Bluestone Global Limited
03 9685 4400

About Bluestone Global Limited
Bluestone Global Limited (ASX:BUE) is a specialist labour hire, professional placement, mining services and international recruitment firm trading under three key brands: Bluestone Recruitment, ResCo Services and Ultimate Skills. With operations spanning Australia and the Philippines, Bluestone Global has 28 offices supplying a skilled workforce of more than 6,000 on a weekly basis to a client base of principally ASX Top 200 companies. The Group has core capabilities encompassing temporary, permanent and international recruitment with a focus on the skills and labour industries, including energy (coal, oil & gas), resources, transport, logistics and financial services.

Appendix 4D

Half-year report

Rule 4.2A.3
Introduced 1/1/2003

Name of entity:	**Bluestone Global Limited**
ABN:	**42 009 296 324**

1. Reporting period ("current period"): **Half-year ended 31 December 2013**

Previous corresponding period: **Half-year ended 31 December 2012**

2. Results for announcement to the market

					$A'000
2.1	Revenue	down	29%	to	115,590
2.2	Profit / (loss) after tax attributable to members	up greater than 100%		to	12,284
2.3	Total comprehensive income for the period attributable to members	up greater than 100%		to	12,210

2.4 The directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the start of the financial period.

2.5 Record date for determining entitlements to dividends
N/A

2.6 Brief explanation of figures reported above (if necessary)
For commentary on the results for the period and review of operations, refer to the Directors' Report attached.

3. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	(3.06)	(4.73)
	=======	=======

4. Details of entities over which control has been gained or lost during the period

In December 2013 the Group relinquished control of Ultimate Skills Philippines. Refer note 6 of the half-year financial statements for further details.

5. Dividends

No dividends have been paid or declared during or since the beginning of the reporting period.

6. Dividend reinvestment plans

No dividend reinvestment plans are in operation.

7. Details of associates and joint venture entities

In July 2012, Bluestone Global entered into a joint venture agreement with HCMI Group, a Singapore-based recruitment company. This joint venture is to be terminated – refer note 14 of the half-year financial statements for further details.

8. Accounting standards for foreign entities

N/A

9. Auditor's review report

For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

The half-year financial statements have been independently reviewed and are not subject to a qualified review conclusion.

BLUESTONE GLOBAL LIMITED

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2013

Bluestone Global Limited
Directors' Report
31 December 2013

Your Directors present their report on the consolidated entity consisting of Bluestone Global Limited and the entities it controlled

DIRECTORS

The following persons were directors of Bluestone Global Limited. Directors were in office for the whole of the half-year and up to

Mr Andrew Plympton	Non Executive Chairman (Appointed 19 July 2013)
Mr Tony Leibowitz	Non Executive Director
Mr Anthony Kelson	Non Executive Director (Appointed 23 January 2014)
Mr Baljit Singh	Non Executive Director (Resigned 25 February 2014)
Mr Rabieh Krayem	Managing Director (Resigned 19 July 2013)

RESULTS AND REVIEW OF OPERATIONS

A review of the operations of the consolidated Group is contained in the financial results announcement made to the ASX.

SUBSEQUENT EVENTS

(a) Completion of placement with Valdez Group

On 24 January 2014, 65,050,176 fully paid shares issued at $0.008 per share were issued to Valdez Group Pty Ltd as trustee of the VC Unit Trust to raise $0.5M pursuant to the Restructure Implementation Deed announced on 17 December 2013.

(b) Loan note facility

On 24 January 2014 the company obtained a $4 Million secured Loan Note facility for a period of 2 years at 10% interest payable at repayment of the Loan. The Loan Note has attaching options which are subject to shareholder approval.

(c) CEO Appointment

On 23 January 2014 Stephen Sasse was appointed CEO , subject to the agreement over contractual terms , as part of the restructuring plan announced on the 17 December 2013.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst & Young Australia, which has been included within this Directors' Report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Andrew Plympton
Non Executive Chairman

Dated this 28 day of February 2014

Ernst & Young
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Auditor's Independence Declaration to the Directors of Bluestone Global Limited

In relation to our review of the financial report of Bluestone Global Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
28 February 2014

BLUESTONE GLOBAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 $	December 2012 $
Continuing operations			
Revenue		115,589,799	161,792,684
Other Income	5	22,647,034	-
Raw materials, work in progress and finished goods used		(4,975,338)	(10,809,446)
Employee benefits expense		(109,529,141)	(143,853,346)
Depreciation and amortisation		(1,228,489)	(1,964,852)
Travel and recruitment expenses		(1,917,576)	(2,142,990)
Impairment losses	6	(1,770,479)	(13,446,000)
Finance costs		(2,063,758)	(4,012,019)
Other expenses		(3,882,607)	(3,666,524)
Profit/(loss) before income tax from continuing operations		12,869,445	(18,102,493)
Income tax expense		(20,558)	(4,474)
Profit/(loss) for the year from continuing operations		12,848,887	(18,106,967)
Discontinued operations			
Profit/(loss) for the half year from discontinued operations		(565,248)	243,478
Net profit/(loss) for the half-year		**12,283,639**	**(17,863,489)**
Total profit/(Loss) loss is attributable to:			
Owners of Bluestone Global Limited		12,283,639	(17,863,489)
		12,283,639	(17,863,489)
Other comprehensive income for the half-year			
Items that may be re-classified subsequently to profit/(loss)			
Exchange differences on translation of foreign operations		(73,209)	17,951
Total comprehensive profit/(loss) for the half- year		**12,210,430**	**(17,845,538)**
Total comprehensive profit/(loss) is attributable to:			
Owners of Bluestone Global Limited		12,210,430	(17,845,538)
		12,210,430	**(17,845,538)**
		Cents	**Cents**
Profit/(loss) per share attributable to owners of parent			
Basic and diluted profit/(loss) per share from continuing and discontinued operations		2.83	(5.10)
Basic and diluted profit/(loss) per share from continuing operations		2.96	(5.17)

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BLUESTONE GLOBAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	December 2013 $	June 2013 $
ASSETS			
Current assets			
Cash at bank	12	1,575,348	1,219,154
Trade and other receivables		29,890,985	28,011,908
Inventories		980,142	1,295,740
Prepayments and other current assets		2,132,271	1,351,613
Intangible assets	13	-	11,000,000
Total current assets		34,578,746	42,878,415
Non-current assets			
Property, plant and equipment		6,481,371	7,159,599
Other financial assets		248,963	404,691
Investment in joint venture	14	-	360,000
Intangible assets	13	10,564,741	12,442,102
Other assets		17,945	19,121
Total non-current assets		17,313,020	20,385,513
Total assets		51,891,766	63,263,928
LIABILITIES			
Current liabilities			
Trade and other payables		21,429,214	16,453,134
Interest bearing liabilities	11	20,070,203	19,013,282
Provisions	13 (e)	2,825,630	15,533,774
Other financial liabilities		9,000,000	9,000,000
Total current liabilities		53,325,047	60,000,190
Non-current liabilities			
Interest bearing liabilities	11	415,765	17,395,439
Provisions		827,817	783,244
Other liabilities		12,222	23,760
Total non-current liabilities		1,255,804	18,202,443
Total liabilities		54,580,851	78,202,633
Net Assets/(Liabilities)		(2,689,085)	(14,938,705)
EQUITY			
Contributed equity	8	91,583,905	91,583,905
Reserves		1,656,602	1,690,621
Accumulated Losses		(95,929,592)	(108,213,231)
Total Equity/(Deficit)		(2,689,085)	(14,938,705)

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

BLUESTONE GLOBAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Contributed equity	Accumulated losses	Share based payments reserves	Share option reserves	Other capital reserves	Foreign currency translation reserves	Owners of Bluestone Global Ltd	Total equity
	$	$	$	$		$	$	$
Balance at 1 July 2012	87,103,125	(53,479,871)	255,015	257,647	26,940	121,865	34,284,721	34,284,721
Loss for the half year	-	(17,863,489)	-	-	-	-	(17,863,489)	(17,863,489)
Other comprehensive income for the half-year								
Foreign currency translation differences	-	-	-	-	-	17,951	17,951	17,951
Total comprehensive income for the half-year	-	(17,863,489)	-	-	-	17,951	(17,845,538)	(17,845,538)
Share based payments	-	-	900,215	-	-	-	900,215	900,215
Shares issued to director	76,000	-	-	-	-	-	76,000	76,000
Transactions with owners in their capacity as owners								
Allocation of rights issue	4,221,412	-	-	-	-	-	4,221,412	4,221,412
Cost associated with share capital raising	(311,037)	-	-	-	-	-	(311,037)	(311,037)
Issue to vendor under share sale agreement	576,668	-	-	-	-	-	576,668	576,668
Balance at 31 December 2012	91,666,168	(71,343,360)	1,155,230	257,647	26,940	139,816	21,902,441	21,902,441
Balance at 1 July 2013	91,583,905	(108,213,231)	1,302,673	257,647	26,940	103,361	(14,938,705)	(14,938,705)
Profit for the half year	-	12,283,639	-	-	-	-	12,283,639	12,283,639
Other comprehensive income for the half-year								
Foreign currency translation differences	-	-	-	-	-	(73,209)	(73,209)	(73,209)
Total comprehensive income for the half-year	-	12,283,639	-	-	-	(73,209)	12,210,430	12,210,430
Share-based payments	-	-	39,190	-	-	-	39,190	39,190
Balance at 31 December 2013	91,583,905	(95,929,592)	1,341,863	257,647	26,940	30,152	(2,689,085)	(2,689,085)

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

BLUESTONE GLOBAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 $	December 2012 $
Cash flows from operating activities			
Cash receipts from customers		123,692,455	188,774,255
Cash paid to suppliers and employees		(124,863,420)	(187,263,438)
Interest received		55	3,678
Interest paid		(1,334,619)	(2,844,416)
Net cash outflow from operating activities		(2,505,529)	(1,329,921)
Cash flows from investing activities			
Purchase of property, plant and equipment		(107,822)	(1,386,864)
Net cash outflow from investing activities		(107,822)	(1,386,864)
Cash flows from financing activities			
Proceeds from borrowings		3,512,752	3,997,605
Net repayment of borrowings		(74,631)	(3,601,754)
Proceeds/(costs) from issue of shares, net of transaction costs		(271,132)	3,910,375
Deferred payment on prior years acquisition		(166,667)	(766,667)
Net cash inflow from financing activities		3,000,322	3,539,559
Net increase in cash and cash equivalents		386,971	822,774
Cash and cash equivalents at the beginning of the period		1,219,154	1,669,831
Effects of exchange rate changes on the balances of cash held in foreign currencies		(30,777)	(1,879)
Cash and cash equivalents at end of period	12	1,575,348	2,490,726

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

1. Corporate information

The half-year consolidated financial statements of Bluestone Global Limited (the Group) for the six months ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 28 February 2014.

Bluestone Global Limited is a limited liability company incorporated in Australia whose shares are publicly traded. The principal activities of the Group are described in Note 4.

2. Basis of preparation and accounting policies

These financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134 Interim Financial Reporting* .

The half-year financial statements are intended to provide users with an update on the latest annual financial statements of the Group. The report does not include all the information and disclosures included in the annual financial statements. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements in the*Corporations Act 2001* .

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the most recent annual financial statements and the comparative interim reporting period. No new standards are effective in the current period which have a material impact on the Group. The directors are currently considering future standards and their impact on the group.

3. Going concern

For the halfyear ended 31 December 2013 the Group has a working capital deficiency of $19m (June 2013 deficiency $17m) , a net asset deficiency of $3m (June 2013 deficiency $14.9m) and an operating cash outflow of $2.5m (6 months to December 2012 outflow $1.3m).

The working capital deficiency is largely a result of the current classification of debtor finance facilities of $19.11m (June 2013 $15.5m). The Group does not have an unconditional right to defer settlement of this debt beyond 12 months. However, whilst funded against the Group's ongoing trade debtor balances, these debtor finance facilities do provide the long term funding capacity to support the Group's trading activities. These facilities remain available unless the group give 3 months written notice to terminate.

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The ability of the group to continue as a going concern is dependent upon:

(i) Improved trading conditions and improved cash flows from operations;
(ii) Meeting the payment conditions of the ATO compromise arrangement (refer note 5) ; and
(iii) Further fund raising in the form of a rights issue where the company plans to raise an additional $4 Million.

The directors believe they are well advanced in achieving all of the above. However, uncertainty exists as matters (i) & (iii) above are outside the control of the Group and have not been finalised at the date of signing this financial report.

If the Group is unable to continue as a going concern it shall be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

4. Operating segments

(a) Description of segments

The Group is organised into the following three segments: Labour Hire, Mining and International. Segment performance is evaluated on underlying EBITDA. Group financing costs and income taxes are managed on a group basis and are not allocated to operating segments. The information presented to the Chief Operating Decision Maker does not report on segment assets and liabilities and as such is not presented in this report.

Labour Hire segment
This division is involved in the placement of temporary and permanent workers domestically and overseas.

Mining segment
This division is involved in providing solutions to the resources sector including the delivery of skilled labour, operations of mining sites, maintenance of plant and equipment and the provision of critical spares and consumables.

International segment
This division is involved in the placement of temporary and permanent workers in Australia, sourced internationally. Post half year end the International segment was abandoned.

(b) Segment information provided to the Chief Operating Decision Maker

Segment information provided to the Chief Operating Decision Maker for the half-year ended 31 December 2013 is as follows:

Six months ended 31 December 2013	**Labour Hire**	**Mining**	**International**	**Adjustments & Eliminations**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue from external customers	89,390,921	26,022,238	176,640	-	115,589,799
Inter-segment	-	-	277,062	(277,062)	-
Total revenue	89,390,921	26,022,238	453,702	(277,062)	115,589,799
Underlying EBITDA	(491,993)	(2,698,035)	(582,756)	(942,079)	(4,714,863)

4. Operating segments (continued)

Segment information provided to the Chief Operating Decision Maker for the half-year ended 31 December 2012 is as follows:

Six months ended 31 December 2012	Labour Hire	Mining	International	Adjustments & Eliminations	Total
	$	$	$	$	$
Revenue from external customers	119,209,886	41,588,612	994,186	-	161,792,684
Inter-segment	-	-	527,698	(527,698)	-
Total revenue	119,209,886	41,588,612	1,521,884	(527,698)	161,792,684
Underlying EBITDA	1,746,100	1,688,423	(53,729)	(1,600,570)	1,780,224

The Chief Operating Decision Maker monitors segment performance based on underlying EBITDA. This measure excludes non-recurring expenditure such as acquisition and restructuring costs, impairments, depreciation and amortisation as well as interest revenue and interest expense and unrealised gains/losses on financial instruments, which are considered part of the treasury function.

A reconciliation of underlying EBITDA to loss for the half-year is as follows:

	Consolidated 2013	2012
	$	$
Underlying EBITDA	(4,714,863)	1,780,224
Gain on ATO settlement	22,647,034	-
Acquisition and restructuring costs	-	(459,846)
EBITDA from continuing operations	17,932,171	1,320,378
Finance costs	(2,063,758)	(4,012,019)
Depreciation and amortisation	(1,228,489)	(1,964,852)
Impairment losses	(1,770,479)	(13,446,000)
Tax expense	(20,558)	(4,474)
Profit/(Loss) for the half-year from continuing operations	12,848,887	(18,106,967)

Loss for the half-year includes the following items that are individually significant because of their nature, size or incidence (refer notes 5 & 6) :

5. Other Income

	2013	2012
	$	$
Gain from settlement	22,647,034	-

On the 16th December 2013 the Group reached a binding settlement with the Australian Tax Office (ATO) in relation to its outstanding tax liabilities, whereby debts of $28.6 million are compromised with a settlement of $6 million. The settlement requires the Group to make payments totalling $6 million over 12 months, with the first commencing one month of the ATO settlement deed. Carry forward tax losses of the Group as at 30 June 2013 have been compromised and therefore will not be available for future offset against taxable income. The gain from settlement represents the difference between the debts owed to the tax office and the settlement sum. Should the company default on any payments, the liability of $28.6 million may become payable at the commissioners discretion.

6. Profit/(Loss) for the half-year

	2013	2012
	$	$
Impairment losses		
Impairment losses Intangibles	(1,410,479)	(13,446,000)
Impairment HCMI joint venture investment	(360,000)	-
	(1,770,479)	(13,446,000)

(i) Refer to note 13 for additional detail in respect of impairment of intangibles and note 14 for details in respect of impairment of HCMI Joint Venture.

Loss on giving up control of subsidiary:	99,137	-

The loss represents the loss to the Group of relinquishing control of Ultimate Skills Phillipines Inc (USPI). The loss is calculated as the value of the net assets given up.

Refer to note 13 for details of goodwill impaired in respect of the International segment of which USPI is part .

7. Business combinations

There were no new acquisitions for the 6 month period ended 31 December 2013.

In the current half year, deferred consideration payments were made in respect of Gnomic Exploration Services Pty Ltd.

8. Contributed equity

	No. of Shares	$
Balance at 1 July 2012	282,820,778	87,103,125
Allocation of rights issue	140,713,729	4,221,412
Less: Cost of raising equity	-	(393,299)
Issue to vendor under share sale agreement	7,666,667	576,667
Shares issued to director	2,533,333	76,000
Balance at 30 June 2013	433,734,507	91,583,905
Period movement	-	-
Balance at end of period	433,734,507	91,583,905

9. Discontinued Operations

In March 2013, Westaff NZ Limited, a fully owned subsidiary of the group, entered into an agreement with an unrelated third party for the sale of its labour hire and recruitment business in New Zealand. Total consideration agreed was the greater of $200,000 or 3 times EBITDA based on audited financial statements for fiscal year ending 2013 to be paid in accordance with the following:

i. 6 monthly payments of $5,000 with the first payment to be made on 1st April 2013 then 6 monthly payments in the sum of $11,666.67 with all monthly payments to be made on the 1st day of each month;

ii. remaining balance to be paid on the 28th of February 2014, subject to any adjustments to the purchase price based on the normalised EBITDA for the fiscal year ending 2013.

The sale receivable of $565,248, owed by the purchasers of the business has been fully provided for as at 31 December 2013 following unsuccesful attempts to recover.

The result of the business for the half year 31 December 2013 are presented below

	2013	2012
	$	$
Revenue	-	3,600,992
Expenses	(565,248)	(3,321,995)
Depreciation	-	(12,434)
Finance costs	-	(23,085)
Loss before tax from a discontinued operation	(565,248)	243,478
Income tax expense	-	-
Profit/(loss) for the year from a discontinued operation	**(565,248)**	**243,478**

10. Dividends

No dividends have been declared or paid during the current half-year or the prior half-year.

11. Interest bearing liabilities and related parties

	December 2013	June 2013
	$	$
CURRENT		
Finance lease liability	158,655	183,465
Debtor finance facility(1)	19,111,548	15,598,796
Borrowings(2)	800,000	-
Statutory liabilities(3)	-	3,231,021
	20,070,203	**19,013,282**
NON CURRENT		
Finance lease liability	272,504	322,325
Borrowings(2)	-	800,000
Statutory liabilities(3)	-	16,121,285
Other borrowings	143,261	151,829
	415,765	**17,395,439**

(1) The Group has debtor finance facilities with Scottish Pacific Benchmark Pty Ltd. Under these facilities, certain debtors are transferred to Scottish Pacific with the Group receiving 85% of approved debtors. The remaining amounts are paid to the Group when the when the debtor pays the invoice. Interest is charged on the funds drawn down from the facility until the debt is collected. The facility limit is $40 million. At reporting date, trade debtors of $23,750,774 (June 2013 $22,877,831) were transferred under this facility. All of these facilities are guaranteed by the other entities in the Group. A registered fixed and floating charge over the assets of the Group exists to secure these facilities.

(2) Included in interest bearing liabilities is a loan for $800,000 from Moar Investments Pty Ltd to ResCo Services Pty Ltd. Moar Investments Pty Ltd is a company related to Andrew Poole,who resigned as a director of Bluestone Global Limited on 20 June 2013. This is due to be repaid in November 2014. The current interest rate on the loan is 14.0% per annum which is payable monthly.

(3) Following a settlement deed entered into with the Australian Taxation Office (refer note 5), the statutory liabilities to the ATO are no longer interest bearing and have therefore been reclassified as part of Trade and Other Payables.

12. Cash and cash equivalents

For the purpose of the half-year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	December 2013	June 2013
	$	$
Cash at bank	1,575,348	1,219,154
Total cash and cash equivalents	1,575,348	1,219,154

13. Intangibles

	December 2013	June 2013
	$	$
Current		
Mining Intangible	-	11,000,000
	-	11,000,000
Non-current		
Goodwill	5,082,574	5,833,660
Non-contractual customer relationships	4,087,167	5,183,442
Training rights	1,395,000	1,425,000
	10,564,741	12,442,102

(a) Impairment testing for goodwill and intangible assets

Goodwill acquired through business combinations with indefinite useful lives have been allocated to three CGUs, for impairment testing as follows.
A segment-level summary of the goodwill allocation, after impairment losses, is presented below.

13. Intangibles (continued)

	December 2013	June 2013
	$	$
Labour Hire	5,082,573	5,082,573
Mining	-	-
International(1)	-	751,087
	5,082,573	5,833,660

(1) The International segment has been abandoned post half year end

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired.

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction, less costs to sell. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the projections for the next five years.

(b) Key assumptions used for value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

(i) Discount rates - management has considered the impact of the time value of money and the risk inherent in the cash flows. Management utilised a pre-tax discount rate of 24.30% for Labour Hire.

(ii) Growth rates - The growth rates take into consideration the current economic uncertainty surrounding the markets in which the Group operates. The cash flows are prepared using detailed forecasts for the 12 months to December 2014. A growth rate of 3% thereafter is used for the Labour Hire CGU to CY2018. The terminal growth rate used is 3%.

(iii) Gross margin - The gross margin of the various business lines is influenced by sales mix, pricing, competitive pressure and other factors. Management has considered the impact of variations in gross margin in the cash flow forecasts.

(c) Sensitivity analysis

For the Labour Hire CGU, the estimated recoverable amount is equal to the carrying value. A decrease in the gross margin assumption by 5% through the cash flow forecast period (a margin decrease of 0.5%) or revenue assumption by 5%, would result in an impairment of $5,292,507.

(d) Impairment

Following the decision to abandon the International Segment , the recoverable amount has been calculated based on the fair value less costs to sell and an impairment loss of $1,410,479 (2012 Impairment loss labour Hire $13,446,000) was recognised in the Statement of Comprehensive income.

The current year impairment to the international Segment consists of a $751,087 impairment to goodwill and a $659,392 impairment to customer relationships.

(e) Mining Intangible

On 29 November 2013 an assignment deed was entered into between The Chairmen1 Pty Ltd; Resco Projects Pty Ltd and Guildford Coal Limited over the previously recognised $11 million mining intangible and related $11 million liability. The Chairmen1 Pty Ltd and Guildford Coal Limited have agreed to settle the transaction between themselves, with Bluestone Global Limited and Resco Projects Pty ltd, now being removed from the settlement. The $11m asset and corresponding liability have now been set off. This resulted in a Nil impact to the consolidated Statement of Comprehensive Income.

(f) Training Rights

As part of the sale of Springsure Mining Pty Limited, the group re-acquired the right to supply training staff into the mine for a period of 25 years. Management had attributed a value of $1.5 million to this right and recorded it as an intangible asset in the statement of financial position. This intangible is being amortised over a period of 25 years.

14. Joint Venture

On 31 July 2012 the group entered into a joint venture with HCMI Group, a Singapore based recruitment company. Through Wholly owned subsidiary, Humanis Phillipines inc, the Group entered into arrangements to acquire 50% of an HCMI Group Entity, HCMI International Limited, for consideration of 6 million fully paid Bluestone Global shares, at a deemed issue price of $0.20 per share. This equated to a cost of investment in the joint venture of $360,000. Following the planned termination of the joint venture in the 2014 financial year, the cost of this joint venture investment has been fully impaired and an impairment loss of $360,000 has been recognised in the Statement of Comprehensive Income.

15. Commitments and contingent liabilities

Except for a contingent liability in respect of the Australian Taxation Office settlement deed (refer note 5), There have been no changes to the commitments and contingent liabilities or contingent assets disclosed in the most recent financial statement.

Should payments required to the Australian Taxation Office per the settlement deed (refer note 5) not be made according to agreed dates, the full debt to the ATO may be reinstated.

16. Events after the reporting period

(a) Completion of placement with Valdez Group

On 24 January 2014, 65,050,176 fully paid shares issued at $0.008 per share were issued to Valdez Group Pty Ltd as trustee of the VC Unit Trust (Valdez) to raise $0.5M pursuant to the Restructure Implementation Deed announced on 17 December 2013.

(b) Loan note facility

On 24 January 2014 the company obtained a $4 Million secured Loan Note facility for a period of 2 years at 10% interest payable upon repayment of the Loan. The Loan Note has attaching options which are subject to shareholder approval.

(c) CEO & Board Appointment

On 23 January 2014, Anthony Kelson was appointed to the board, Stephen Sasse was appointed CEO , subject to the agreement over contractual terms, and Andrew Plympton was appointed chairman , as part of the restructuring plan announced on the 17 December 2013

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and accompanying notes are in accordance with the *Corporations Act 2001* and:

(a) Comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* ; and

(b) Give a true and fair view of the financial position as at 31 December 2013 and of the performance for the half-year ended on that date of the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution on the Board of Directors and is signed for and on behalf of the directors by:

Andrew Plympton
Non Executive Chairman

Dated this 28 day of February 2014

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To the members of Bluestone Global Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bluestone Global Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bluestone Global Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 3 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. As a result of these matters, there is material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bluestone Global Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Ernst + Young

Ernst & Young

JLonergan

Joanne Lonergan
Partner
Melbourne
28 February 2014