Catalyst
RECRUITMENT

CATALYST: HALF-YEAR PROFIT INCREASES 28%

20 February 2006

Catalyst Recruitment Systems Ltd (ASX:CRU) today announced pre tax profits of $2.4Million for the half year to 31 December 2005, a 28% increase on the previous corresponding period. The Directors have announced an interim fully franked dividend of 2.4 cents per share, up 20% on last year's interim dividend.

RESULTS SUMMARY:

Revenue	Up 3% to $64.6 Million
Net Profit Before Tax	Up 28% to $2.4 Million
Net Profit After Tax	Up 28% to $1.5 Million
EBITDI (Earnings before interest, tax, depreciation and impairment)	Up 13% to $3.0 Million
Interim Dividend (Fully Franked)	Up 20% to 2.4 Cents per share
Basic Earnings Per Share	Up 9% to 3.4 Cents per share

The 2.4 Cent interim dividend is payable on 14 April 2006 with a Record Date of 31 March 2006.

Commenting on the results, Catalyst's Managing Director, George Zammit said "The Board is happy with the result. To achieve a 28% profit growth and 20% dividend growth on a 3% revenue growth shows the benefit continued efficiencies and targeting of higher margin work has achieved."

"In a tight labour market where good candidates are harder to find it is important Catalyst maximises its revenue with the candidate pool it has" Mr Zammit said. "The acquisition of Mind Atlas (31 October 2005) which offers training solutions to both clients and candidates has allowed Catalyst to pursue this policy, Mind Atlas has made an immediate impact on our margins. Although only two months of Mind Atlas's result is included at the half year, the initial signs are very positive".

"Our Sales growth has been modest for the 1st half, however the business has still delivered a sizeable increase to the bottom line. Given that it has become an applicant tight market our strategy has been focused on desirable business with good margin growth, rather than large numbers but poor margins. The Board and Management continue to be focussed on a strategy of substantially growing the business both organically and by acquisitions." Mr Zammit said. "We are positive about the full year result for the business and expect the profit growth experienced in the first half to be reflected in the full year result".

Speaking about the increase in the interim dividend, Mr Zammit said "You add the interim dividend of 2.4 Cents to the special dividend paid in December 2005 of 4.0 Cents and the Final Dividend of 2.5 Cents paid in October 2005, then you quickly realise our shareholders have received fully franked dividends totalling 8.9 Cents per share. Against a share price of 75 cents, this is a fully franked return of 11.9%".

For further information please contact
George Zammit
Managing Director
03 9699 1055

Catalyst RECRUITMENT

CATALYST RECRUITMENT SYSTEMS LIMITED
ABN 17 050 243 251

Appendix 4D: Half-Year Information

31 December 2005

Appendix 4D

The following information is to be read in conjunction with the half-year report attached to this Appendix 4D

For announcement to the market.

Results

Revenues from ordinary activities	$64.6 Million (up 3% on prior period)
Profit from ordinary activities before income tax	$ 2.4 Million (up 28% on prior period)
Net Profit after income tax:	$ 1.5 Million (up 28% on prior period)

Dividends per share

Interim Dividend	2.40 cents per share fully franked
Interim Dividend this time last year	2.00 cents per share fully franked
Dividend payment date	14 April 2006
Dividend record date	31 March 2006

The Catalyst Dividend Reinvestment Plan applies to the Interim Dividend.

Earnings per share

	31 Dec 2005	31 Dec 2004
Basic Earnings per share in cents	3.36	3.08
Diluted Earnings per share in cents	3.24	3.07

Ratios

	31 Dec 2005	31 Dec 2004
Profit before tax as a percentage of revenue	3.69%	2.97%
Profit after tax as a percentage of total equity:	7.70%	10.46%

NTA backing

	31 Dec 2005	31 Dec 2004
Net tangible asset backing per ordinary security in cents	11	9

Franking account

The balance of the franking account as at 31 December 2005: $2.25M

Catalyst Recruitment Systems Limited
Half Year Report for 31 December 2005

Content

Company Directory

Directors

John Shergold
Chairman

George Zammit
Managing Director

Philip Weinman
Non-Executive Director

Nigel Harse
Non-Executive Director

Hugh Robertson
Non-Executive Director

Craig Ashworth
Executive Director

Company Secretaries

Mark Bartolo

John Mirenda

Registered Office
Level 1, 566 Elizabeth Street
Melbourne, Victoria, 3000.
Telephone 03 9349 1488

Principal Place of Business
100 York Street
South Melbourne, Victoria 3205
Telephone 03 9699 1055

Auditors
Ernst & Young
8 Exhibition Street
Melbourne, Victoria, 3000.
Telephone 03 9288 8000

Solicitors
Minter Ellison
Rialto Towers
Level 23, 525 Collins Street
Melbourne, Victoria, 3000.
Telephone 03 9229 2000

Share Registry
Computershare Registry Services Pty Ltd
Level 12, 565 Bourke Street
Melbourne, Victoria, 3000.
Telephone 03 9235 5500

Bankers
Australia and New Zealand Banking Group Limited

Internet Address
www.catalystrecruitment.com.au

Directors' Report

The Board of Directors of Catalyst Recruitment Systems Ltd has pleasure in submitting its report in respect of the financial half-year ended 31 December 2005.

Directors

The names of the directors in office during the half year and until the date of this report are below.

John Shergold (Chairman)
George Zammit (Managing Director)
Philip Weinman
Nigel Harse
Hugh Robertson
Craig Ashworth (appointed 24 October 2005)

Unless otherwise indicated, all directors held their position as a director for this entire period.

Principal activities

The principle activities of the company and the entities it controlled during the year were EMPLOYMENT AGENCY SERVICES.

There has been no significant change in the nature of these activities during the year.

Results

The consolidated profit of the consolidated entity for the half-year was $1.54 million after income tax.

Review of operations

Total revenue of $64.64 milillion is up 3% on the previous half-year and profit before income tax of $2.38 million is up 28% on the previous half-year. Operating profit (Earnings before Interest, tax, depreciation and impairment) increased 13% to $2.97 million.

The increase in operating profit is a result of recent acquisitions including MindAtlas (acquired 31 October 2005) and the continued focus on efficiencies.

Further details of the half-year result can be found within the announcement released by the board of directors on this same day.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

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 15.

This report has been made in accordance with a resolution of directors.

George Zammit
Director

John Shergold
Director

Melbourne
20 February 2006

Condensed Income Statement

Half-Year Ended 31 December 2005

	Notes	Consolidated December 2005 $'000	Consolidated December 2004 $'000
Sales Revenue		64,393	62,533
Other Revenue		248	135
Total Revenue	2	64,641	62,668
Direct Service Expenses		56,503	54,818
Administrative Expenses		3,994	3,984
Marketing Expenses		396	506
Occupancy Expenses		683	655
Borrowing Expenses		132	138
Other Expenses		552	708
		62,260	60,809
Profit from ordinary activities before income tax expense (a)	2	**2,381**	**1,859**
Income tax expense relating to ordinary activities		(839)	(664)
Net Profit		**1,542**	**1,195**
Basic earnings per share (cents per share)		3.36	3.08
Diluted earnings per share (cents per share)		3.24	3.07
Franked Dividends per share (cents per share)		6.50	6.00
(a) Profit from ordinary activities before interest, depreciation, impairment of intangibles and income tax expense		2,965	2,631

Condensed Balance Sheet

Half-Year Ended 31 December 2005

	Notes	Consolidated December 2005 $000	Consolidated June 2005 $000
ASSETS			
Current Assets			
Cash assets		719	753
Receivables		13,747	12,667
Other		377	515
Total Current Assets		**14,843**	**13,935**
Non-Current Assets			
Plant and equipment		1,617	1,516
Deferred tax assets		315	337
Intangible assets		16,561	11,065
Total Non-Current Assets		**18,493**	**12,918**
TOTAL ASSETS		**33,336**	**26,853**
LIABILITIES			
Current Liabilities			
Payables		5,383	5,514
Interest bearing liabilities		4,227	3,582
Current tax liabilities		686	825
Other Provisions		2,095	1,024
Total Current Liabilities		**12,391**	**10,945**
Non-Current Liabilities			
Interest bearing liabilities		-	11
Other provisions		897	869
Total Non-Current Liabilities		**897**	**880**
TOTAL LIABILITIES		**13,288**	**11,825**
NET ASSETS		**20,048**	**15,028**
EQUITY			
Contributed equity	8	16,783	12,063
Deferred equity	4	1,760	-
Equity Settled Benefits Reserve		54	28
Retained profits		1,451	2,937
TOTAL EQUITY		**20,048**	**15,028**

Condensed Cash Flow Statement

Half-Year Ended 31 December 2005

	Consolidated December 2005 $'000	Consolidated December 2004 $'000
Cash flows from operating activities	**Inflows/(Outflows)**	
Receipts from customers	59,828	59,364
Payments to suppliers and employees	(57,898)	(55,854)
Borrowing costs	(132)	(138)
Interest received	23	3
Income taxes paid	(944)	(539)
Net operating cash flows	**877**	**2,836**
Cash flows from investing activities		
Purchase of controlled entities and business	(185)	(2,033)
Payments for plant and equipment	(411)	(188)
Net investing cash flows	**(596)**	**(2,221)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,560	1,391
Cost of issue of ordinary shares	(66)	(54)
Dividends paid	(2,442)	(2,073)
Repayment of Lease Principal	(22)	(11)
Net financing cash flows	**(970)**	**(747)**
Net (decrease)/increase in cash held	(689)	(132)
Cash at the beginning of the financial period	(2,819)	(4,723)
Cash at the end of the financial period (a)	**(3,508)**	**(4,855)**

(a) Net of Cash Assets $719,364 and Interest bearing liabilities ($4,226,900). 2004: Net of Cash Assets $440,147 and Interest bearing liabilities ($5,294,974)

Condensed Statement of Changes in Equity

Half Year Ended 31 December 2005 **Consolidated**

	Issued Capital $'000	Deferred Capital $'000	Other Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2004	**7,490**	**-**	**-**	**3,471**	**10,961**
Cost of Share Based Payment	-	-	1	-	1
Exercise of Options	78	-	-	-	78
Value of shares exercised via the Dividend Reinvestment Plan	1,529	-	-	-	1,529
Cost of share issues	(54)	-	-	-	(54)
Dividends Paid	-	-	-	(2,290)	(2,290)
Profit for the period	-	-	-	1,195	1,195
At 31 December 2004	**9,043**	**-**	**1**	**2,376**	**11,420**
At 1 July 2005	**12,063**	**-**	**28**	**2,937**	**15,028**
Cost of Share Based Payment	-	-	26	-	26
Exercise of Options	8	-	-	-	8
Value of shares exercised via the Dividend Reinvestment Plan	2,138	-	-	-	2,138
Cost of share issues	(66)	-	-	-	(66)
Dividends Paid	-	-	-	(3,028)	(3,028)
Shares issued for the acquisition of MindAtlas	2,640	-	-	-	2,640
Deferred shares to be issued for the acquisition of MindAtlas	-	1,760	-	-	1,760
Profit for the period	-	-	-	1,542	1,542
At 31 December 2005	**16,783**	**1,760**	**54**	**1,451**	**20,048**

Notes to the Half-Year Financial Statements

For the period ended 31 December 2005

Note 1. Basis of Preparation of the Half-Year Financial Report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Catalyst Recruitment Systems Ltd as at 30 June 2005 which was prepared based on Australian Accounting Standards applicable before 1 January 2005 (AGAAP). It is also recommended that the half-year financial report be considered together with the public announcements made by Catalyst Recruitment Systems Ltd and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared in accordance with the historical cost convention and does not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with International Financial reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. Disclosed in Note 1(c) below are the significant accounting policies of the group which have been revised from those stated in the Annual Financial Report of Catalyst Recruitment Systems Ltd as at 30 June 2005 due to the implementation of AIFRS. Note 1(d) contains a summary of the impact of the implementation of AIFRS.

(c) Summary of Revised Significant Accounting Policies

(i) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on the basis of both diminishing value for all assets acquired prior to 30 June 2005 and a mixture of both straight line and diminishing value for assets acquired after 1 July 2005.

	December 2005	December 2004
Depreciation provided on reducing balance method	10 – 40%	10 – 40%
Depreciation provided on straight –line method	10 – 33%	-

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If an asset does not generate independent cash flows then the recoverable amount is determined on the basis of the cash generating unit/s (CGU) to which the asset belongs.

In assessing the carrying value of assets within a CGU, the estimated future cash flows of the CGU are discounted to their present value using a pre tax discount rate that reflects the company's combination of current weighted average cost of capital and any specific risks to the CGU or asset.

If any such indication exists and where the carrying values of the assets exceed the estimated recoverable amount, the assets or CGU are written down to their recoverable amount.

(ii) Goodwill and impairment

Goodwill arising on acquisition is measured as the excess of the cost to acquire the business combination over Catalyst's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the business combination.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, instead it is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

On acquisition any goodwill is allocated to the cash generating unit/s (CGU) expected to benefit and any impairment is determined by assessing the recoverable amount of the CGU to which the goodwill has been applied. Where upon assessment the recoverable amount of the CGU is less than the carrying value of any goodwill then an impairment loss is recognised as an expense in the Income Statement.

The company has taken advantage of AASB 1 transitional exemptions in applying AASB 3 'Business Combinations" in not applying the standard retrospectively to past business combinations that occurred before the date of transition to AIFRS.

(iii) Share based payment

Catalyst provides a benefit to some employees and directors via an employee share option plan (ESOP). The cost of the ESOP is measured at its fair value on the date they are granted. The fair value has been calculated using a binomial model developed by an external valuer. In valuing the options no account is taken of any performance conditions, other than conditions linked to the price of the shares of Catalyst Recruitment Systems Limited.

The fair value of an option is expensed over the vesting period and if an option is cancelled prior to the vesting period, then no expense is recognised.

The dilutive effect, if any , of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The company has taken advantage of AASB 1 transitional exemptions in applying AASB 2 'Share-Based Payments" in only applying it to equity instruments granted after 7 November 2002 which have not vested on or before 1 January 2005.

(iv) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Any option rights to extend a lease are not taken into account when calculating the expense.

(v) Income taxes

Current Income Tax
Current Income Tax is calculated by reference to the amount of income tax payable in respect of the taxable profit for the period.

Deferred Income Tax
Deferred Income Tax is accounted for on temporary timing differences at the balance sheet date arising from differences between the carrying amount of assets and liabilities and their corresponding tax base.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled.

(d) Impact of adoption of AIFRS

1/ Reconciliation of total equity presented under AGAAP to that under AIFRS

	Consolidated		
	30 Jun 2005	**31 Dec 2004**	**1 Jul 2004**
	$'000	**$'000**	**$'000**
Total equity under AGAAP	14,995	11,426	10,961
Adjustments to equity			-
Write back of goodwill amortisation (1)	1,033	394	-
Impairment of goodwill (2)	(1,000)	(400)	-
Total equity under AIFRS	**15,028**	**11,420**	**10,961**

2/ Reconciliation of profit after tax under AGAAP to that under AIFRS

	Consolidated	
	Year ended	**Half year ended**
	30 Jun 2005	**31 Dec 2004**
	$'000	**$'000**
Profit after tax under AGAAP	**2,547**	**1,202**
Adjustments to net profit		
Write back of goodwill amortisation (1)	1,033	394
Impairment of goodwill (2)	(1,000)	(400)
Recognition of share based payment expense (3)	(28)	(1)
Profit after tax under AIFRS	**2,552**	**1,195**

(1) Under previous AGAAP the purchased goodwill in Catalyst's balance sheet is amortised on a straight-line basis over a period of 15 years. Under AASB 3 "Business Combinations" the amortisation of goodwill is not permitted. AASB 3 provides that goodwill must be subject to impairment testing on an annual basis or earlier if so required (see note (d)). Catalyst has not elected to apply AASB 3 retrospectively, therefore prior year amortisation will not be written back as at the date of transition to AIFRS.

(2) Under AASB 136 "Impairment of Assets", goodwill is reviewed for impairment on an annual basis or earlier if so required.

At the date of acquisition, any acquired goodwill is allocated to a cash generating unit to which the goodwill relates. The cash generating unit can be the acquired business itself or goodwill can be allocated to units expected to benefit from the acquisition. Where after testing for impairment, the carrying value of the goodwill allocated to the cash generating unit is less than the recoverable amount of that cash generating unit an impairment loss is recognised as both an expense and a write down to the carrying value of goodwill.

(3) Under AGAAP, share based payments (which for Catalyst is the granting of share options) are not recognised. Under AASB 2 "Share Based Payments" Catalyst will recognise the fair value of options issued to directors and employees as remuneration and hence an expense.

The cost of the options is measured at fair values at the date they are granted. The fair value has been calculated using a binomial model developed by an external valuer.

The fair value of an option is expensed over the vesting period and if an option is cancelled prior to the vesting period, then no expense is recognised.

3/ Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Note 2. Profit from Ordinary Activities

	Consolidated December 2005 $'000	Consolidated December 2004 $'000
Profit from ordinary activities is after crediting the following revenues:		
Sales Revenues:		
Temporary Fee Revenue	60,924	58,927
Permanent Fee Revenue	2,386	2,791
Training/Telemarketing Revenue	727	181
Australian Job Search Revenue	356	634
Total Sales Revenues	64,393	62,533
Other Revenues:		
Interest from other persons	23	3
Other revenue items	225	132
Total Other Revenues	248	135
Total Revenues:	**64,641**	**62,668**
Profit from ordinary activities is after charging the following expenses:		
Depreciation of non current assets	330	234
Goodwill Impairment	150	400
Doubtful Debts written back/Expense	(18)	31
Minimum lease payments – operating leases	578	573
Employee benefits expense	55,728	54,929
Expenses for share based payments	26	1

Note 3. Segment Information:

The consolidated entity operates in seven geographical segments as noted below. The business segments in which the consolidated entity operates is the recruitment and placement of labour in "blue collar" and "white collar" sectors or in providing add-on services to these sectors called "other services".

Primary Segment

31 December 2005	VIC $'000	NSW $'000	QLD $'000	SA $'000	WA $'000	ACT $'000	TAS $'000	Consolidated $'000
Revenue	30,722	12,881	9,246	2,620	2,957	4,025	2,190	64,641
Segment result	1,508	24	445	17	23	357	7	2,381
Income tax expense								(839)
Net Profit								1,542

31 December 2004	VIC $'000	NSW $'000	QLD $'000	SA $'000	WA $'000	ACT $'000	TAS $'000	Consolidated $'000
Revenue	26,256	13,300	12,375	4,176	2,723	3,838	-	62,668
Segment result	1,299	(62)	478	58	74	12	-	1,859
Income tax expense								(664)
Net Profit								1,195

Secondary Segment

31 December 2005	Blue Collar $'000	White Collar $'000	Other Services $'000	Consolidated $'000
Revenue	42,664	21,250	727	64,641
Segment result	1,404	506	471	2,381

31 December 2004	Blue Collar $'000	White Collar $'000	Other Services $'000	Consolidated $'000
Revenue	41,755	20,913	-	62,668
Segment result	1,534	325	-	1,859

Note 4. Change in Composition of Entity

Acquisition of MindAtlas

On 31 October 2005 Catalyst Recruitment Systems Ltd acquired the Melbourne based training specialist MindAtlas Pty Ltd.

MindAtlas is a registered training organisation offering learning solutions to a broad base of customers. The acquisition is complimentary to the main business of Catalyst and represents a major expansion in the service offering provided by Catalyst to its customers and candidates.

The purchase price consisted of an up front issue of 3,000,000 shares. The deemed share price under A-IFRS is the closing share price on the day the transaction was completed. The closing share price on 31 October 2005 was 88 cents. A further issue of 2,000,000 at the deemed price of 88 cents will be deferred until after the achievement of defined EBIT levels for the year to 31 October 2006. On achievement of pre determined EBIT levels a cash payment of up to $1,160,000 will also be made. Based upon results to date it is considered probable that the full earn-out will be payable at that time. As such a provision for $1,160,000 for the cash payment has been made at 31 December 2005 and the 2,000,000 shares which have been deferred have been recognised as Deferred Equity under Equity in the Balance Sheet. The deferred equity is treated as fully dilutive for earnings per share calculations.

The fair value of the identifiable assets and liabilities of MindAtlas Pty Ltd as at the date of acquisition are:

	Consolidated Recognised on acquisition and carrying value $'000
Plant and Equipment	28
Deferred Tax Asset	12
Employee Provisions	(40)
Fair Value of net assets	0
Goodwill on consolidation	5,689
Consideration	
Shares issued at fair value	2,640
Deferred shares to be issued at fair value	1,760
Deferred cash to be paid	1,160
Costs associated with the acquisition	129
Total Consideration	5,689
Current cash outflow on acquisition	
Cash paid on costs associated with the acquisition	129

Note 5. Dividends Paid or Provided For on Ordinary Shares

a) Dividends paid during the half-year (Fully Franked dividends)

	Dec 2005 $'000	**Dec 2004 $'000**
Shares taken up under dividend reinvestment plan for final dividend	224	-
Final fully franked dividend for financial year 30 June 2005: 2.5 cents (2004: 2.0 cents)	890	762
Total dividend paid	1,114	762
Shares taken up under dividend reinvestment plan for special dividend	362	216
Special fully franked dividend for financial year 30 June 2005: 4.0 cents (2004: 4.0 cents)	1,552	1,312
Total dividend paid	1,914	1,528

b) Dividends proposed and not recognised as a liability (Franked dividends)

Proposed dividend at half-year ended 31 December 2005: 2.4 cents (2004: 2.0 cents)	1,199	795
Remaining amount of franking account available	$2.25M	$2.23M

Note 6. Contingent Assets and Liabilities

Director related

The maximum contingent liabilities for termination benefits under service agreements with directors and persons who take part in the management of companies in the consolidated entity amount to: $806,527.

Contingent Liability

In the annual financial report for the year ended 30 June 2005, a potential contingent liability with the ATO was disclosed. This issue has now been successfully resolved with the ATO and no further action or payment is required by Catalyst.

Except for the above, since the last annual reporting date, there has been no other material change in any contingent liabilities or contingent assets.

Note 7. Subsequent Events

Interim Dividend

The directors have declared an interim fully franked dividend of 2.4 cents for the half-year ended 31 December 2005 of $1,199,431, payable Friday 14 April 2006 (Record date Friday 31 March 2006).

Note 8. Contributed Equity

Issued and paid up capital	**Number of shares in Thousands**	**$'000**
Beginning of financial period (1 July 2005)	**44,567**	**12,063**
Ordinary shares issued via share option plan	25	8
Cost of shares issued via the share option plan	-	(1)
Ordinary shares taken up via dividend reinvestment plan – Interim Dividend	271	224
Cost of ordinary shares issued via dividend reinvestment plan	-	(2)
Ordinary shares issued as part of the acquisition of MindAtlas Pty Ltd	3,000	2,640
Cost of ordinary shares issued via share option plan	-	(6)
Ordinary shares taken up via dividend reinvestment plan – Special Dividend	400	362
Ordinary shares issued – Special Dividend – fully underwritten by Bell Potter	1,713	1,552
Cost of ordinary shares issued via dividend reinvestment plan	-	(57)
End of financial period (31 December 2005)	**49,976**	**16,783**

Directors' Declaration for the half-year ended 31 December 2005

In accordance with a resolution of the directors of Catalyst Recruitment Systems Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

On behalf of the Board

George Zammit
Director

John Shergold
Director

Melbourne
20 February 2006

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Auditor's Independence Declaration to the Directors of Catalyst Recruitment Systems Limited

In relation to our review of the financial report of Catalyst Recruitment Systems Limited for the half-year ended 31 December 2005, 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

Tim Wallace
Partner
Melbourne
20 February 2006

ERNST & YOUNG

■ Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

■ Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Independent review report to members of Catalyst Recruitment Systems Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Catalyst Recruitment Systems Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Catalyst Recruitment Systems Limited and the entities it controlled during the half-year is not in accordance with:

(a) the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half-year ended on that date; and
   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Tim Wallace
Partner
Melbourne
20 February 2006