UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number: 000-50129

HUDSON HIGHLAND GROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE **(State or other jurisdiction of incorporation or organization)**	**59-3547281** **(IRS Employer Identification No.)**

560 Lexington Avenue, New York, New York 10022
(Address of principal executive offices) (Zip Code)

(212) 351-7300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	x
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding on June 30, 2011
Common Stock - $0.001 par value	32,876,493

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenue	$ 247,378	$ 194,969	$ 465,917	$ 375,087
Direct costs	151,911	120,732	289,252	234,430
Gross margin	95,467	74,237	176,665	140,657
Operating expenses:				
Selling, general and administrative expenses	87,405	71,411	166,213	139,743
Depreciation and amortization	1,636	2,186	3,213	4,472
Business reorganization and integration expenses	396	551	747	664
Operating income (loss)	6,030	89	6,492	(4,222)
Other (expense) income :				
Interest, net	(375)	(243)	(581)	(475)
Other, net	(5)	846	482	1,501
Income (loss) from continuing operations before provision for income taxes	5,650	692	6,393	(3,196)
Provision for income taxes	1,426	515	2,175	766
Income (loss) from continuing operations	4,224	177	4,218	(3,962)
Income (loss) from discontinued operations, net of income taxes	-	52	-	(17)
Net income (loss)	$ 4,224	$ 229	$ 4,218	$ (3,979)
Earnings (loss) per share:				
Basic				
Income (loss) from continuing operations	$ 0.13	$ 0.01	$ 0.13	$ (0.14)
Income (loss) from discontinued operations	-	0.00	-	(0.00)
Net income (loss)	$ 0.13	$ 0.01	$ 0.13	$ (0.14)
Diluted				
Income (loss) from continuing operations	$ 0.13	$ 0.01	$ 0.13	$ (0.14)
Income (loss) from discontinued operations	-	0.00	-	(0.00)
Net income (loss)	$ 0.13	$ 0.01	$ 0.13	$ (0.14)
Basic weighted average shares outstanding:	31,593	30,947	31,501	28,616
Diluted weighted average shares outstanding:	32,039	31,311	31,939	28,616

See accompanying notes to condensed consolidated financial statements.

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(Unaudited)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,933	$ 29,523
Accounts receivable, less allowance for doubtful accounts of $2,266 and $2,145, respectively	159,383	128,576
Prepaid and other	14,973	13,988
Total current assets	209,289	172,087
Property and equipment, net	17,095	16,593
Other assets	18,131	17,154
Total assets	$ 244,515	$ 205,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,784	$ 14,812
Accrued expenses and other current liabilities	96,761	74,990
Short-term borrowings	10,145	1,339
Accrued business reorganization expenses	1,821	2,619
Total current liabilities	122,511	93,760
Other non-current liabilities	10,777	10,493
Income tax payable, non-current	8,319	8,303
Total liabilities	141,607	112,556
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized; none issued or outstanding	-	-
Common stock, $0.001 par value, 100,000 shares authorized; issued 32,934 and 32,181 shares, respectively	33	32
Additional paid-in capital	469,009	466,582
Accumulated deficit	(403,981)	(408,199)
Accumulated other comprehensive income—translation adjustments	38,177	34,902
Treasury stock, 58 and 9 shares, respectively, at cost	(330)	(39)
Total stockholders' equity	102,908	93,278
Total liabilities and stockholders' equity	$ 244,515	$ 205,834

See accompanying notes to condensed consolidated financial statements.

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash flows from operating activities:		
Net income (loss)	$ 4,218	$ (3,979)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	3,213	4,472
Provision for doubtful accounts	225	205
Benefit from deferred income taxes	(260)	(1,087)
Stock-based compensation	1,826	879
Other, net	(55)	(804)
Changes in assets and liabilities, net of effects of business acquisitions:		
Increase in accounts receivable	(25,820)	(28,629)
Increase in prepaid and other assets	(909)	(1,990)
Increase in accounts payable, accrued expenses and other liabilities	18,053	15,172
Decrease in accrued business reorganization expenses	(759)	(4,821)
Net cash used in operating activities	(268)	(20,582)
Cash flows from investing activities:		
Capital expenditures	(3,348)	(1,457)
Proceeds from sale of assets	247	-
Proceeds from notes and sales of warrants	-	3,500
Change in restricted cash	291	(14)
Net cash (used in) provided by investing activities	(2,810)	2,029
Cash flows from financing activities:		
Borrowings under credit facility and other short term financing	96,501	25,376
Repayments under credit facility and other short term financing	(88,407)	(23,047)
Proceeds from issuance of common stock, net	-	19,167
Purchase of restricted stock from employees	(291)	(38)
Net cash provided by financing activities	7,803	21,458
Effect of exchange rates on cash and cash equivalents	685	(1,073)
Net increase in cash and cash equivalents	5,410	1,832
Cash and cash equivalents, beginning of the period	29,523	36,064
Cash and cash equivalents, end of the period	$ 34,933	$ 37,896
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ 471	$ 593
Cash payments during the period for income taxes, net of refunds	$ 2,674	$ 1,705

See accompanying notes to condensed consolidated financial statements.

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Treasury stock	Total
	Shares	Value					
Balance at December 31, 2010	32,171	$ 32	$ 466,582	$ (408,199)	$ 34,902	$ (39)	$ 93,278
Net income	-	-	-	4,218	-	-	4,218
Other comprehensive income, translation adjustments	-	-	-	-	3,275	-	3,275
Purchase of restricted stock from employees	(49)	-	-	-	-	(291)	(291)
Issuance of shares for 401(k) plan contribution	92	-	602	-	-	-	602
Stock-based compensation	662	1	1,825	-	-	-	1,826
Balance at June 30, 2011	32,876	$ 33	$ 469,009	$ (403,981)	$ 38,177	$ (330)	$ 102,908

See accompanying notes to condensed consolidated financial statements.

NOTE 1 – BASIS OF PRESENTATION

These interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and related notes of Hudson Highland Group, Inc. and its subsidiaries (the "Company") filed in its Annual Report on Form 10-K for the year ended December 31, 2010.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of operating revenues and expenses. These estimates are based on management's knowledge and judgments. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows at the dates and for the periods presented have been included. The results of operations for interim periods are not necessarily indicative of the results of operations for the full year. The Condensed Consolidated Financial Statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. All significant intra-entity balances and transactions between and among the Company and its subsidiaries have been eliminated in consolidation. In preparing the accompanying financial statements, management has evaluated all events and transactions through the issuance date of the Condensed Consolidated Financial Statements.

Certain prior year amounts have been reclassified to conform to the current period presentation.

NOTE 2 – DESCRIPTION OF BUSINESS

The Company provides professional staffing services on a permanent and contract basis and a range of human capital services to businesses operating in a wide variety of industries. The Company's operations, assets and liabilities are organized into four reportable segments—Hudson Europe, Hudson Australia and New Zealand ("ANZ"), Hudson Americas and Hudson Asia ("Hudson regional businesses" or "Hudson"), which constituted approximately 46%, 31%, 13% and 10%, respectively, of the Company's gross margin for the six months ended June 30, 2011.

Corporate expenses are reported separately from the four reportable segments and pertain to certain functions, such as executive management, corporate governance, human resources, accounting, tax and treasury. A portion of these expenses are attributed to the reportable segments for providing the above services to them and have been allocated to the segments as management service fees.

NOTE 3 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2011-05, "*Comprehensive Income (Topic 220): Presentation of Comprehensive Income*". This standard requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This standard does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. Additionally, the standard does not affect the calculation or reporting of net income and earnings per share. The standard is effective for interim and annual periods beginning after December 15, 2011 and should be applied retrospectively. The only component of other comprehensive income currently applicable to the Company is currency translation adjustments, which are presently included in the Condensed Consolidated Statement of Changes in Stockholders' Equity. The adoption of this standard will change the order in which certain financial statements are presented and will not have any impact on the Company's results of operations or financial position.

In May 2011, the FASB issued ASU 2011-04, "*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*," which amends Accounting Standards Codification ("ASC") 820, "Fair Value Measurement." The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Currently, the Company primarily applies the non-recurring fair value measurements for new asset retirement obligations and revisions of restructuring reserves. The standard is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company does not expect the adoption of the standard to have a material impact on the Company's results of operations or financial position.

In December 2010, the FASB issued ASU 2010-28, "*Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*." The standard modifies Step 1 of the goodwill impairment test such that, for reporting units with zero or negative carrying amounts, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists based on qualitative standards. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company adopted the standard effective January 1, 2011. The adoption had no material impact on the Company's results of operations or financial position.

NOTE 4 – EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share ("EPS") are computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding during the period. When the effects are not anti-dilutive, diluted earnings (loss) per share are computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options "in-the-money" and unvested restricted stock. The dilutive impact of stock options and unvested restricted stock is determined by applying the "treasury stock" method. For the periods in which losses are presented, dilutive loss per share calculations do not differ from basic loss per share because the effects of any potential common stock were anti-dilutive and therefore not included in the calculation of dilutive earnings per share.

A reconciliation of the numerators and dominators of the basic and diluted earnings (loss) per share calculation follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
EPS numerator - basic and diluted (in thousands):				
Income (loss) from continuing operations	$ 4,224	$ 177	$ 4,218	$ (3,962)
Income (loss) from discontinued operations, net of income taxes	-	52	-	(17)
Net income (loss)	4,224	229	4,218	(3,979)
EPS denominator (in thousands):				
Weighted-average common stock outstanding - basic	31,593	30,947	31,501	28,616
Common stock equivalents: stock options and other stock-based awards	446	364	438	(a)
Weighted-average number of common stock outstanding - diluted	32,039	31,311	31,939	28,616
Stock options issued under employee compensation plan that had exercise prices greater than the average market price of the Company's common stock (b)	1,934	1,588	1,884	N/A

(a) For the periods in which net losses are presented, the diluted weighted-average number of shares of common stock outstanding did not differ from the basic weighted-average number of shares of common stock outstanding because the effects of any potential common stock equivalents (see Note 5 below for for further details on outstanding stock options, non-vested restricted stock units and non-vested restricted stock) were anti-dilutive and therefore not included in the calculation of the denominator of dilutive earnings per share.

(b) For the periods presented, these common stock equivalents were not included in the computation of diluted EPS because their inclusion would have an anti-dilutive effect.

NOTE 5 – STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with FASB ASC 718 "*Compensation – Stock Compensation*", as interpreted by the SEC Staff Accounting Bulletins No. 107 and No. 110. Under ASC 718, stock-based compensation is based on the fair value of the award on the date of grant, which is recognized over the related service period, net of estimated forfeitures. For awards with graded vesting conditions, the values of the awards are determined by valuing each tranche separately and expensing each tranche over the required service period. The service period is the period over which the related service is performed, which is generally the same as the vesting period. The Company uses the Black-Scholes option-pricing model to determine the compensation expense related to stock options.

Incentive Compensation Plan

The Company maintains the Hudson Highland Group, Inc. 2009 Incentive Stock and Awards Plan (the "ISAP") pursuant to which it can issue equity-based compensation incentives to eligible participants. The ISAP permits the granting of stock options and restricted stock as well as other types of equity-based awards. The Compensation Committee of the Company's Board of Directors (the "Compensation Committee") will establish such conditions as it deems appropriate on the granting or vesting of stock options or restricted stock. While the Company historically granted both stock options and restricted stock to its employees, since 2008 the Company has granted primarily restricted stock to its employees.

The ISAP provides that an aggregate of 1,600,000 shares of the Company's common stock are reserved for issuance to participants. On June 30, 2011, there were 246,459 shares of the Company's common stock available for future issuance. The Compensation Committee administers the ISAP and may designate any of the following as a participant under the ISAP: any officer or other employee of the Company or its affiliates or individuals engaged to become an officer or employee, consultants or other independent contractors who provide services to the Company or its affiliates and non-employee directors of the Company.

The Company also maintains the Director Deferred Share Plan (the "Director Plan") pursuant to which it can issue restricted stock units to its non-employee directors. A restricted stock unit is equivalent to one share of the Company's common stock and is payable only in common stock issued under the ISAP upon a director ceasing service as a member of the Board of Directors of the Company.

Stock Options

During the six months ended June 30, 2011, the Company granted to its Chairman and Chief Executive Officer 400,000 stock options with service-based vesting conditions that will vest (i) 50% on the second anniversary of the date of grant, and (ii) 50% on the third anniversary of the date of grant. The stock options were granted outside of the Company's ISAP in connection with the Chairman and Chief Executive Officer's commencement of employment with the Company in May 2011.

For the three months ended June 30, 2011 and 2010, the Company recognized $135 and $78, respectively, of stock-based compensation expense related to stock options. For the six months ended June 30, 2011 and 2010, the Company recognized an expense of $217 and $129, respectively, of stock-based compensation expense related to stock options.

As of June 30, 2011, the Company had approximately $1,340 of total unrecognized stock-based compensation expense related to outstanding non-vested stock options. The Company expects to recognize that cost over a weighted average service period of approximately 2.4 years.

Changes in the Company's stock options for the six months ended June 30, 2011 were as follows:

	Number of Options Outstanding	Weighted Average Exercise Price per Share
Options outstanding at Jaurary 1, 2011	1,548,300	$ 12.64
Granted	400,000	5.18
Expired	(14,250)	16.71
Options outstanding at June 30, 2011	1,934,050	11.07
Options exercisable at June 30, 2011	1,509,050	$ 12.73

Restricted Stock

During the six months ended June 30, 2011, the Company granted 736,625 shares of restricted stock to various employees. Shares of restricted stock with only service-based vesting conditions and shares of restricted stock with performance-based vesting conditions are valued at the closing market value of the Company's common stock on the date of grant. The Company recognizes compensation cost for the awards with performance conditions if and when the Company concludes that it is probable that the performance conditions will be achieved. Of the 736,625 shares granted, (i) 14,000 shares vested immediately, (ii) 381,625 shares vest ratably over a three year period from the date of grant, (iii) 316,000 shares vest ratably over a three year period from the date of grant based on the Company's gross margin and earnings before interest, income taxes, depreciation and amortization ("EBITDA") for the year ending December 31, 2011, (iv) 15,000 shares vest one-third on December 1 in each of 2011, 2012 and 2013, and (v) 10,000 shares vest one-third on February 16 in each of 2012, 2013 and 2014.

For the three months ended June 30, 2011 and 2010, the Company recognized $915 and $430, respectively, of stock-based compensation expense related to restricted stock. For the six months ended June 30, 2011 and 2010, the Company recognized $1,402 and $750, respectively, of stock-based compensation expense related to restricted stock.

As of June 30, 2011, the Company had $4,581 of total unrecognized stock-based compensation expense related to outstanding non-vested restricted stock. That cost is expected to be recognized over a weighted average service period of approximately 1.7 years.

Changes in the Company's restricted stock for the six months ended June 30, 2011 were as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Non-vested restricted stock at Jaurary 1, 2011	953,037	$ 3.64
Granted	736,625	6.23
Vested	(241,123)	3.72
Forfeited	(69,819)	2.41
Non-vested restricted stock at June 30, 2011	1,378,720	$ 5.08

Restricted Stock Units

During the six months ended June 30, 2011, the Company granted 27,376 restricted stock units to its non-employee directors pursuant to the Director Plan. The restricted stock units vest immediately upon grant and are credited to each of the non-employee director's retirement accounts under the Director Plan.

In addition, during the six months ended June 30, 2011, the Company granted 100,000 restricted stock units to its Chairman and Chief Executive Officer. The restricted stock units will vest (i) 50% on the second anniversary of the date of grant, (ii) 25% on the third anniversary of the date of grant, and (iii) 25% on the fourth anniversary of the date of grant. Restricted stock units are valued at the closing market value of the Company's common stock on the date of grant. The 100,000 restricted stock units were granted outside of the ISAP in connection with the Chairman and Chief Executive Officer's commencement of employment with the Company in May 2011.

For the three and six months ended June 30, 2011 and 2010, the Company recognized $193 and $147, respectively, of stock-based compensation expense related to restricted stock units.

As of June 30, 2011, the Company had approximately $491 of total unrecognized stock-based compensation expense related to outstanding restricted stock units. The Company expects to recognize that cost over a weighted average service period of approximately 2.6 years.

Changes in the Company's restricted stock units for the six months ended June 30, 2011 were as follows:

	Number of Shares of Restricted Stock Unit	Weighted Average Grant-Date Fair Value
Non-vested restricted stock units, beginning of year	-	$ -
Granted	127,376	5.37
Vested	(27,376)	6.05
Non-vested restricted stock units at June 30, 2011	100,000	$ 5.18

Defined Contribution Plans

The Company maintains the Hudson Highland Group, Inc. 401(k) Savings Plan (the "401(k) plan"). The 401(k) plan allows eligible employees to contribute up to 15% of their earnings to the 401(k) plan. The Company has the discretion to match employees' contributions up to 3% through a contribution of the Company's common stock. Vesting of the Company's contribution occurs over a five-year period. For the three months ended June 30, 2011 and 2010, the Company recognized $202 and $196, respectively, of expense for the 401(k) plan. For the six months ended June 30, 2011 and 2010, the Company recognized $407 and $430, respectively, of expense for the 401(k) plan. In March 2011, the Company issued 91,944 shares of its common stock with a value of $602 to satisfy the 2010 contribution liability to the 401(k) plan. In March 2010, the Company issued 121,016 shares of its common stock with a value of $541 plus cash of $111 to satisfy the 2009 contribution liability to the 401(k) plan.

NOTE 6 – REVENUE, DIRECT COSTS AND GROSS MARGIN

The Company's revenue, direct costs and gross margin were as follows:

	For The Three Months Ended June 30, 2011			For The Three Months Ended June 30, 2010		
	Temporary	Other	Total	Temporary	Other	Total
Revenue	$ 180,806	$ 66,572	$ 247,378	$ 142,169	$ 52,800	$ 194,969
Direct costs (1)	147,669	4,242	151,911	116,979	3,753	120,732
Gross margin	$ 33,137	$ 62,330	$ 95,467	$ 25,190	$ 49,047	$ 74,237

	For The Six Months Ended June 30, 2011			For The Six Months Ended June 30, 2010		
	Temporary	Other	Total	Temporary	Other	Total
Revenue	$ 343,867	$ 122,050	$ 465,917	$ 277,201	$ 97,886	$ 375,087
Direct costs (1)	281,825	7,427	289,252	227,536	6,894	234,430
Gross margin	$ 62,042	$ 114,623	$ 176,665	$ 49,665	$ 90,992	$ 140,657

(1) Direct costs include the direct staffing costs of salaries, payroll taxes, employee benefits, travel expenses and insurance costs for the Company's contractors and reimbursed out-of-pocket expenses and other direct costs. Other than reimbursed out-of-pocket expenses, there are no other direct costs associated with the Other category, which includes the search, permanent recruitment and other human resource solutions' revenue. Gross margin represents revenue less direct costs. The region where services are provided, the mix of contracting and permanent recruitment, and the functional nature of the staffing services provided can affect gross margin. The salaries, commissions, payroll taxes and employee benefits related to recruitment professionals are included in selling, general and administrative expenses.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

As of June 30, 2011 and December 31, 2010, property and equipment, net consisted of the following:

	June 30, 2011	December 31, 2010
Computer equipment	$ 17,957	$ 17,510
Furniture and equipment	11,762	13,762
Capitalized software costs	32,374	31,800
Leasehold and building improvements	22,571	23,265
	84,664	86,337
Less: accumulated depreciation and amortization	67,569	69,744
Property and equipment, net	$ 17,095	$ 16,593

For the three and six months ended June 30, 2011, the Company acquired computer equipment with a cost of $442 under a capital lease agreement. The current portion of the capital lease obligation included under the caption "Accrued expense and other current liabilities" in the Condensed Consolidated Balance Sheets was $139 as of June 30, 2011. The non-current portion of the capital lease obligation included under the caption "other non-current liabilities" in the Condensed Consolidated Balance Sheets was $303 as of June 30, 2011.

The Company had expenditures of approximately $895 and $343 for acquired property and equipment, mainly consisting of computer equipment, leasehold improvements and software development, which had not been placed in service as of June 30, 2011 and December 31, 2010, respectively. Depreciation expense is not recorded for such assets until they are placed in service.

NOTE 8 – GOODWILL

The following is a summary of the changes in the carrying value of the Company's goodwill for the six months ended June 30, 2011 and 2010. The goodwill was related to the earn-out payment made in 2010 for the Company's 2007 acquisition of the businesses of Tong Zhi (Beijing) Consulting Service Ltd and Guangzhou Dong Li Consulting Service Ltd.

	Carrying Value 2011	Carrying Value 2010
Goodwill, January 1,	$ 1,909	$ -
Additions and adjustments	-	1,856
Impairments	-	-
Currency translation	38	-
Goodwill, June 30,	$ 1,947	$ 1,856

NOTE 9 – INCOME TAXES

The effective income tax rate was 25.2% and 74.4% for the three months ended June 30, 2011 and 2010, respectively. The change in the rate was primarily attributable to an increase in the Company's U.S. pre-tax income, absorbed by utilization of net operating losses ("NOLs").

The effective income tax rate was 34.0% and negative 24.0% for the six months ended June 30, 2011 and 2010, respectively. The change in the rate was primarily attributable to an increase in the Company's U.S. pre-tax income, absorbed by utilization of NOLs.

As of June 30, 2011 and December 31, 2010, the Company had $8,319 and $8,303, respectively, of unrecognized tax benefits, including interest and penalties, which if recognized in the future, would affect the Company's annual effective income tax rate. Estimated interest and penalties are classified as part of the provision for income taxes in the Company's Condensed Consolidated Statements of Operations and totaled to a benefit of $103 and $180, respectively, for the six months ended June 30, 2011 and 2010, respectively. Accrued interest and penalties were $1,769 and $1,895 as of June 30, 2011 and December 31, 2010, respectively. In many cases, the Company's unrecognized tax benefits are related to tax years that remain subject to examination by the relevant tax authorities. Tax years that have NOLs remain open until the expiration of the statute of limitations of the future tax years when those NOLs would be utilized. Notwithstanding the above, the open tax years are 2007 through 2010 for U.S. Federal, 2005 through 2010 for most U.S. State and local jurisdictions, 2009 through 2010 for the U.K., 2000 through 2003 and 2006 through 2010 for Australia and 2003 through 2010 for most other jurisdictions. On the basis of information available as of June 30, 2011, it is reasonably possible that the total amount of unrecognized tax benefits could decrease in a range of $900 to $4,500 within 12 months as a result of projected resolutions of global tax examinations and controversies and a potential lapse of the applicable statutes of limitations.

The Company is currently under income tax examination in the State of Pennsylvania (2004-2009).

NOTE 10 – BUSINESS REORGANIZATION EXPENSES

The following table contains amounts for activities in the current period related to prior restructuring plans. These amounts are classified as business reorganization expenses in the Company's Condensed Consolidated Statements of Operations. Amounts in the "Payments" column represent the cash payments associated with the reorganization plans. Changes in accrued business reorganization expenses for the six months ended June 30, 2011 were as follows:

For the Six Months Ended June 30, 2011	December 31, 2010	Changes in Estimate	Additional Charges	Payments	June 30, 2011
Lease termination payments	$ 2,376	$ 735	$ -	$ (1,170)	$ 1,941
Employee termination benefits	650	-	-	(234)	416
Contract cancellation costs	103	12	-	(19)	96
Total	$ 3,129	$ 747	$ -	$ (1,423)	$ 2,453

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Consulting, Employment and Non-compete Agreements

The Company has entered into various consulting, employment and non-compete agreements with certain key management personnel, executive search consultants and former owners of acquired businesses. Agreements with key members of management are generally one year in length, on an at will basis, provide for compensation and severance payments under certain circumstances and are automatically renewed annually unless either party gives sufficient notice of termination. Agreements with certain consultants and former owners of acquired businesses are generally two to five years in length.

Litigation and Complaints

The Company is subject to, from time to time, various claims, lawsuits, and other complaints from, for example, clients, candidates, suppliers, landlords, taxing authorities, former and current employees in the ordinary course of business. The Company routinely monitors claims such as these, and records provisions for losses when the claim becomes probable and the amount due is estimable. Although the outcome of these claims cannot be determined, the Company believes that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

For matters that have reached the threshold of probable and estimable, the Company has established reserves for legal, regulatory and other contingent liabilities. The Company's reserves were $560 and $137 as of June 30, 2011 and December 31, 2010, respectively.

Asset Retirement Obligations

The Company has certain asset retirement obligations that are primarily the result of legal obligations for the removal of leasehold improvements and restoration of premises to their original condition upon termination of leases. As of June 30, 2011 and December 31, 2010, $2,562, and $2,825, respectively, of asset retirement obligations were included in the Condensed Consolidated Balance Sheets, of which $2,559 and $2,627, respectively, were included under the caption "other non-current liabilities."

Matters Under Appeal

The Company is currently appealing a decision by the Pennsylvania Department of Revenue related to its 2004 and 2005 state income tax returns. Under the appeals process, the State has filed a tax lien in the amount of $3,508 on the Company's U.S. operating subsidiary. The Company has posted a security bond amounting to 120 percent of the lien. The Company does not expect this bond to be drawn.

NOTE 12 – FINANCIAL INSTRUMENTS

Credit Agreements

On August 5, 2010, the Company and certain of its North American and U.K. subsidiaries entered into a senior secured revolving credit facility (the "Revolver Agreement") with RBS Business Capital, a division of RBS Asset Finance, Inc. ("RBS"). This agreement provides the Company with the ability to borrow up to $40,000, including the issuance of letters of credit. The Company may increase the maximum borrowing amount to $50,000, subject to certain conditions including lender acceptance. Extensions of credit are based on a percentage of the eligible accounts receivable from the U.K. and North America operations, less required reserves. In connection with the Revolver Agreement, the Company incurred and capitalized approximately $1,457 of deferred financing costs, which are being amortized over the term of the agreement. As of June 30, 2011, the Company's borrowing base was $40,576 and the Company was required to maintain a minimum availability of $10,000. As of June 30, 2011, the Company had $1,500 of outstanding borrowings, and $2,826 of outstanding letters of credit issued, under the Revolver Agreement, resulting in the Company being able to borrow up to an additional $26,250 after deducting the minimum availability, outstanding borrowings and outstanding letters of credit issued.

The maturity date of the Revolver Agreement is August 5, 2014. Borrowings may initially be made with an interest rate based on a base rate plus 2.25% or on the LIBOR rate for the applicable period plus 3.25%. The applicable margin for each rate is based on the Company's Fixed Charge Coverage Ratio (as defined in the Revolver Agreement). The interest rate on outstanding borrowings was 5.5% as of June 30, 2011. Borrowings under the Revolver Agreement are secured by substantially all of the assets of the Company.

The Revolver Agreement contains various restrictions and covenants including (1) a requirement to maintain a minimum excess availability of $10,000 until such time as for two consecutive fiscal quarters (i) the Company's Fixed Charge Coverage Ratio is at least 1.2x and (ii) the Company's North American and U.K. operations, for the four fiscal quarters then ending, have an EBITDA (as defined in the Revolver Agreement) for such twelve month period of not less than $500 as of the end of each fiscal quarter during the fiscal year 2011 and $1,000 at the end of each fiscal quarter thereafter; thereafter a requirement to maintain a minimum availability of $5,000, a Fixed Charge Coverage Ratio of at least 1.1x and EBITDA (as defined in the Revolver Agreement) for the Company's North American and U.K. operations of at least $500 during the fiscal year 2011 and $1,000 thereafter; (2) a limit on the payment of dividends of not more than $5,000 per year and subject to certain conditions; (3) restrictions on the ability of the Company to make additional borrowings, acquire, merge or otherwise fundamentally change the ownership of the Company or repurchase the Company's stock; (4) a limit on investments, and a limit on acquisitions of not more than $25,000 in cash and $25,000 in non-cash consideration per year, subject to certain conditions set forth in the Revolver Agreement; and (5) a limit on dispositions of assets of not more than $4,000 per year. The Company was in compliance with all financial covenants under the Revolver Agreement as of June 30, 2011.

On August 3, 2010, an Australian subsidiary of the Company entered into a Receivables Finance Agreement and related agreements (the "Finance Agreement") with Commonwealth Bank of Australia ("CBA") that provides the Australian subsidiary with the ability to borrow up to approximately $16,083 (AUD 15,000). Under the terms of the Finance Agreement, the Australian subsidiary may make offers to CBA to assign its accounts receivable with recourse, which accounts receivable CBA may in its good faith discretion elect to purchase. As of June 30, 2011, the Company had $7,318 (AUD 6,825) of outstanding borrowings under the Finance Agreement. Available credit for use under the Finance Agreement as of June 30, 2011 was $8,765 (AUD 8,175).

The Finance Agreement does not have a stated maturity date and can be terminated by either party upon 90 days written notice. Borrowings may be made with an interest rate based on the average bid rate for bills of exchange ("BBSY") with the closest term to 30 days plus a margin of 1.6%. The interest rate was 6.48% as of June 30, 2011. In addition, the Company pays a 0.9% line fee based on the maximum availability. Borrowings are secured by substantially all of the assets of the Australian subsidiary and are based on an agreed percentage of eligible accounts receivable.

On June 9, 2011, the Australian subsidiary of the Company amended the Finance Agreement to add a $2,144 (AUD 2,000) overdraft facility for working capital purposes (the "Overdraft Facility"). The interest rate on borrowings under the Overdraft Facility was 9.24% on June 30, 2011. In addition, the Company pays a 1.12% line fee based on the maximum availability of the Overdraft Facility.

The Finance Agreement, as amended on June 9, 2011, contains various restrictions and covenants for the Australian subsidiary, including (1) a requirement to maintain a minimum Tangible Net Worth (as defined in the Finance Agreement) ratio of 60%; (2) a requirement to maintain to a minimum Fixed Charge Coverage Ratio (as defined in the Finance Agreement) of 1.7x for a trailing twelve month period; and (3) a limitation on certain intercompany payments of expenses, interest and dividends not to exceed Net Profit After Tax (as defined in the Finance Agreement). The Australian subsidiary of the Company was in compliance with all financial covenants under the Finance Agreement as of June 30, 2011.

The Company also has lending arrangements with local banks through its subsidiaries in New Zealand, Belgium, the Netherlands, Singapore and Mainland China. In New Zealand, the Company's subsidiary can borrow up to $2,073 (NZD2,500) as of June 30, 2011 for working capital purposes. The aggregate outstanding borrowings under the lending arrangement in New Zealand were $1,327 and $841 as of June 30, 2011 and December 31, 2010, respectively. Available credit for use under the lending arrangement in New Zealand as of June 30, 2011 was $746 (NZD 900).The lending arrangement in New Zealand expires on March 31, 2012. Interest on borrowings under the New Zealand lending arrangement is based on a three month cost of funds rate as determined by the bank, plus a 1.84% margin, and was 6.18% on June 30, 2011. In addition, the Company pays a 0.9% line-fee based on the maximum availability. As of June 30, 2011, the Netherlands subsidiary could borrow up to $1,620 (€1,117) based on an agreed percentage of accounts receivable related to its operations. In May 2011, the Belgium subsidiary replaced the previous accounts receivable based lending arrangement with a $1,450 (€1,000) overdraft facility with the same financial institution effective July 1, 2011. Borrowings under the Belgium and the Netherlands lending arrangements may be made with an interest rate based on the one month EURIBOR plus 2.5%, or about 3.8% on June 30, 2011. The lending arrangement in the Netherlands expires annually each June, but can be renewed for one year periods at that time. The lending arrangement in Belgium has no expiration date and can be terminated with a 15 day notice period. In Singapore, the Company's subsidiary can borrow up to $814 (SGD1,000) for working capital purposes. Interest on borrowings under this overdraft facility is based on the Singapore Prime Rate, plus 1.75%, and was 6.00% on June 30, 2011. The Singapore overdraft facility expires annually each August, but can be renewed for one year periods at that time. In Mainland China, the Company's subsidiary can borrow up to $1,000 for working capital purposes. Interest on borrowings under this overdraft facility is based on the People's Republic of China's six month rate, plus 200 basis points, and was 7.85% on June 30, 2011. This overdraft facility expires annually each September, but can be renewed for one year periods at that time. There were no outstanding borrowings under the Belgium, the Netherlands, Singapore and Mainland China lending agreements as of June 30, 2011 and December 31, 2010.

The weighted average interest rate on all outstanding borrowings for the six months ended June 30, 2011 was 6.25%.

The Company continues to use the aforementioned credit to support its ongoing global working capital requirements, capital expenditures and other corporate purposes and to support letters of credit. Letters of credit and bank guarantees are used primarily to support office leases.

Restricted Cash

The Company had approximately $3,783 and $3,934 of restricted cash included in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010, respectively. Included in these balances was $1,294 held as collateral under a collateral trust agreement, which supports the Company's workers' compensation policy as of June 30, 2011 and December 31, 2010. The Company had $1,901 and $1,811 of restricted term deposits with CBA held as collateral as of June 30, 2011 and December 31, 2010, respectively. These restricted term deposits support the issuances of bank guarantees for certain leases in the Company's Australian operation. As of June 30, 2011 and December 31, 2010, the Company had $155 and $143, respectively, in deposits with banks as guarantees for the rent on the Company's offices in the Netherlands. These balances totaled to $3,350 and $3,248 as of June 30, 2011 and December 31, 2010, respectively, and were included in the caption "Other assets" in the accompanying Condensed Consolidated Balance Sheets.

Included in the caption "Prepaid and other" in the accompanying Condensed Consolidated Balance Sheets were restricted deposits of approximately $272 and $538 as of June 30, 2011 and December 31, 2010, respectively. These deposits consisted primarily of $181 and $193 with a bank for customer guarantees in Belgium as of June 30, 2011 and December 31, 2010, respectively. The Company also had $74 and $345 in deposits with banks in the Netherlands as guarantees for the rent on the Company's offices and a legally required reserve for employee social tax payments as of June 30, 2011 and December 31, 2010, respectively.

In addition, included in the caption "Cash and cash equivalents" in the accompanying Condensed Consolidated Balance Sheets were deposits of approximately $161 and $149 as of June 30, 2011 and December 31, 2010, respectively. These deposits consisted primarily of $144 and $133 with banks in Spain as guarantees for the rent on the Company's offices**.**

Acquisition Shelf Registration Statement

The Company has a shelf registration on file with the SEC to enable it to issue up to 1,350,000 shares of its common stock from time to time in connection with acquisitions of businesses, assets or securities of other companies, whether by purchase, merger or any other form of acquisition or business combination. If any shares are issued using this shelf registration, the Company will not receive any proceeds from these offerings other than the assets, businesses or securities acquired. As of June 30, 2011, all of the 1,350,000 shares were available for issuance.

Shelf Registration and Common Stock Offering

In December 2009, the Company filed a shelf registration statement (the "2009 Shelf Registration") with the SEC to enable it to issue up to $30,000 equivalent of securities or combinations of securities. The types of securities permitted for issuance under the 2009 Shelf Registration are debt securities, common stock, preferred stock, warrants, stock purchase contracts and stock purchase units.

On April 6, 2010, the Company issued in a registered public offering under the 2009 Shelf Registration 4,830,000 shares of common stock at $4.35 per share. Net proceeds to the Company after underwriting discounts and expenses of the public offering were approximately $19,167.

After this offering, the Company may issue up to $8,990 equivalent of securities or combinations of securities under the 2009 Shelf Registration.

NOTE 13– COMPREHENSIVE INCOME

An analysis of the Company's comprehensive income (loss) is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income (loss)	$ 4,224	$ 229	$ 4,218	$ (3,979)
Other comprehensive income (loss) - translation adjustments	1,230	(4,887)	3,273	(6,912)
Total comprehensive income (loss)	$ 5,454	$ (4,658)	$ 7,491	$ (10,891)

NOTE 14 – SEGMENT AND GEOGRAPHIC DATA

The Company operates as four reportable segments: Hudson Europe, Hudson ANZ, Hudson Americas, and Hudson Asia. Corporate expenses are reported separately from the four reportable segments and pertain to certain functions, such as executive management, corporate governance, human resources, accounting, tax and treasury which are not attributable to the reportable segments.

Segment information is presented in accordance with ASC 280, "*Segments Reporting.*" This standard is based on a management approach that requires segmentation based upon the Company's internal organization and disclosure of revenue, certain expenses and operating income based upon internal accounting methods. The Company's financial reporting systems present various data for management to run the business, including internal profit and loss statements prepared on a basis not consistent with U.S. GAAP. Accounts receivable, net and long-lived assets are the only significant assets separated by segment for internal reporting purposes.

	Hudson Europe	Hudson ANZ	Hudson Americas	Hudson Asia	Corporate	Inter-segment elimination	Total
For The Three Months Ended June 30, 2011							
Revenue, from external customers	$ 100,191	$ 86,143	$ 50,912	$ 10,132	$ -	$ -	$ 247,378
Inter-segment revenue	70	3	-	3	-	(76)	-
Total revenue	$ 100,261	$ 86,146	$ 50,912	$ 10,135	$ -	$ (76)	$ 247,378
Gross margin, from external customers	$ 42,228	$ 30,534	$ 13,021	$ 9,684	$ -	$ -	$ 95,467
Inter-segment gross margin	53	(48)	(5)	-	-	-	-
Total gross margin	$ 42,281	$ 30,486	$ 13,016	$ 9,684	$ -	$ -	$ 95,467
Business reorganization and integration expenses	$ 396	$ -	$ -	$ -	$ -	$ -	$ 396
EBITDA (loss) (a)	$ 2,735	$ 3,037	$ 1,160	$ 773	$ (44)	$ -	$ 7,661
Depreciation and amortization	421	728	180	65	242	-	1,636
Interest income (expense), net	(6)	(212)	(1)	4	(160)	-	(375)
Income (loss) from continuing operations before income taxes	2,308	2,097	979	712	(446)	-	5,650
As of June 30, 2011							
Accounts receivable, net	$ 67,495	$ 51,423	$ 31,947	$ 8,518	$ -	$ -	$ 159,383
Long-lived assets, net of accumulated depreciation and amortization	$ 4,644	$ 7,397	$ 2,040	$ 2,613	$ 2,637	$ -	$ 19,331
Total assets	$ 107,402	$ 72,103	$ 36,641	$ 17,742	$ 10,627	$ -	$ 244,515

	Hudson Europe	Hudson ANZ	Hudson Americas	Hudson Asia	Corporate	Inter-segment elimination	Total
For The Three Months Ended June 30, 2010							
Revenue, from external customers	$ 80,717	$ 65,249	$ 40,819	$ 8,184	$ -	$ -	$ 194,969
Inter-segment revenue	17	-	-	5	-	(22)	-
Total revenue	$ 80,734	$ 65,249	$ 40,819	$ 8,189	$ -	$ (22)	$ 194,969
Gross margin, from external customers	$ 34,559	$ 21,723	$ 10,039	$ 7,916	$ -	$ -	$ 74,237
Inter-segment gross margin	22	(16)	-	(7)	-	1	-
Total gross margin	$ 34,581	$ 21,707	$ 10,039	$ 7,909	$ -	$ 1	$ 74,237
Business reorganization and integration expenses	$ 450	$ -	$ 101	$ -	$ -	$ -	$ 551
EBITDA (loss) (a)	$ 2,466	$ 1,369	$ (991)	$ 1,311	$ (1,034)	$ -	$ 3,121
Depreciation and amortization	779	559	688	128	32	-	2,186
Interest (expense) income , net	(3)	14	(1)	1	(254)	-	(243)
Income (loss) from continuing operations before income taxes	$ 1,684	$ 824	$ (1,680)	$ 1,184	$ (1,320)	$ -	$ 692
As of June 30, 2010							
Accounts receivable, net	$ 57,505	$ 29,292	$ 26,240	$ 6,814	$ -	$ -	$ 119,851
Long-lived assets, net of accumulated depreciation and amortization	$ 5,132	$ 6,289	$ 1,807	$ 2,150	$ 2,473	$ -	$ 17,851
Total assets	$ 84,529	$ 50,111	$ 30,930	$ 15,776	$ 19,909	$ -	$ 201,255

	Hudson Europe	Hudson ANZ	Hudson Americas	Hudson Asia	Corporate	Inter-segment elimination	Total
For The Six Months Ended June 30, 2011							
Revenue, from external	$ 193,901	$ 156,947	$ 96,725	$ 18,344	$ -	$ -	$ 465,917

customers							
Inter-segment revenue	79	3	(2)	10	-	(90)	-
Total revenue	$ 193,980	$ 156,950	$ 96,723	$ 18,354	$ -	$ (90)	$ 465,917
Gross margin, from external customers	$ 81,164	$ 54,553	$ 23,379	$ 17,569	$ -	$ -	$ 176,665
Inter-segment gross margin	69	(56)	(19)	7	-	(1)	-
Total gross margin	$ 81,233	$ 54,497	$ 23,360	$ 17,576	$ -	$ (1)	$ 176,665
Business reorganization and integration expenses	$ 747	$ -	$ -	$ -	$ -	$ -	$ 747
EBITDA (loss) (a)	$ 4,910	$ 4,077	$ 781	$ 1,745	$ (1,326)	$ -	$ 10,187
Depreciation and amortization	887	1,384	502	128	312	-	3,213
Interest income (expense), net	1	(318)	(2)	7	(269)	-	(581)
Income (loss) from continuing operations before income taxes	$ 4,024	$ 2,375	$ 277	$ 1,624	$ (1,907)	$ -	$ 6,393

	Hudson Europe	Hudson ANZ	Hudson Americas	Hudson Asia	Corporate	Inter-segment elimination	Total
For The Six Months Ended June 30, 2010							
Revenue, from external customers	$ 157,372	$ 122,071	$ 80,325	$ 15,319	$ -	$ -	$ 375,087
Inter-segment revenue	25	-	-	5	-	(30)	-
Total revenue	$ 157,397	$ 122,071	$ 80,325	$ 15,324	$ -	$ (30)	$ 375,087
Gross margin, from external customers	$ 67,074	$ 39,499	$ 19,331	$ 14,753	$ -	$ -	$ 140,657
Inter-segment gross margin	43	(26)	(10)	(7)	-	-	-
Total gross margin	$ 67,117	$ 39,473	$ 19,321	$ 14,746	$ -	$ -	$ 140,657
Business reorganization and integration expenses (recovery)	$ 537	$ (116)	$ 243	$ -	$ -	$ -	$ 664
EBITDA (loss) (a)	$ 2,901	$ 1,617	$ (1,232)	$ 1,907	$ (3,442)	$ -	$ 1,751
Depreciation and amortization	1,408	1,116	1,572	300	76	-	4,472
Interest (expense) income, net	(28)	42	(4)	1	(486)	-	(475)
Income (loss) from continuing operations before income taxes	$ 1,465	$ 543	$ (2,808)	$ 1,608	$ (4,004)	$ -	$ (3,196)

(a) SEC Regulation S-K 229.10(e)1(ii)(A) defines EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is presented to provide additional information to investors about the Company's operations on a basis consistent with the measures which the Company uses to manage its operations and evaluate its performance. Management also uses this measurement to evaluate working capital requirements. EBITDA should not be considered in isolation or as a substitute for operating income and net income prepared in accordance with U.S. GAAP or as a measure of the Company's profitability.

Information by geographic region	**United Kingdom**	**Australia**	**United States**	**Continental Europe**	**Other Asia**	**Other Americas**	**Total**
For The Three Months Ended June 30, 2011							
Revenue (b)	$ 67,683	$ 74,523	$ 50,444	$ 32,087	$ 22,173	$ 468	$ 247,378
For The Three Months Ended June 30, 2010							
Revenue (b)	$ 54,632	$ 56,155	$ 40,597	$ 25,582	$ 17,781	$ 222	$ 194,969
For The Six Months Ended June 30, 2011							
Revenue (b)	$ 131,483	$ 136,248	$ 95,807	$ 61,612	$ 39,849	$ 918	$ 465,917
For The Six Months Ended June 30, 2010							
Revenue (b)	$ 104,236	$ 106,159	$ 79,923	$ 52,246	$ 32,121	$ 402	$ 375,087
As of June 30, 2011							
Long-lived assets, net of accumulated depreciation and amortization (c)	$ 2,817	$ 6,142	$ 4,685	$ 1,808	$ 3,879	$ -	$ 19,331
Net assets	$ 29,942	$ 27,121	$ 18,220	$ 14,367	$ 12,914	$ 344	$ 102,908
As of June 30, 2010							
Long-lived assets, net of accumulated depreciation and amortization (c)	$ 3,223	$ 5,015	$ 4,980	$ 1,186	$ 3,447	$ -	$ 17,851
Net assets	$ 23,913	$ 21,373	$ 15,093	$ 17,239	$ 7,760	$ 539	$ 85,917

(b) Revenue by geographic region disclosed above is net of any inter-segment revenue and, therefore, represents only revenue from external customers according to the location of the operating subsidiary.

(c) Comprised of property and equipment and intangibles. Corporate assets are included in the United States.

Hudson ANZ Matters

During January 2011, significant rainfall caused widespread flooding throughout much of Queensland, Australia. On February 22, 2011, a major earthquake caused severe damage in Christchurch, New Zealand. The Company incurred losses related to these events primarily for business interruption and property damage. The Company maintains insurance for such matters and recorded $303 for estimated insurance recoveries under the caption "Selling, general and administrative expense" in the accompanying Condensed Consolidated Statement of Operations for the six months ended June 30, 2011. The

Company continues to assess its losses and the related insurance coverage, and the Company adjusts its assessments as necessary in accordance with ASC 225-30, *"Business Interruption Insurance."*

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto included in Item 1 of this Form 10-Q. This MD&A contains forward-looking statements. Please see "FORWARD-LOOKING STATEMENTS" for a discussion of the uncertainties, risks and assumptions associated with these statements. This MD&A also uses the non-generally accepted accounting principle measure of earnings before interest, taxes, depreciation and amortization ("EBITDA").

Overview

Hudson Highland Group, Inc. (the "Company" or "Hudson," "we," "us" and "our") has operated as an independent publicly traded company since April 1, 2003. Our businesses are specialized professional staffing services for permanent and contract and talent management services to businesses operating in many industries and in 20 countries around the world. Our largest operations are in the United Kingdom ("U.K."), Australia and the United States ("U.S."). We are organized into four reportable segments: Hudson Europe, Hudson Australia and New Zealand ("ANZ"), Hudson Americas, and Hudson Asia. These segments contributed approximately 46%, 31%, 13%, and 10% of the Company's gross margin, respectively, for the six months ended June 30, 2011.

Hudson Europe operates from 39 offices in 13 countries, with 49% of its gross margin generated in the U.K. during the six months ended June 30, 2011. Hudson ANZ operates from 12 offices in Australia and New Zealand, with 89% of its gross margin generated in Australia during the six months ended June 30, 2011. Hudson Americas operates from 25 offices in the U.S. and Canada, with 96% of its gross margin generated in the U.S. during the six months ended June 30, 2011. Hudson Asia operates from 5 offices in Mainland China, Hong Kong and Singapore, with 51% of its gross margin generated in Mainland China during the six months ended June 30, 2011.

Hudson's four regional businesses provide professional contract consultants and permanent recruitment services to a wide range of clients. With respect to temporary and contract personnel, Hudson focuses on providing to our clients candidates with specialized functional skills and competencies, such as accounting and finance, legal and information technology. The length of a contract assignment varies. With respect to permanent recruitment, Hudson focuses on mid-level professionals typically earning between $50,000 and $150,000 annually and possessing the professional skills and/or profile required by clients. Hudson provides permanent recruitment services on both a retained and contingent basis. In larger markets, Hudson's sales strategy focuses on both clients operating in particular industry sectors, such as financial services or technology, and candidates possessing particular professional skills, such as accounting and finance, information technology, legal and human resources. Hudson uses both traditional and interactive methods to select potential candidates for its clients.

Hudson regional businesses also provide candidate assessment, competency modeling, leadership development, performance management, and career transition through their talent management units. These services enable Hudson to offer clients a comprehensive set of management services across the entire employment life-cycle from attracting, assessing and selecting best-fit employees to engaging and developing those individuals to help build a high-performance organization.

Financial Performance

As discussed in more detail in this MD&A, the following financial data present an overview of our financial performance for the three and six months ended June 30, 2011 and 2010. The constant currency results follow in the next section.

(a) Selling, general and administrative expenses include depreciation and amortization expense of $1,636 and $2,186 for the three months ended June 30, 2011 and 2010, respectively, and $3,213 and $4,472 for the six months ended June 30, 2011 and 2010, respectively.

- Revenue was $247.4 million for the three months ended June 30, 2011, compared to $195.0 million for the same period of 2010, an increase of $52.4 million, or 26.9%. The temporary contracting revenue increased $38.6 million, or 27.2%, and permanent recruitment revenue $11.1 million, or 28.0% as compared to the same period in 2010. Talent management revenue increased $2.5 million, or 21.9% as compared to the same period of 2010.

  Revenue was $465.9 million for the six months ended June 30, 2011, compared to $375.1 million for the same period of 2010, an increase of $90.8 million or 24.2%. The temporary contracting revenue increased $66.7 million, or 24.0% and permanent recruitment revenue increased $21.4 million, or a 29.7% as compared to the same period of 2010. Talent management revenue increased $2.7 million, or 12.0% as compared to the same period of 2010.

- Gross margin was $95.5 million for the three months ended June 30, 2011, compared to $74.2 million for the same period of 2010, an increase of $21.2 million, or 28.6%. Permanent recruitment gross margin increased $11.1 million, or 28.5%, and temporary contracting gross margin increased $7.9 million, or 31.6%. Talent management gross margin increased $2.1 million, or 21.3% as compared to the same period of 2010.

  Gross margin was $176.7 million for the six months ended June 30, 2011, as compared to $140.6 million for the same period of 2010, an increase of $36.0 million or 25.6%. Permanent recruitment gross margin increased $20.9 million, or 29.4%, and temporary contracting gross margin increased $12.4 million, or 24.9%. Talent management gross margin increased $2.6 million, or 13.4% as compared to the same period of 2010.

- Selling, general and administrative expenses were $89.0 million for the three months ended June 30, 2011, as compared to $73.6 million for the same period of 2010, an increase of $15.4 million, or 21.0%. These expenses, as a percentage of revenue, were 36.0% for the three months ended June 30, 2011, as compared to 37.8% for the same period in 2010.

  Selling, general and administrative expenses were $169.4 million for the six months ended June 30, 2011, as compared to $144.2 million for the same period of 2010, an increase of $25.2 million, or 17.5%. These expenses, as a percentage of revenue, were 36.4% for the six months ended June 30, 2011, as compared to 38.5% for the same period in 2010.

Constant Currency

The Company operates on a global basis, with the majority of our gross margin generated outside of the U.S. Accordingly, fluctuations in foreign currency exchange rates can affect our results of operations. Constant currency information compares financial results between periods as if exchange rates had remained constant period-over-period. The Company currently defines the term “constant currency” to mean that financial data for a previously reported period are translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the current period.

Changes in revenue, direct costs, gross margin, selling, general and administrative expenses and operating income (loss) include the effect of changes in foreign currency exchange rates. Variance analysis usually describes period-to-period variances that are calculated using constant currency as a percentage. The Company’s management reviews and analyzes business results in constant currency and believes these results better represent the Company’s underlying business trends.

Earnings from subsidiaries are, at times, repatriated to the U.S., and there are no significant gains or losses on foreign currency transactions between subsidiaries. Therefore, changes in foreign currency exchange rates generally impact only reported earnings and not the Company’s economic condition. The tables below summarize the impact of foreign currency exchange adjustments on the Company’s operating results for the three and six months ended June 30, 2011 and 2010.

	For The Three Months Ended June 30,				For The Six Months Ended June 30,			
	2011	2010			2011	2010		
$ in thousands	As reported	As reported	Currency translation	Constant currency	As reported	As reported	Currency translation	Constant currency
Revenue:								
Hudson Europe	$ 100,191	$ 80,717	$ 8,585	$ 89,302	$ 193,901	$ 157,372	$ 10,054	$ 167,426
Hudson ANZ	86,143	65,249	13,203	78,452	156,947	122,071	19,316	141,387
Hudson Americas	50,912	40,819	13	40,832	96,725	80,325	24	80,349
Hudson Asia	10,132	8,184	602	8,786	18,344	15,319	991	16,310
Total	247,378	194,969	22,403	217,372	465,917	375,087	30,385	405,472
Direct costs:								
Hudson Europe	57,963	46,158	4,667	50,825	112,737	90,298	5,690	95,988
Hudson ANZ	55,609	43,526	8,698	52,224	102,394	82,572	12,892	95,464
Hudson Americas	37,891	30,780	-	30,780	73,346	60,994	-	60,994
Hudson Asia	448	268	24	292	775	566	45	611
Total	151,911	120,732	13,389	134,121	289,252	234,430	18,627	253,057
Gross margin:								
Hudson Europe	42,228	34,559	3,918	38,477	81,164	67,074	4,364	71,438
Hudson ANZ	30,534	21,723	4,505	26,228	54,553	39,499	6,424	45,923
Hudson Americas	13,021	10,039	13	10,052	23,379	19,331	24	19,355
Hudson Asia	9,684	7,916	578	8,494	17,569	14,753	946	15,699
Total	$ 95,467	$ 74,237	$ 9,014	$ 83,251	$ 176,665	$ 140,657	$ 11,758	$ 152,415
Selling, general and administrative (a):								
Hudson Europe	$ 37,180	$ 31,296	$ 3,536	$ 34,832	$ 72,452	$ 62,750	$ 3,888	$ 66,638
Hudson ANZ	26,803	19,883	3,952	23,835	49,385	37,491	5,852	43,343
Hudson Americas	11,358	11,223	19	11,242	21,830	22,008	36	22,044
Hudson Asia	8,056	6,689	466	7,155	14,946	12,913	788	13,701
Corporate	5,644	4,506	2	4,508	10,813	9,053	2	9,055
Total	$ 89,041	$ 73,597	$ 7,975	$ 81,572	$ 169,426	$ 144,215	$ 10,566	$ 154,781
Operating income (loss):								
Hudson Europe	$ 4,705	$ 2,835	$ 343	$ 3,178	$ 8,024	$ 3,820	$ 425	$ 4,245
Hudson ANZ	3,683	1,824	550	2,374	5,113	2,098	581	2,679
Hudson Americas	1,658	(1,293)	(5)	(1,298)	1,540	(2,928)	(11)	(2,939)
Hudson Asia	1,628	1,220	113	1,333	2,629	1,833	159	1,992
Corporate	(5,644)	(4,496)	(3)	(4,499)	(10,814)	(9,045)	(2)	(9,047)
Total	$ 6,030	$ 90	$ 998	$ 1,088	$ 6,492	$ (4,222)	$ 1,152	$ (3,070)

(a) Selling, general and administrative expenses include depreciation and amortization expense of $1,636 and $2,186, respectively, for the three months ended June 30, 2011 and 2010 and $3,213 and $4,472, respectively, for the six months ended June 30, 2011 and 2010.

Use of EBITDA

Management believes EBITDA is a meaningful indicator of the Company's performance that provides useful information to investors regarding the Company's financial condition and results of operations. EBITDA is also considered by management as the best indicator of operating performance and most comparable measure across our regions. Management also uses this measurement to evaluate capital needs and working capital requirements. EBITDA should not be considered in isolation or as a substitute for operating income, or net income prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") or as a measure of the Company's profitability. EBITDA is derived from net income (loss) adjusted for provision for income taxes, interest expense, and depreciation and amortization. The reconciliation of EBITDA to the most directly comparable U.S. GAAP financial measure is provided in the table below:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
$ in thousands	**2011**	**2010**	**2011**	**2010**
Net income (loss)	$ 4,224	$ 229	$ 4,218	$ (3,979)
Adjusted for income (loss) from discontinued operations, net of income taxes	-	52	-	(17)
Income (loss) from continuing operations	4,224	177	4,218	(3,962)
Adjustments to income (loss) from continuing operations				
Provision for income taxes	1,426	515	2,175	766
Interest expense, net	375	243	581	475
Depreciation and amortization	1,636	2,186	3,213	4,472
Total adjustments from income (loss) from continuing operations to EBITDA (loss)	3,437	2,944	5,969	5,713
EBITDA	$ 7,661	$ 3,121	$ 10,187	$ 1,751

Strategic Actions and Current Market Conditions

Our management's primary focus has been on specialized professional recruitment through our recruitment, staffing, project solutions and talent management businesses. Our long-term financial goal is to reach 7-10% EBITDA margins, with EBITDA being the measure most within the control of our operating leaders. We continue to execute this strategy through a combination of delivery of higher margin services, efficient delivery of services, targeted investments, and cost management. In doing so, we continue to focus on retaining key clients, retaining and developing high performing employees, integrating businesses to achieve synergies, streamlining support operations and reducing costs to achieve the Company's long-term profitability goals. We expect to continue our review of opportunities to expand our operations in specialized professional recruitment in key markets critical to our clients.

Despite mixed market conditions in the various geographies where we operate, we experienced strong demand in the first half of the year in most of our markets. The future outlook however is unclear. Increasing concerns over sovereign debt in Europe, slowing economic growth in various industry sectors and persistently high unemployment in a number of major markets could slow the recovery in those markets. At this time, we are unable to accurately predict the outcome of these events or changes in general economic conditions and their effect on the demand for our services.

Contingencies

From time to time in the ordinary course of business, the Company is subject to compliance audits by federal, state, local and foreign government regulatory, tax, and other authorities relating to a variety of regulations, including wage and hour laws, unemployment taxes, workers' compensation, immigration, and income, value-added and sales taxes. The Company is also subject to, from time to time in the ordinary course of business, various claims, lawsuits, and other complaints from, for example, clients, candidates, suppliers, landlords for both leased and subleased properties, and former and current employees. Periodic events can change the number and type of audits, claims, lawsuits or complaints asserted against the Company. Events can also change the likelihood of assertion and the behavior of third parties to reach resolution regarding such matters.

The economic circumstances in the recent past have given rise to many news reports and bulletins from clients, tax authorities and other parties about changes in their procedures for audits, payment, plans to challenge existing contracts and other such matters aimed at being more aggressive in the resolution of such matters in their own favor. The Company has appropriate procedures in place for identifying and communicating any matters of this type, whether asserted or likely to be asserted, and it evaluates its liabilities in light of the prevailing circumstances. Changes in the behavior of third parties could cause the Company to change its view of the likelihood of a claim and what might constitute a trend. In the last twelve months, the Company has not seen a marked difference in employee disputes or client disputes, though pressure on fees continues.

For matters that have reached the threshold of probable and estimable, the Company has established reserves for legal, regulatory and other contingent liabilities. The Company's reserves were $0.6 million as of June 30, 2011. Although the outcome of these matters cannot be determined, the Company believes that none of the currently pending matters individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

During January 2011, significant rainfall caused widespread flooding throughout much of Queensland, Australia. On February 22, 2011, a major earthquake caused severe damage in Christchurch, New Zealand. The Company maintains insurance for such matters and recorded $0.3 million for estimated insurance recoveries. The Company continues to assess its losses and the related insurance coverage, and the Company adjusts its assessments as necessary.

The Company is currently appealing a decision by the Pennsylvania Department of Revenue related to its 2004 and 2005 state income tax returns. Under the appeals process, the State has filed a tax lien in the amount of $3.5 million on the Company's U.S. operating subsidiary. The Company has posted a security bond amounting to 120 percent of the lien. The Company does not expect this bond to be drawn.

Results of Operations

The following table sets forth the Company's revenue, gross margin, operating income (loss), income (loss) from continuing operations, net income (loss), temporary contracting revenue, temporary contracting gross margin and temporary gross margin as a percent of temporary revenue for the three and six months ended June 30, 2011 and 2010 (dollars in thousands).

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
$ in thousands	2011	2010	2011	2010
Revenue:				
Hudson Europe	$ 100,191	$ 80,717	$ 193,901	$ 157,372
Hudson ANZ	86,143	65,249	156,947	122,071
Hudson Americas	50,912	40,819	96,725	80,325
Hudson Asia	10,132	8,184	18,344	15,319
Total	$ 247,378	$ 194,969	$ 465,917	$ 375,087
Gross margin:				
Hudson Europe	$ 42,228	$ 34,559	$ 81,164	67,074
Hudson ANZ	30,534	21,723	54,553	39,499
Hudson Americas	13,021	10,039	23,379	$ 19,331
Hudson Asia	9,684	7,916	17,569	14,753
Total	$ 95,467	$ 74,237	$ 176,665	$ 140,657
Operating income (loss):				
Hudson Europe	$ 4,705	$ 2,835	$ 8,024	$ 3,820
Hudson ANZ	3,683	1,824	5,113	2,098
Hudson Americas	1,658	(1,286)	1,540	(2,928)
Hudson Asia	1,628	1,220	2,629	1,833
Corporate expenses	(5,644)	(4,504)	(10,814)	(9,045)
Total	$ 6,030	$ 89	$ 6,492	$ (4,222)
Income (loss) from continuing operations	$ 4,224	$ 177	$ 4,218	$ (3,962)
Net income (loss)	$ 4,224	$ 229	$ 4,218	$ (3,979)
TEMPORARY CONTRACTING DATA (a):				
Temporary contracting revenue:				
Hudson Europe	$ 67,967	$ 52,558	$ 132,580	$ 103,779
Hudson ANZ	63,986	49,861	117,903	95,311
Hudson Americas	48,389	39,520	92,451	77,671
Hudson Asia	464	230	933	440
Total	$ 180,806	$ 142,169	$ 343,867	$ 277,201
Temporary contracting gross margin:				
Hudson Europe	$ 12,743	$ 8,825	$ 24,725	$ 17,935
Hudson ANZ	9,726	7,549	17,859	14,894
Hudson Americas	10,528	8,740	19,145	16,677
Hudson Asia	140	76	313	159
Total	$ 33,137	$ 25,190	$ 62,042	$ 49,665
Temporary contracting gross margin as a percent of temporary contracting revenue:				
Hudson Europe	18.7%	16.8%	18.6%	17.3%
Hudson ANZ	15.2%	15.1%	15.1%	15.6%
Hudson Americas	21.8%	22.1%	20.7%	21.5%
Hudson Asia	30.2%	33.0%	33.5%	36.1%

(a) Temporary contracting revenue is a component of our revenue. Temporary contracting gross margin and temporary contracting gross margin as a percent of temporary revenue are shown to provide additional information on the Company's ability to manage its cost structure and provide further comparability relative to the Company's peers. Temporary contracting gross margin is derived by deducting the direct costs of temporary contracting from temporary contracting revenue. The Company's calculation of gross margin may differ from those of other companies.

Three Months Ended June 30, 2011 Compared to Three Months Ended June 30, 2010

Hudson Europe

Hudson Europe's revenue was $100.2 million for the three months ended June 30, 2011, as compared to $80.7 million for the same period in 2010, an increase of $19.5 million or 24.1%. On a constant currency basis, Hudson Europe's revenue increased $10.9 million or 12.2%. The revenue increase was primarily due to increases of $10.1 million or 17.5% in contracting and $1.1 million or 12.6% in talent management revenue. Permanent recruitment revenue decreased $0.2 million compared to the same period in 2010.

The increase in contracting revenue was primarily driven by the U.K., which increased $9.1 million or 19.3%. The increase was primarily due to an increased volume in our larger clients and growth in the legal e-discovery practice. The increase in talent management revenue was primarily in Belgium and the U.K., which increased $0.5 million and $0.4 million, or 10.0% and 37.8%, respectively. The increase in Belgium was due to increased demand for our service line that provides organizational design and performance management. The increase in the U.K. was due to an increase in discrete assessment projects.

Hudson Europe's direct costs were $58.0 million for the three months ended June 30, 2011, as compared to $46.2 million for the same period in 2010, an increase of $11.8 million or 25.6%. On a constant currency basis, Hudson Europe's direct costs increased $7.1 million or 14.0%. The increase in direct costs was due to a greater number of contractors on billing associated with the contracting revenue as noted above.

Hudson Europe's gross margin was $42.2 million for the three months ended June 30, 2011, as compared to $34.6 million for the same period in 2010, an increase of $7.6 million or 22.2%. On a constant currency basis, gross margin increased $3.8 million or 9.7%. The increase was driven by increases in contracting and talent management gross margin of $3.0 million and $0.9 million, respectively or 30.8% and 11.6%, respectively, as compared to the same period in 2010. Permanent recruitment gross margin was flat as compared to the same period in 2010. The increase in contracting gross margin was entirely in the U.K. and the increase in talent management gross margin was primarily in Belgium and the U.K. The increases in gross margin were driven by the same factors as revenue as noted above.

Contracting gross margin as a percentage of revenue was 18.7% for the three months ended June 31, 2011, as compared to 16.8% for the same period in 2010. The increase was partially driven by the contribution of the legal e-discovery business with accompanying higher bill rates. Total gross margin, as a percentage of revenue, was 42.1% as compared to 43.1% for the same period in 2010. The decline was primarily due to mix. While our contracting margin improved as noted, that contracting comprised a higher percentage of mix compared to permanent recruitment resulted in an overall lower total margin.

Hudson Europe's selling, general and administrative expenses were $37.2 million for the three months ended June 30, 2011, as compared to $31.3 million for the same period in 2010, an increase of $5.9 million or 18.8%. On a constant currency basis, selling, general and administrative expenses increased $2.3 million or 6.7%. The increase in selling, general and administrative expenses was primarily due to increased staff compensation resulting from higher gross margin, hiring in personnel focused on client development and related development expenses, partially offset by lower depreciation expense. These expenses, as a percentage of revenue, were 37.1% as compared to 39.0% for the same period in 2010. The improvement was primarily due to the proportionately greater increase in revenue for the three months ended June 30, 2011.

Hudson Europe's reorganization expenses were $0.4 million for the three months ended June 30, 2011, as compared to $0.5 million for the same period in 2010, a decrease of $0.1 million on a reported and constant currency basis. Reorganization expenses incurred for the three months ended June 30, 2011 and 2010 were primary related to a change in estimate for lease exit costs in our U.K. operations.

Hudson Europe's net other non-operating expense was $2.4 million for the three months ended June 30, 2011 as compared to $1.1 million for the same period in 2010, an increase of $1.3 million. On a constant currency basis, this increase was $0.9 million. The increase was in corporate management fees and resulted from an improved estimate of the full year costs and a change in mix of services and the absence of currency exchange transaction gains as compared to the prior year.

Hudson Europe's EBITDA was $2.7 million for the three months ended June 30, 2011, as compared to $2.5 million for 2010, an increase of $0.3 million. On a constant currency basis, EBITDA increased $0.1 million. Hudson Europe's EBITDA, as a percentage of revenue, was 2.7% as compared to 2.9% for the same period in 2010. The increase in EBITDA was primarily due to the factors discussed above.

Hudson Europe's operating income was $4.7 million for the three months ended June 30, 2011, as compared to $2.8 million for the same period in 2010, an increase in operating income of $1.9 million. On a constant currency basis, operating income increased $1.5 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson ANZ

Hudson ANZ's revenue was $86.1 million for the three months ended June 30, 2011, as compared to $65.2 million for the same period in 2010, an increase of $20.9 million or 32.0%. On a constant currency basis, Hudson ANZ's revenue increased $7.7 million or 9.8%. The revenue increase was primarily due to increases of $4.2 million or 7.0% in contracting and $4.0 million or 27.9% in permanent recruitment revenues as compared to the same period in 2010.

The revenue increases in contracting were driven primarily by increases in the accounting and finance, sales and marketing and information technology practices. The increase in permanent recruitment revenue was led by Recruitment Process Outsourcing ("RPO"), which accounted for nearly half the growth with the remainder spread across our practices. Talent management revenue decreased $0.5 million, or 14.2% as compared to the same period in 2010. The revenue decrease was primarily due to a lower demand for outplacement services and to a lesser extent the lack of a rebound in assessment and development services.

Hudson ANZ's direct costs were $55.6 million for the three months ended June 30, 2011, as compared to $43.5 million for the same period in 2010, an increase of $12.1 million or 27.8%. On a constant currency basis, Hudson ANZ's direct costs increased $3.4 million or 6.5%. The increase in direct costs was primarily a result of the increases in contracting revenue as noted above.

Hudson ANZ's gross margin was $30.5 million for the three months ended June 30, 2011, as compared to $21.7 million for the same period in 2010, an increase of $8.8 million or 40.6%. On a constant currency basis, gross margin increased $4.3 million or 16.4%. The increase was driven by increases of $3.9 million or 27.5% in permanent recruitment and $0.7 million or 7.5% in contracting gross margin as compared to the same period in 2010. Talent management gross margin decreased $0.4 million or 14.1%, as compared to the same period in 2010.

Of the $3.9 million increase in permanent recruitment gross margin, about half was attributed to RPO as noted above and the remainder to the growth across our practices in general. The $0.7 million increase in contracting gross margin was primarily due to the growth in the factors noted above for revenue. The $0.4 million decline in talent management gross margin was driven by the same factors affecting revenue as described above.

Contracting gross margin as a percentage of revenue was 15.2% for the three months ended June 30, 2011, and was essentially flat as compared to 15.1% for the same period in 2010. Total gross margin, as a percentage of revenue, was 35.4% as compared to 33.4% for the same period in 2010. The increase was primarily attributable to a proportionately greater increase in permanent recruitment revenue for the three months ended June 30, 2011.

Hudson ANZ's selling, general and administrative expenses were $26.8 million for the three months ended June 30, 2011, as compared to $19.9 million for the same period in 2010, an increase of $6.9 million or 34.8%. On a constant currency basis, selling, general and administrative expenses increased $3.0 million or 12.5%. The increase was primarily due to increased staff compensation resulting from higher gross margin, hiring in personnel focused on client development and related development expenses. These expenses, as a percentage of revenue, were 31.1% as compared to 30.4% for the same period in 2010 for the same reasons noted above.

Hudson ANZ's net other non-operating expense was $1.4 million for the three months ended June 30, 2011, as compared to $1.0 million for the same period in 2010, an increase of $0.4 million. On a constant currency basis, net other non-operating expense increased by $0.1 million, or was virtually unchanged.

Hudson ANZ's EBITDA was $3.0 million for the three months ended June 30, 2011, as compared to $1.4 million for the same period in 2010, an increase in EBITDA of $1.7 million. On a constant currency basis, EBITDA increased $1.3 million. Hudson ANZ's EBITDA, as a percentage of revenue, was 3.5% as compared to 2.2% for the same period in 2010. The increase in EBITDA was primarily due to the factors discussed above.

Hudson ANZ's operating income was $3.7 million for the three months ended June 30, 2011, as compared to $1.8 million for the same period in 2010, an increase in operating income of $1.9 million. On a constant currency basis, operating income increased $1.3 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson Americas

Hudson Americas’ revenue was $50.9 million for the three months ended June 30, 2011, as compared to $40.8 million for the same period in 2010, an increase of $10.1 million or 24.7%. Of this increase, $8.9 million or 22.4% was in contracting revenue and $1.2 million or 94.3% was in permanent recruitment revenue as compared to the same period in 2010.

Contracting revenue represented approximately 95.0% of Hudson Americas’ revenues. Revenues in the Legal Services practice, the segment’s largest practice, increased $7.9 million or 28.2%. The increase was due to an increased demand for services in litigation and M&A projects. Other contracting increased $0.8 million or 6.7% as compared to the same period in 2010, primarily due to increased projects in Information Technology & Telecommunications (“IT&T”). The majority of the increase in permanent recruitment revenue was in the RPO business.

Hudson Americas’ direct costs were $37.9 million for the three months ended June 30, 2011, as compared to $30.8 million for the same period in 2010, an increase of $7.1 million or 23.1%. The increase was directly related to the factors affecting the contracting revenue as noted above.

Hudson Americas’ gross margin was $13.0 million for the three months ended June 30, 2011, as compared to $10.0 million for the same period in 2010, an increase of $3.0 million or 29.7%. Contracting and permanent recruitment gross margins increased $1.8 million and $1.2 million or 20.4% and 92.1%, respectively, as compared to the same period in 2010.

The vast majority of the $1.8 million increase in contracting gross margin was in Legal Services, which increased $1.7 million, and was due to the same reasons as the growth in revenue as noted above. The $1.2 million increase in permanent recruitment gross margin was due to the projects as noted above.

Contracting gross margin as a percentage of contracting revenue was 21.8% for the three months ended June 30, 2011, as compared to 22.1% for the same period in 2010. The decrease was due to mix, with a larger proportion of the volume coming from Legal which has lower average gross margin compared to other contracting. Total gross margin, as a percentage of total revenue, was 25.6% as compared to 24.6% for the same period in 2010. The increase was primarily due to the greater proportion of permanent recruitment in the gross margin mix.

Hudson Americas’ selling, general and administrative expenses were $11.4 million for the three months ended June 30, 2011, as compared to $11.2 million for the same period in 2010, an increase of $0.1 million or 1.2%. The increase was primarily due to increased staff compensation as a result of higher gross margin, almost entirely offset by lower depreciation expense on fully amortized Enterprise Resource Planning (“ERP”) system as compared to prior year. These expenses, as a percentage of revenue, were 22.3% as compared to 27.5% for the same period in 2010. The decrease was primarily due to the increase in revenue and relatively flat costs for the three months ended June 30, 2011.

Hudson Americas’ net other non-operating expense was $0.7 million for the three months ended June 30, 2011 as compared to $0.4 million for the same period in 2010, an increase of $0.3 million. The increase was in corporate management fees and resulted from an improved estimate of the full year costs and a change in mix of services as compared to the prior year.

Hudson Americas’ EBITDA was $1.1 million for the three months ended June 30, 2011, as compared to an EBITDA loss of $1.0 million for the same period in 2010, an increase in EBITDA of $2.2 million. Hudson Americas’ EBITDA, as a percentage of revenue, was 2.3% as compared to an EBITDA loss of 2.4% for the same period in 2010. The increase in EBITDA was primarily due to improved margins and relatively flat costs.

Hudson Americas’ operating income was $1.7 million for the three months ended June 30, 2011 as compared to an operating loss of $1.3 million for the same period in 2010, an increase in operating income of $2.9 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson Asia

Hudson Asia’s revenue was $10.1 million for the three months ended June 30, 2011, as compared to $8.2 million for the same period in 2010, an increase of $1.9 million or 23.8%. On a constant currency basis, Hudson Asia’s revenue increased $1.3 million or 15.3%. The revenue increase in Hudson Asia was primarily in permanent recruitment, which represents approximately 87% of Hudson’s business in this segment.

The entire revenue increase was in Mainland China. Revenue in Hong Kong and Singapore remained flat as compared to the same period in 2010. The increase in revenue in China was primarily due to increased hiring activity in the industrial, IT&T, consumer, and banking and finance sectors.

Hudson Asia’s direct costs were $0.4 million for the three months ended June 30, 2011 as compared to $0.3 million for the same period in 2010. On a constant currency basis, Hudson Asia’s direct costs increased $0.2 million.

Hudson Asia’s gross margin was $9.7 million for the three months ended June 30, 2011, as compared to $7.9 million for the same period in 2010, an increase of $1.8 million or 22.3%. On a constant currency basis, gross margin increased $1.2 million or 14.0%. Since our business in Asia is primarily permanent placement, the gross margin increases match those that drove the revenue, which was entirely in China with Hong Kong and Singapore unchanged. Total gross margin, as a percentage of revenue, was largely unchanged at 95.6% as compared to 96.7% for the same period in 2010.

Hudson Asia’s selling, general and administrative expenses were $8.1 million for the three months ended June 30, 2011, as compared to $6.7 million for the same period in 2010, an increase of $1.4 million or 20.4%. On a constant currency basis, selling, general and administrative expenses increased $0.9 million or 12.6%. The increase was primarily due to increased staff compensation resulting from higher gross margin and hiring in personnel focused on client development. These expenses, as a percentage of revenue, were 79.5% as compared to 81.4% for the same period in 2010. The decrease was primarily due to higher revenue for the three months ended June 30, 2011.

Hudson Asia’s net other non-operating expense was $0.9 million for the three months ended June 30, 2011, as compared to less than a $0.1 million for the same period in 2010, an increase of $0.9 million on reported and constant currency basis. Slightly more than half of the increase was due to higher corporate management fees with the remainder due to the timing of receipt of government assistance (subsidy) in China.

Hudson Asia’s EBITDA was $0.7 million for the three months ended June 30, 2011, as compared $1.3 million for the same period in 2010, a decrease of $0.5 million. On a constant currency basis, EBITDA decreased $0.7 million. Hudson Asia’s EBITDA, as a percentage of revenue, was 7.6% as compared to 16.4% for the same period in 2010. The decrease in EBITDA was primarily due to increase in corporate management allocations as noted above.

Hudson Asia’s operating income was $1.6 million for the three months ended June 30, 2011, as compared to $1.2 million for the same period in 2010, an increase of $0.4 million. On a constant currency basis, operating income increased $0.3 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Corporate and Other

Corporate selling, general and administrative expenses were $5.6 million for the three months ended June 30, 2011, as compared to $4.5 million for the same period in 2010, an increase of $1.1 million or 25.3%. The increase was primarily for projected incentive compensation based on an improved outlook for 2011 and costs incurred in connection with the change in the Company’s Chief Executive Officer.

Corporate net other non-operating income was $5.4 million for the three months ended June 30, 2011, as compared to $3.4 million for the same period in 2010, an increase of $1.9 million. The increase was due to the larger allocation of corporate management fees in the current period.

Corporate EBITDA loss was less than $0.1 million for the three months ended June 30, 2011, as compared to $1.0 million for the same period in 2010, a decrease in EBITDA loss of $1.0 million. The decrease was attributable to the factors discussed above.

Interest Expense

Interest expense, net of interest income was $0.4 million for the three months ended June 30, 2011, as compared to $0.2 million for the same period in 2010, an increase of $0.2 million. The increase was due to increased borrowings to fund higher working capital requirement primarily in ANZ.

Provision for Income Taxes

The provision for income taxes was $1.4 million on $5.7 million of pre-tax income from continuing operations for the three months ended June 30, 2011, as compared to $0.5 million on $0.7 million of pre-tax income from continuing operations for the same period in 2010. The effective tax rate for the three months ended June 30, 2011 was 25.2%, as compared to 74.4% for the same period in 2010.

The changes in the Company's effective tax rate for the three months ended June 30, 2011 as compared to the same period in 2010 resulted from an overall increase in pre-tax income, and the utilization of net operating losses in the U.S. The effective tax rate differs from the U.S. federal statutory rate of 35% primarily due to the utilization of U.S. net operating losses, partially offset by the inability to recognize tax benefits on net losses in certain foreign jurisdictions, state taxes, non-deductible expenses such as certain acquisition-related payments and foreign tax rates that vary from that in the U.S.

Net Income from Continuing Operations

Net income from continuing operations was $4.2 million for the three months ended June 30, 2011, as compared to $0.2 million for the same period in 2010, an increase of $4.0 million. Basic and diluted earnings per share from continuing operations were $0.13 for the three months ended June 30, 2011, as compared to $0.01 for the same period in 2010.

Net Income

Net income was $4.2 million for the three months ended June 30, 2011, as compared to $0.2 million for the same period in 2010, an increase of $4.0 million. Basic and diluted earnings per share were $0.13 for the three months ended June 30, 2011, as compared to $0.01 for the same period in 2010.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Hudson Europe

Hudson Europe's revenue was $193.9 million for the six months ended June 30, 2011, as compared to $157.4 million for the same period in 2010, an increase of $36.5 million or 23.2%. On a constant currency basis, Hudson Europe's revenue increased $26.5 million or 15.8%. The revenue increase was primarily due to increases of $22.3 million, $3.4 million and $0.9 million or 20.2%, 8.9% and 5.4% in contracting, permanent recruitment and talent management revenues, respectively, as compared to the same period in 2010.

The increase in contracting revenue was primarily in the U.K., which increased $20.9 million or 23%, with the remainder driven principally by France and Belgium. The increase in the U.K. was primarily due to an increased volume in our larger clients and growth in our legal e-discovery practice. Permanent recruitment revenue increased $1.9 million in France and $0.9 million in Belgium or 23.4% and 16.3%, respectively. The increases in Belgium and France were primarily in the industrial sector. The increase in talent management revenue was primarily in Belgium and the U.K., which increased $0.7 million and $0.3 million, or 6.6% and 13.3%, respectively. The increases in the U.K. and Belgium were partially offset by a decrease in France of $0.3 million or 8.6%. The increase in talent management revenue was driven by an increase in our service line that provides organizational design and performance management in Belgium and discrete assessment projects in the U.K. and, offset by lower volume in France.

Hudson Europe's direct costs were $112.7 million for the six months ended June 30, 2011, as compared to $90.3 million for the same period in 2010, an increase of $22.4 million or 24.9%. On a constant currency basis, Hudson Europe's direct costs increased $16.7 million or 17.4%. The increase was directly related to the factors affecting contracting revenue as noted above.

Hudson Europe's gross margin was $81.1 million for the six months ended June 30, 2011, as compared to $67.1 million for the same period in 2010, an increase of $14.1 million or 21.0%. On a constant currency basis, gross margin increased $9.7 million or 13.6%. The increase was driven by increases in contracting, permanent recruitment, and talent management gross margins of $5.7 million, $3.2 million and $1.0 million, or 29.9%, 8.6% and 6.7%, respectively, as compared to the same period in 2010.

The increase in contracting gross margin was entirely in the U.K. Permanent recruitment gross margin increased $1.9 million and $0.9 million, or 24.7% and 16.0%, in France and Belgium, respectively. Talent management gross margin increased $1.0 million, or 11.4% in Belgium and $0.4 million, or 35.5% in the U.K., offset by a decline of $0.4 million or 11.4% in France. The changes in talent management gross margin were driven by the same factors affecting revenue as noted above.

Contracting gross margin as a percentage of revenue was 18.7% for the six months ended June 31, 2011, as compared to 17.3% for the same period in 2010. The increase was partially driven by the contribution of the legal e-discovery business with accompanying higher bill rates. Total gross margin, as a percentage of revenue, was 41.9% as compared to 42.7% for the same period in 2010. The decline was primarily due to a proportionately greater mix of contracting revenue.

Hudson Europe's selling, general and administrative expenses were $72.5 million for the six months ended June 30, 2011, as compared to $62.8 million for the same period in 2010, an increase of $9.7 million or 15.5%. On a constant currency basis, selling, general and administrative expenses increased $5.8 million or 8.7%. The increase in selling, general and administrative expenses was primarily due to increased staff compensation as a result of the higher gross margin, hiring in personnel focused on client development and related development expenses, partially offset by lower depreciation expense. These expenses, as a percentage of revenue, were 37.4% as compared to 39.8% for the same period in 2010 due to more efficient use of expense as a portion of revenue.

Hudson Europe incurred $0.7 million in reorganization expenses for the six months ended June 30, 2011, as compared to $0.5 million for the same period in 2010, an increase of $0.2 million on a reported and constant currency basis. Reorganization expenses incurred for the six months ended June 30, 2011 were primary related to a change in estimate for lease exit costs in our U.K. operations.

Hudson Europe's net other non-operating expense was $4.0 million for the six months ended June 30, 2011 as compared to $2.3 million for the same period in 2010, an increase of $1.7 million. On a constant currency basis, net other non-operating expense increased $1.4 million. The increase was from corporate management fees and resulted from an improved estimate of the full year costs and a change in mix of services and the absence of currency exchange transaction gains as compared to the prior year.

Hudson Europe's EBITDA was $4.9 million for the six months ended June 30, 2011, as compared to $2.9 million for 2010, an increase of $2.0 million. On a constant currency basis, EBITDA increased $1.8 million. Hudson Europe's EBITDA, as a percentage of revenue, was 2.5% as compared to 1.9% for the same period in 2010. The increase in EBITDA was primarily due to the factors discussed above.

Hudson Europe's operating income was $8.0 million for the six months ended June 30, 2011, as compared to $3.8 million for the same period in 2010, an increase of $4.2 million. On a constant currency basis, operating income increased $3.8 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson ANZ

Hudson ANZ's revenue was $156.9 million for the six months ended June 30, 2011, as compared to $122.1 million for the same period in 2010, an increase of $34.9 million or 28.6%. On a constant currency basis, Hudson ANZ's revenue increased $15.6 million or 11.0%. The revenue increase was primarily due to an increase in permanent recruitment revenue of $8.2 million or 34.6% and in contracting revenue of $7.8 million or 7.1% as compared to the same period in 2010.

In permanent recruitment, nearly one half of the growth came from RPO with the remainder spread across our practices. The revenue increases in contracting were a result of a higher growth in professional staffing particularly in accounting and finance, office support and information technology. Talent management revenue decreased $0.6 million, or 8.8% as compared to the same period in 2010. The revenue decrease was primarily due to a lower demand for outplacement services and to a lesser extent the lack of a rebound in assessment and development services.

Hudson ANZ's direct costs were $102.4 million for the six months ended June 30, 2011, as compared to $82.6 million for the same period in 2010, an increase of $19.8 million or 24.0%. On a constant currency basis, Hudson ANZ's direct costs increased $6.9 million or 7.3%. The increase in direct costs was primarily a result of the increases in contracting revenue as noted above.

Hudson ANZ's gross margin was $54.6 million for the six months ended June 30, 2011, as compared to $39.5 million for the same period in 2010, an increase of $15.1 million or 38.1%. On a constant currency basis, gross margin increased $8.6 million or 18.8%. The increase was driven by increases of $8.1 million or 34.2% in permanent recruitment and $0.7 million or 4.0% in contracting gross margin as compared to the same period in 2010.

Of the $8.1 million increase in permanent recruitment gross margin, approximately one half was attributed to RPO as noted above and the remainder was spread across our practices. The $0.7 million increase in contracting gross margin was primarily due to the growth in the factors as noted above for revenue. The $0.4 million decline in talent management gross margin was driven by the same factors affecting revenue as described above.

Contracting gross margin as a percentage of revenue was 15.1% for the six months ended June 30, 2011, as compared to 15.6% for the same period in 2010. The decline was partially driven by a change in mix to higher volume, lower margin projects. Total gross margin, as a percentage of revenue, was 34.8% as compared to 32.4% for the same period in 2010. The increase was primarily attributable to a proportionately greater increase in permanent recruitment revenue.

Hudson ANZ's selling, general and administrative expenses were $49.4 million for the six months ended June 30, 2011, as compared to $37.5 million for the same period in 2010, an increase of $11.9 million or 31.7%. On a constant currency basis, selling, general and administrative expenses increased $6.0 million or 13.9%. The increase was primarily due to increased staff compensation resulting from higher gross margin, hiring in personnel focused on client development and related development expenses. These expenses also included $0.3 million for insurance recoveries for the flood in Queensland, Australia and earthquake in Christchurch, New Zealand. These expenses, as a percentage of revenue, were 31.5% as compared to 30.7% for the same period in 2010 for the same reasons noted above.

Hudson ANZ's net other non-operating expense was $2.4 million for the six months ended June 30, 2011, as compared to $1.6 million for the same period in 2010, an increase of $0.8 million. On a constant currency basis, net other non-operating expense increased $0.6 million. The increase was in corporate management fees and resulted from an improved estimate of the full year costs and a change in mix of services as compared to the prior year.

Hudson ANZ's EBITDA was $4.1 million for the six months ended June 30, 2011, as compared to $1.6 million for the same period in 2010, an increase in EBITDA of $2.5 million. On a constant currency basis, EBITDA increased $2.0 million. Hudson ANZ's EBITDA, as a percentage of revenue, was 2.6% as compared to 1.5% for the same period in 2010. The increase in EBITDA was primarily due to the factors discussed above.

Hudson ANZ's operating income was $5.1 million for the six months ended June 30, 2011, as compared to $2.1 million for the same period in 2010, an increase in operating income of $3.0 million. On a constant currency basis, operating income increased $2.4 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson Americas

Hudson Americas' revenue was $96.7 million for the six months ended June 30, 2011, as compared to $80.3 million for the same period in 2010, an increase of $16.4 million or 20.4%. Of this increase, $14.8 million or 19.0% was in contracting revenue and $1.6 million or 60.9% was in permanent recruitment revenue as compared to the same period in 2010.

Contracting revenue represented approximately 96% of Hudson Americas' revenues. Revenues in the Legal Services practice, the segment's largest practice, increased $13.4 million or 24.7%. The increase was due to a higher volume of projects, particularly litigation and M&A. Other contracting remained flat as compared to the same period in 2010. The majority of the increase in permanent recruitment revenue was in the RPO business.

Hudson Americas' direct costs were $73.3 million for the six months ended June 30, 2011, as compared to $61.0 million for the same period in 2010, an increase of $12.4 million or 20.3%. The increase was directly related to the factors affecting the contracting revenue as noted above.

Hudson Americas' gross margin was $23.4 million for the six months ended June 30, 2011, as compared to $19.3 million for the same period in 2010, an increase of $4.0 million or 20.9%. Contracting and permanent recruitment gross margins increased $2.5 million and $1.6 million or 14.8% and 59.4%, respectively, as compared to the same period in 2010.

The entire increase in contracting gross margin was in Legal Services contracting and was due to the same reasons as those for revenue as noted above. Other contracting gross margin was flat as compared to the same period in 2010. The $1.6 million increase in permanent recruitment gross margin was due to the higher volume of recruitment projects as noted above.

Contracting gross margin as a percentage of contracting revenue was 20.7% for the six months ended June 30, 2011, as compared to 21.5% for the same period in 2010. The decrease was due to mix, with a larger proportion of the volume coming from Legal Services, which has lower average gross margin compared to other contracting. Total gross margin, as a percentage of total revenue remained flat at 24.1% as compared to the same period in 2010.

Hudson Americas' selling, general and administrative expenses were $21.8 million for the six months ended June 30, 2011, as compared to $22.0 million for the same period in 2010, a decrease of $0.2 million or 0.8%. The decrease was primarily due to lower depreciation on fully amortized ERP system, partially offset by increased staff compensation as a result of higher gross margin. These expenses, as a percentage of revenue, were 22.6% as compared to 27.4% for the same period in 2010. The decrease was primarily due to the increase in revenue and relative flat expenses.

Hudson Americas’ net other non-operating expense was $1.3 million for the six months ended June 30, 2011, as compared to net other non-operating income of $0.1 million for the same period in 2010, an increase in net other non-operating expense of $1.4 million. The increase was primarily due to the recovery of a loan receivable of $0.9 million in 2010 as well as higher corporate management service allocations in 2011.

Hudson Americas’ EBITDA was $0.8 million for the six months ended June 30, 2011, as compared to an EBITDA loss $1.2 million for the same period in 2010, an increase in EBITDA of $2.0 million. Hudson Americas’ EBITDA, as a percentage of revenue, was 0.8% as compared to an EBITDA loss of 1.5% for the same period in 2010. The increase in EBITDA was primarily due to the factors discussed above.

Hudson Americas’ operating income was $1.5 million for the six months ended June 30, 2011 as compared to an operating loss of $2.9 million for the same period in 2010, an increase in operating income of $4.5 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Hudson Asia

Hudson Asia’s revenue was $18.3 million for the six months ended June 30, 2011, as compared to $15.3 million for the same period in 2010, an increase of $3.0 million or 19.7%. On a constant currency basis, Hudson Asia’s revenue increased $2.0 million or 12.5%. The revenue increase in Hudson Asia was primarily in permanent recruitment, which represents 87% of the business in this segment.

The majority of the $2.0 million revenue increase was in Mainland China. Revenue in Hong Kong and Singapore increased slightly as compared to the same period in 2010. The increase in revenue in China was primarily due to a higher number of placements in the IT&T, banking and finance, industrial and consumer sectors.

Hudson Asia’s direct costs were $0.8 million for the six months ended June 30, 2011 as compared to $0.6 million for the same period in 2010, an increase of $0.2 million or 36.9%. On a constant currency basis, Hudson Asia’s direct costs increased $0.2 million or 26.8%. The increase was primarily due to an increase in the contracting business in Hong Kong and Singapore.

Hudson Asia’s gross margin was $17.6 million for the six months ended June 30, 2011, as compared to $14.8 million for the same period in 2010, an increase of $2.8 million or 19.1%. On a constant currency basis, gross margin increased $1.9 million or 11.9%. Since our business in Asia is primarily permanent placement, the gross margin increases match those that drove the revenue, which was entirely in China with Hong Kong and Singapore unchanged. Total gross margin, as a percentage of revenue, was 95.8% as compared to 96.3% for the same period in 2010 and was largely unchanged.

Hudson Asia’s selling, general and administrative expenses were $14.9 million for the six months ended June 30, 2011, as compared to $12.9 million for the same period in 2010, an increase of $2.0 million or 15.7%. On a constant currency basis, selling, general and administrative expenses increased $1.2 million or 9.1%. The increase was primarily due to increased staff compensation resulting from higher gross margin and hiring in personnel focused on client development. These expenses, as a percentage of revenue, were 81.5% as compared to 84.0% for the same period in 2010. The decrease was primarily due to higher revenue for the six months ended June 30, 2011.

Hudson Asia’s net other non-operating expense was $1.0 million for the six months ended June 30, 2011, as compared to $0.2 million for the same period in 2010, an increase of $0.8 million on a reported and constant currency basis. The increase was in corporate management fees and resulted from an improved estimate of the full year costs and a change in mix of services as compared to the prior year.

Hudson Asia’s EBITDA was $1.7 million for the six months ended June 30, 2011, as compared $1.9 million for the same period in 2010, a decrease of $0.2 million. On a constant currency basis, EBITDA decreased $0.4 million. Hudson Asia’s EBITDA, as a percentage of revenue, was 9.5% as compared to 12.8% for the same period in 2010. The decrease in EBITDA was primarily due to the increase in corporate management service allocations as noted above.

Hudson Asia’s operating income was $2.6 million for the six months ended June 30, 2011, as compared to $1.8 million for the same period in 2010, an increase of $0.8 million. On a constant currency basis, operating income increased $0.6 million. The increase in operating income was primarily due to the factors that affected the EBITDA.

Corporate and Other

Corporate selling, general and administrative expenses were $10.8 million for the six months ended June 30, 2011, as compared to $9.1 million for the same period in 2010, an increase of $1.7 million or 19.4%. The increase was primarily for projected incentive compensation based on an improved outlook for 2011 and costs incurred in connection with the change in the Company's Chief Executive Officer.

Corporate net other non-operating income was $9.2 million for the six months ended June 30, 2011, as compared to $5.5 million for the same period in 2010, an increase of $3.6 million. The increase was due to the larger allocation of corporate management fees in the current period.

Corporate EBITDA loss was $1.3 million for the six months ended June 30, 2011, as compared to $3.4 million for the same period in 2010, a decrease in EBITDA loss of $2.1 million. The decrease was attributable to the factors discussed above.

Interest Expense

Interest expense, net of interest income was $0.6 million for the six months ended June 30, 2011, as compared to 0.5 million for the same period and 2010, an increase of 0.1 million. The increase was primarily due to increased borrowings to fund higher working capital requirement primarily in ANZ.

Provision for Income Taxes

The provision for income taxes was $2.2 million on $6.4 million of pre-tax income from continuing operations for the six months ended June 30, 2011, as compared to $0.8 million on $3.2 million of pre-tax losses from continuing operations for the same period in 2010. The effective tax rate for the six months ended June 30, 2011 was 34.0%, as compared to negative 24.0% for the same period in 2010.

The changes in the Company's effective tax rate for the six months ended June 30, 2011 as compared to the same period in 2010 resulted from an overall increase in pre-tax income and the utilization of net operating losses in the U.S. The effective tax rate differs from the U.S. federal statutory rate of 35% primarily due to the utilization of U.S. net operating losses, partially offset by the inability to recognize tax benefits on net losses in certain foreign jurisdictions, state taxes, non-deductible expenses such as certain acquisition-related payments and foreign tax rates that vary from that in the U.S.

Net Income (loss) from Continuing Operations

Net income from continuing operations was $4.2 million for the six months ended June 30, 2011, as compared to a net loss from continuing operations of $4.0 million for the same period in 2010, an increase in net income from continuing operations of $8.2 million. Basic and diluted earnings per share from continuing operations were $0.13 for the six months ended June 30, 2011, as compared to a basic and diluted loss per share of $0.14 for the same period in 2010.

Net Income (loss)

Net income was $4.2 million for the six months ended June 30, 2011, as compared to $4.0 million of net loss for the same period in 2010, an increase in net income of $8.2 million. Basic and diluted earnings per share were $0.13 for the six months ended June 30, 2011, as compared to a loss per share of $0.14 for the same period in 2010.

Liquidity and Capital Resources

Cash and cash equivalents totaled $34.9 million and $29.5 million, respectively, as of June 30, 2011 and December 31, 2010. The following table summarizes the cash flow activities for the six months ended June 30, 2011 and 2010:

(In millions)	For The Six Months Ended June 30, 2011	For The Six Months Ended June 30, 2010
Net cash used in operating activities	$ (0.3)	$ (20.6)
Net cash (used in) provided by investing activities	(2.8)	2.0
Net cash provided by financing activities	7.8	21.5
Effect of exchange rates on cash and cash equivalents	0.7	(1.1)
Net increase in cash and cash equivalents	$ 5.4	$ 1.8

Cash flows from Operating Activities

For the six months ended June 30, 2011, net cash used in operating activities was $0.3 million compared to $20.6 million for the same period in 2010, a decrease of $20.3 million. The decrease was primarily due to higher net operating income from continuing operations and lower payments related to the prior years' restructuring programs in the current period.

Cash flows from Investing Activities

For the six months ended June 30, 2011, net cash used in investing activities was $2.8 million compared to net cash provided by investing activities of $2.0 million for the same period in 2010, a decrease in net cash provided by investing activities of $4.8 million. The primary reason for the decrease was the non-recurrence of the collection of a note receivable of $3.5 million from the sale of Hudson Americas' ETS division in 2010 and greater capital expenditures of $1.9 million in 2011. The decrease was partially offset by the proceeds from the current year's sale of an investment in France for $0.2 million and the return of a security deposit of $0.2 million related to an office lease expiration in the Netherlands.

Cash flows from Financing Activities

For the six months ended June 30, 2011, net cash provided by financing activities was $7.8 million compared to $21.5 million for the same period in 2010, a decrease of $13.7 million. The decrease was primarily due to the non-recurrence of $19.2 million of proceeds from the issuance of common stock, partially offset by increased net borrowings of $5.8 million for working capital resulting from revenue growth.

Credit Agreements

On August 5, 2010, the Company and certain of its North American and U.K. subsidiaries entered into a senior secured revolving credit facility (the "Revolver Agreement") with RBS Business Capital, a division of RBS Asset Finance, Inc. ("RBS"). This agreement provides the Company with the ability to borrow up to $40 million, including the issuance of letters of credit. The Company may increase the maximum borrowing amount to $50 million, subject to certain conditions including lender acceptance. Extensions of credit are based on a percentage of the eligible accounts receivable from the U.K. and North America operations, less required reserves. In connection with the Revolver Agreement, the Company incurred and capitalized approximately $1.5 million of deferred financing costs, which are being amortized over the term of the agreement. As of June 30, 2011, the Company's borrowing base was $40.6 million and the Company was required to maintain a minimum availability of $10 million. As of June 30, 2011, the Company had $1.5 million of outstanding borrowings, and $2.8 million of outstanding letters of credit issued, under the Revolver Agreement, resulting in the Company being able to borrow up to an additional $26.3 million after deducting the minimum availability, outstanding borrowings and outstanding letters of credit issued.

The maturity date of the Revolver Agreement is August 5, 2014. Borrowings may initially be made with an interest rate based on a base rate plus 2.25% or on the LIBOR rate for the applicable period plus 3.25%. The applicable margin for each rate is based on the Company's Fixed Charge Coverage Ratio (as defined in the Revolver Agreement). The interest rate on outstanding borrowings was 5.5% as of June 30, 2011. Borrowings under the Revolver Agreement are secured by substantially all of the assets of the Company.

The Revolver Agreement contains various restrictions and covenants including (1) a requirement to maintain a minimum excess availability of $10 million until such time as for two consecutive fiscal quarters (i) the Company's Fixed Charge Coverage Ratio is at least 1.2x and (ii) the Company's North American and U.K. operations, for the four fiscal quarters then ending, have an EBITDA (as defined in the Revolver Agreement) for such twelve month period of not less than $0.5 million as of the end of each fiscal quarter during the fiscal year 2011 and $1 million at the end of each fiscal quarter thereafter; thereafter a requirement to maintain a minimum availability of $5 million, a Fixed Charge Coverage Ratio of at least 1.1x and EBITDA (as defined in the Revolver Agreement) for the Company's North American and U.K. operations of at least $0.5 million during the fiscal year 2011 and $1,000 thereafter; (2) a limit on the payment of dividends of not more than $5 million per year and subject to certain conditions; (3) restrictions on the ability of the Company to make additional borrowings, acquire, merge or otherwise fundamentally change the ownership of the Company or repurchase the Company's stock; (4) a limit on investments, and a limit on acquisitions of not more than $25 million in cash and $25 million in non-cash consideration per year, subject to certain conditions set forth in the Revolver Agreement; and (5) a limit on dispositions of assets of not more than $4 million per year. The Company was in compliance with all covenants under the Revolver Agreement as of June 30, 2011.

On August 3, 2010, an Australian subsidiary of the Company entered into a Receivables Finance Agreement and related agreements (the "Finance Agreement") with Commonwealth Bank of Australia ("CBA") that provides the Australian subsidiary with the ability to borrow up to approximately $16.1 million (AUD 15 million). Under the terms of the Finance Agreement, the Australian subsidiary may make offers to CBA to assign its accounts receivable with recourse, which accounts receivable CBA may in its good faith discretion elect to purchase. As of June 30, 2011, the Company had $7.3 million (AUD 6.8 million) of outstanding borrowings under the Finance Agreement. Available credit for use under the Finance Agreement as of June 30, 2011 was $8.8 million (AUD 8.2 million).

The Finance Agreement does not have a stated maturity date and can be terminated by either party upon 90 days written notice. Borrowings may be made with an interest rate based on the average bid rate for bills of exchange ("BBSY") with the closest term to 30 days plus a margin of 1.6%. The interest rate was 6.48% as of June 30, 2011. In addition, the Company pays a 0.9% line fee based on the maximum availability. Borrowings are secured by substantially all of the assets of the Australian subsidiary and are based on an agreed percentage of eligible accounts receivable.

On June 9, 2011, the Australian subsidiary of the Company amended the Finance Agreement to add a $2.1 million (AUD 2 million) overdraft facility for working capital purposes (the "Overdraft Facility"). The interest rate on borrowings under the Overdraft Facility was 9.24% on June 30, 2011. In addition, the Company pays a 1.12% line fee based on the maximum availability of the Overdraft Facility.

The Finance Agreement, as amended on June 9, 2011, contains various restrictions and covenants for the Australian subsidiary, including (1) a requirement to maintain a minimum Tangible Net Worth (as defined in the Finance Agreement) ratio of 60%; (2) a requirement to maintain to a minimum Fixed Charge Coverage Ratio (as defined in the Finance Agreement) of 1.7x for a trailing twelve month period; and (3) a limitation on certain intercompany payments of expenses, interest and dividends not to exceed Net Profit After Tax (as defined in the Finance Agreement). The Australian subsidiary of the Company was in compliance with all covenants under the Finance Agreement as of June 30, 2011.

The Company also has lending arrangements with local banks through its subsidiaries in New Zealand, Belgium, the Netherlands, Singapore and Mainland China. In New Zealand, the Company's subsidiary can borrow up to $2.1 million (NZD 2.5 million) as of June 30, 2011 for working capital purposes. The aggregate outstanding borrowings under the lending arrangement in New Zealand were $1.3 million as of June 30, 2011. Available credit for use under the lending arrangement in New Zealand as of June 30, 2011 was $0.7 million (NZD 0.9 million).The lending arrangement in New Zealand expires on March 31, 2012. Interest on borrowings under the New Zealand lending arrangement is based on a three month cost of funds rate as determined by the bank, plus a 1.84% margin, and was 6.18% on June 30, 2011. In addition, the Company pays a 0.9% line-fee based on the maximum availability. As of June 30, 2011, the Netherlands subsidiary could borrow up to $1.6 million (€1.1 million) based on an agreed percentage of accounts receivable related to its operations. In May 2011, the Belgium subsidiary replaced the previous accounts receivable based lending arrangement with a $1.5 million (€1 million) overdraft facility with the same financial institution effective July 1, 2011. Borrowings under the Belgium and the Netherlands lending arrangements may be made with an interest rate based on the one month EURIBOR plus 2.5%, or about 3.8% on June 30, 2011. The lending arrangement in the Netherlands expires annually each June, but can be renewed for one year periods at that time. The lending arrangement in Belgium has no expiration date and can be terminated with a 15 day notice period. In Singapore, the Company's subsidiary can borrow up to $0.8 million (SGD 1 million) for working capital purposes. Interest on borrowings under this overdraft facility is based on the Singapore Prime Rate, plus 1.75%, and was 6.00% on June 30, 2011. The Singapore overdraft facility expires annually each August, but can be renewed for one year periods at that time. In Mainland China, the Company's subsidiary can borrow up to $1,000 for working capital purposes. Interest on borrowings under this overdraft facility is based on the People's Republic of China's six month rate, plus 200 basis points, and was 7.85% on June 30, 2011. This overdraft facility expires annually each September, but can be renewed for one year periods at that time. There were no outstanding borrowings under the Belgium, the Netherlands, Singapore and Mainland China lending agreements as of June 30, 2011 and December 31, 2010.

The weighted average interest rate on all outstanding borrowings for the six months ended June 30, 2011 was 6.25%.

The Company continues to use the aforementioned credit to support its ongoing global working capital requirements, capital expenditures and other corporate purposes and to support letters of credit. Letters of credit and bank guarantees are used primarily to support office leases.

Shelf Registration and Stock Issuance

In December 2009, the Company filed a shelf registration statement (the “2009 Shelf Registration”) with the Securities and Exchange Commission (“SEC”) to enable it to issue up to $30.0 million equivalent of securities or combinations of securities. The types of securities permitted for issuance under the 2009 Shelf Registration are debt securities, common stock, preferred stock, warrants, stock purchase contracts and stock purchase units.

On April 6, 2010, the Company issued, in a registered public offering under the 2009 Shelf Registration, 4,830,000 shares (which share number includes the exercise of the underwriter’s overallotment option of 630,000 shares) of common stock at $4.35 per share. Net proceeds to the Company after underwriting discounts and expenses of the public offering were approximately $19.2 million.

After this offering, the Company may issue up to $9 million equivalent of securities or combinations of securities under the 2009 Shelf Registration.

Liquidity Outlook

At June 30, 2011, the Company had cash and cash equivalents on hand of $34.9 million supplemented by availability of $26.3 million under the Revolver Agreement, $10.9 million under the Finance Agreement and Overdraft Facility with CBA and $5.6 million under other lending arrangements in Belgium, the Netherlands, New Zealand, Singapore and Mainland China. The Company believes that it has sufficient liquidity to satisfy its needs through at least the next twelve months, based on the Company's total liquidity as of June 30, 2011. The Company's near-term cash requirements during 2011 are primarily related to funding operations and capital expenditures. The Company expects to maintain a reduced level of capital expenditures in 2011 as it did in 2010 and 2009. In 2011, the Company expects to make capital expenditures of approximately $5 million to $7 million. The Company is closely managing its capital spending and will perform capital additions where economically prudent, while continuing to invest strategically for future growth.

At June 30, 2011, $4.4 million of the Company's cash and cash equivalents noted above was held in the United States and the remainder was held internationally, primarily in the United Kingdom, Belgium, the Netherlands and Mainland China. The majority of the Company's offshore cash is available to it as a source of funds, net of any tax obligations or assessments.

Unrepatriated cumulative earnings of certain foreign subsidiaries are considered to be invested indefinitely outside the United States except where the Company is able to repatriate these earnings to the United States without a material incremental tax provision. In managing its day-to-day liquidity and its capital structure, the Company does not rely on the unrepatriated earnings as a source of funds. The Company has not provided federal income or foreign withholding taxes on these undistributed foreign earnings. The Company has not done so because this situation is unlikely to occur in the foreseeable future. Accordingly, it is not practicable to determine the amount of tax associated with such undistributed earnings.

Although the Company believes it has sufficient liquidity to satisfy its needs over the next twelve months, it cannot provide assurance that actual cash requirements will not be greater in the future than those currently expected, especially if market conditions deteriorate substantially. If sources of liquidity are not available or if the Company cannot generate sufficient cash flow from operations, the Company might be required to obtain additional sources of funds through additional operating improvements, capital market transactions, asset sales or financing from third parties, or a combination of those sources. The Company cannot provide assurance that these additional sources of funds will be available or, if available, would have reasonable terms.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2011-05, "*Comprehensive Income (Topic 220): Presentation of Comprehensive Income*". This standard requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This standard does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. Additionally, the standard does not affect the calculation or reporting of net income and earnings per share. The standard is effective for interim and annual periods beginning after December 15, 2011 and should be applied retrospectively. The only component of other comprehensive income currently applicable to the Company is currency translation adjustments, which are presently included in the Condensed Consolidated Statement of Changes in Stockholders' Equity. The adoption of this standard will change the order in which certain financial statements are presented and will not have any impact on the Company's results of operations or financial position.

In May 2011, the FASB issued ASU 2011-04, "*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*," which amends Accounting Standards Codification ("ASC") 820, "Fair Value Measurement." The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Currently, the Company primarily applies the non-recurring fair value measurements for new asset retirement obligations and revisions of restructuring reserves. The standard is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company does not expect the adoption of the standard to have a material impact on the Company's results of operations or financial position.

In December 2010, the FASB issued ASU 2010-28, "*Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*." The standard modifies Step 1 of the goodwill impairment test such that, for reporting units with zero or negative carrying amounts, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists based on qualitative standards. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company adopted the standard effective January 1, 2011. The adoption had no material impact on the Company's results of operations or financial position.

Critical Accounting Policies

See “Critical Accounting Policies” under Item 7 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on February 23, 2011 and incorporated by reference herein. There were no changes to the Company’s critical accounting policies during the six months ended June 30, 2011.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains statements that the Company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Form 10-Q, including statements regarding the Company’s future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “predict,” “believe” and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to important factors, risks, uncertainties and assumptions, including industry and economic conditions that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, (1) global economic fluctuations, (2) risks related to fluctuations in the Company’s operating results from quarter to quarter, (3) the ability of clients to terminate their relationship with the Company at any time, (4) competition in the Company’s markets, (5) risks associated with the Company’s investment strategy, (6) risks related to international operations, including foreign currency fluctuations, (7) the Company’s dependence on key management personnel, (8) the Company’s ability to attract and retain highly skilled professionals, (9) the Company’s ability to collect its accounts receivable, (10) the Company’s history of negative cash flows and operating losses may re-occur, (11) the Company’s ability to utilize net operating loss carry-forwards, (12) restrictions on the Company’s operating flexibility due to the terms of its credit facilities, (13) the Company’s ability to achieve anticipated cost savings through the Company’s cost reduction initiatives, (14) the Company’s heavy reliance on information systems and the impact of potentially losing or failing to develop technology, (15) risks related to providing uninterrupted service to clients, (16) the Company’s exposure to employment-related claims from clients, employers and regulatory authorities and limits on related insurance coverage, (17) volatility of the Company’s stock price, (18) the impact of government regulations, and (19) restrictions imposed by blocking arrangements. These forward-looking statements speak only as of the date of this Form 10-Q. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company conducts operations in various countries and faces both translation and transaction risks related to foreign currency exchange. For the six months ended June 30, 2011, the Company earned approximately 87% of its gross margin outside the United States ("U.S."), and it collected payments in local currency and related operating expenses were paid in such corresponding local currency. Revenues and expenses in foreign currencies translate into higher or lower revenues and expenses in U.S. dollars as the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may affect our consolidated revenues and expenses (as expressed in U.S. dollars) from foreign operations.

Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income in the stockholders' equity section of the Condensed Consolidated Balance Sheets. The translation of the foreign currency into the U.S. dollars is reflected as a component of stockholders' equity and does not impact our operating results.

As more fully described in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Company has credit agreements with RBS Business Capital and Commonwealth Bank of Australia. The Company also has other credit agreements with lenders in Belgium, the Netherlands, New Zealand, Singapore and Mainland China. The Company does not hedge the interest risk on borrowings under the credit agreements, and accordingly, it is exposed to interest rate risk on the borrowings under such credit agreements. Based on our annual average borrowings, a 1% increase or decrease in interest rates on our borrowings would not have a material impact on our earnings.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chairman and Chief Executive Officer and its Executive Vice President and Chief Financial Officer, has conducted an evaluation of the design and operation of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, the Company's Chairman and Chief Executive Officer and its Executive Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the quarter ended June 30, 2011.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings that are incidental to the conduct of its business. The Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, or results of operations.

ITEM 1A. RISK FACTORS

At June 30, 2011, there had not been any material changes to the information related to the Item 1A. "Risk Factors" disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes purchases of common stock by the Company during the quarter ended June 30, 2011.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
April 1, 2011 - April 30, 2011	-	$ -	-	$ 6,792,000
May 1, 2011 - May 31, 2011 (b)	4,699	$ 5.21	-	$ 6,792,000
June 1, 2011 - June 30, 2011	-	$ -	-	$ 6,792,000
Total	4,699	$ 5.21	-	$ 6,792,000

(a) On February 4, 2008, the Company announced that its Board of Directors authorized the repurchase of a maximum of $15 million of the Company’s common stock. The Company has repurchased 1,491,772 shares for a total cost of approximately $8.2 million under this authorization. Repurchases of common stock are restricted under the Company’s Revolver Agreement entered on August 5, 2010.

(b) Consisted of restricted stock withheld from employees upon the vesting of such shares to satisfy employees’ income tax withholding requirements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

On June 10, 2011, the Australian subsidiary of the Company amended the Receivables Finance Agreement with Commonwealth Bank of Australia to add a $2,144,000 (AUD 2,000,000) overdraft facility for working capital purposes. The amendment also changed the Australian subsidiary's requirement to maintain a minimum Tangible Net Worth (as defined in the Finance Agreement) ratio of 60% to 70% and a minimum Fixed Charge Coverage Ratio (as defined in the Finance Agreement) of 1.4x for a trailing twelve month period to 1.7x.

ITEM 6. EXHIBITS

The exhibits to this Report are listed in the Exhibit Index included elsewhere herein.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUDSON HIGHLAND GROUP, INC.
(Registrant)

	By:	/s/ Mary Jane Raymond Mary Jane Raymond Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Dated: August 3, 2011		
	By:	/s/ Frank P. Lanuto Frank P. Lanuto Senior Vice President, Corporate Controller (Principal Accounting Officer)
Dated: August 3, 2011		

HUDSON HIGHLAND GROUP, INC.
FORM 10-Q

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated By-laws of Hudson Highland Group, Inc.
4.1	Letter of Variation, dated June 9, 2011, between Hudson Global Resources (Aust) Pty Limited and Commonwealth Bank of Australia.
10.1	Amendment to Employment Agreement, dated as of March 23, 2011, between Hudson Highland Group, Inc. and Manuel Marquez Dorsch.
31.1	Certification by Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification of the Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2	Certification of the Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101	The following materials from Hudson Highland Group, Inc's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 are furnished herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2011 and 2010, (ii) the Condensed Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010, (iii) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010, (iv) the Condensed Consolidated Statement of Changes in Stockholders' Equity for the six months ended June 30, 2011, and (v) Notes to Condensed Consolidated Financial Statements.

AMENDED AND RESTATED

B Y - L A W S

OF

HUDSON HIGHLAND GROUP, INC.
(a Delaware corporation)

As amended through April 28, 2011

ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in such place, either within or without the State of Delaware, at such place as may be fixed from time to time by the board of directors and as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

Section 2. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. Nominations of persons for election to the board of directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the board of directors or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such business must be a proper matter for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice shall be delivered to the secretary not less than 45 or more than 75 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner and (iii) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting.

In the event that the number of directors to be elected to the board of directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased board of directors made by the Corporation at least 55 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders, a stockholder's notice required by this section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

Only persons nominated in accordance with the procedures set forth in this section shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in this section and in Section 8 of this Article and, if any proposed nomination or business is not in compliance with such procedures, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

Notwithstanding the foregoing provisions of this section or of Section 8 of this Article, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to matters set forth herein. Nothing in such provisions shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under such Act.

Section 5. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation.

Section 6. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chief executive officer or the chairman of the board and shall be called by the chief executive officer, the chairman of the board or the secretary at the request in writing of a majority of the entire board of directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 7. Notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 8. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the board of directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 4 of this Article. Nominations by stockholders of persons for election to the board of directors may be made at such a special meeting of stockholders if the stockholder's notice required by the second paragraph of Section 4 of this Article shall be delivered to the secretary of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting.

Section 9. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to the chairman in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 10. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. When a quorum is present at any meeting, and except as provided in Section 2 of Article II of these by-laws, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 12. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on or after three years from its date, unless the proxy provides for a longer period.

Section 13. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation

Section 14. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 15. If the object of a stockholders meeting is to elect directors or to take a vote of the stockholders on any proposition, then the chairman of the meeting shall appoint a person, who is not a director, as inspector to receive and canvass the votes given at such meeting and certify the result to the chairman.

Section 16. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by proxy, attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE III
DIRECTORS

Section 1. The number of directors constituting the entire board of directors shall be fixed, and may be increased or decreased from time to time, exclusively by resolutions of the board of directors, and such number shall never be more than eleven nor less than five.

The board of directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. The initial division of the board of directors into classes shall be made by the decision of the affirmative vote of a majority of the board of directors. The term of the initial Class I directors shall terminate on the date of the 2004 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2005 annual meeting of stockholders; and the term of the initial Class III directors shall terminate on the date of the 2006 annual meeting of stockholders. At each succeeding annual meeting of stockholders beginning in 2004, successors to the class of directors whose term expires at that annual meeting of stockholders shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. The term "entire board of directors" means the total number of directors which the Corporation would have if there were no vacancies.

A director shall hold office until the annual meeting of stockholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Notwithstanding the foregoing, if the employment by the Corporation of a director who is also an employee of the Corporation is terminated for any reason, then such director shall cease to be a director on the date of such termination of employment without further action by the Corporation.

Section 2. Subject to the rights of the holders of any series of Preferred Stock, any vacancy on the board of directors that results from an increase in the number of directors may be filled by a majority of the board of directors then in office, provided that a quorum is present, and any other vacancy occurring on the board of directors may be filled by a majority of the board of directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

Section 3. The property and business of the Corporation shall be managed by or under the director of its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. Directors must be nominated in accordance with the procedure set forth in Section 4 of Article II hereof. No person shall be qualified to be elected and to hold office as a director if such person is determined by the affirmative vote of a majority of the entire board of directors to have violated either Federal or state law, in a manner contrary to the best interests of the Corporation, to have interests not properly authorized in conflict with the interests of the Corporation, or to have breached any agreement between such director and the Corporation relating to such director’s services as a director or employee of the Corporation.

Section 5. The board of directors shall annually choose, from among them, a chairman of the board, who shall serve as such until a successor is elected. The chairman of the board shall preside at all meetings of the board of directors or of the stockholders of the Corporation. The chairman shall have such other powers and perform such other duties as are provided in these by-laws and, in addition thereto, as the board of directors may from time to time determine.

MEETINGS OF THE BOARD OF DIRECTORS

Section 6. The board of directors of the Corporation, or any committee thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 7. Regular meetings of the board of directors may be held upon such notice, or without notice at such time and at such place as shall from time to time be determined by the board.

Section 8. Special meetings of the full board may be called by the chief executive officer, the chairman of the board or any director by mailing seven days’ written notice to each director or by telephone or by telegraph, telex, facsimile or electronic transmission not less than 24 hours before the meeting.

Section 9. Notice of a meeting need not be given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or a waiver of notice of such meeting.

Section 10. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if minutes are maintained in paper form and shall be in electronic form if minutes are maintained in electronic form.

Section 12. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES

Section 13. There shall be the following committees of the board of directors which shall have and may exercise the authority specified in these bylaws: a Compensation Committee, an Audit Committee, a Nominating and Governance Committee and an Executive Committee, each of which shall (i) consist of the number of directors with the requisite qualifications and (ii) have the responsibilities as set forth in their respective charters. The board of directors may also, by resolution passed by a majority of the whole board, designate one or more other committees, each committee to consist of one or more directors of the Corporation. The Executive Committee shall have and may exercise all the powers and authority of the board of directors in the management of the business, properties and affairs of the Corporation, including authority to take all action provided by law and in the by-laws to be taken by the board of directors, except as such powers are limited by Section 13 of this Article III. All acts done and powers conferred by the Executive Committee shall be deemed to be, and may be certified as being, done or conferred under authority of the board of directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or by these by-laws, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any by-law of the Corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 14. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 15. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. The directors may also be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. The directors may also be granted stock options at the discretion of the board of directors. No such payment or compensation shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

REMOVAL OF DIRECTORS

Section 16. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office only for cause and only by the affirmative vote of the holders of at least seventy percent (70%) of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors.

ARTICLE IV
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at such person’s address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders may also be given by electronic transmission in the manner provided in the Delaware General Corporation Law. Notice to directors may also be given by courier, telephone, telegram, telex, facsimile or electronic transmission or personally.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or waiver by electronic transmission by such person or persons, whether before or after the time stated therein, shall be deemed equivalent thereto. A person entitled to notice of any meeting of the board of directors or stockholders, as the case may be, waives such notice if he or she appears in person or, in the case of a stockholder, by proxy at such meeting, except when the person attends a meeting for the express purposes of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE V
OFFICERS

Section 1. The officers of the Corporation shall be chosen by the board of directors and shall be a chief executive officer, a secretary and a treasurer. The board of directors may also choose one or more vice presidents, one or more assistant secretaries and assistant treasurers and other officers, as it shall deem necessary. Any such officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chief executive officer, a secretary and a treasurer.

Section 3. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors.

Section 4. The officers of the Corporation shall hold office until their successors are chosen and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

THE CHIEF EXECUTIVE OFFICER

Section 5. The chief executive officer shall have general direction and supervision over day-to-day matters relating to the business and affairs of the Corporation, shall implement or supervise the implementation of corporate policies as established by the board of directors and shall be in charge of stockholder relations. He or she shall have such other powers and perform such other duties as the board of directors may from time to time prescribe.

Section 6. He or she shall have the authority to execute bonds, mortgages and other contracts and, except as otherwise provided by law or the board of directors, he or she may authorize any vice president or other officer or agent of the Corporation to execute such documents in his or her place and stead.

THE VICE PRESIDENTS

Section 7. The vice president, if any, or, if there shall be more than one, the vice presidents in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election) shall, in the absence or disability of the chief executive officer, perform the duties and exercise the powers of the chief executive officer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 8. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he or she shall be.

Section 9. The assistant secretary or, if there be more than one, the assistant secretaries in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election), shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 10. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors.

Section 11. He or she shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chief executive officer and to the board of directors at its regular meetings, or when the board of directors so requires, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 12. If required by the board of directors, he or she shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his or her control belonging to the Corporation.

Section 13. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election), shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chief executive officer, or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by that holder in the Corporation.

Section 2. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if that person or entity were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the owner’s legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond or payment of applicable insurance premium in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII
INDEMNIFICATION

Section 1. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. To the extent that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article VII or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Any indemnification under Sections 1 or 2 of this Article VII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VII. Such determination shall be made, with respect to a person which is a director or officer at the time of such determination, (a) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 5. For purposes of any determination under Section 4 of this Article VII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 5 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VII, as the case may be.

Section 6. Notwithstanding any contrary determination in the specific case under Section 4 of this Article VII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VII, as the case may be. Neither a contrary determination in the specific case under Section 4 of this Article VII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 6 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 7. Expenses (including attorneys' fees) incurred by a director or officer of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or pursuant to the direction of any court of competent jurisdiction or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 1 and 2 of this Article VII shall be made to the fullest extent permitted by law. The provisions of this Article VII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VII but whom the Corporation has the power or obligation to indemnify under the provisions of the GCL, or otherwise.

Section 9. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VII.

Section 10. For purposes of Article VII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under Article VII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

Section 11. For purposes of Article VII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves service by, such director, officer, employee, or agent, as the case may be, with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner that person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in Article VII.

Section 12. The indemnification and advancement of expenses provided by, or granted pursuant to this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 13. Notwithstanding anything contained in this Article VII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 6 hereof), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the board of directors of the Corporation.

Section 14. The Corporation may, to the extent authorized from time to time by the board of directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VII to directors and officers of the Corporation.

ARTICLE VIII
GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

CHECKS

Section 4. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors.

SEAL

Section 6. The corporate shall not be required to have a seal.

ARTICLE IX
<u>AMENDMENTS</u>

Section 1. These by-laws may be altered, amended, restated or repealed or new by-laws may be adopted by the board of directors or the stockholders as provided in the certificate of incorporation.

Commonwealth Bank

Commonwealth Bank of Australia
ABN 48 123 123 124

Level 9, Darling Park 1,
201 Sussex Street
Sydney NSW 2000

Telephone 02 9118 7083
Facsimile 02 9118 7660
Internet: www.commbank.com.au

Exhibit 4.1

Mr Mark Leigh
Chief Financial Officer
Hudson Global Resources (Aust) Pty Limited
Level 19, 45 Clarence Street
SYDNEY NSW 2000

9 June 2011

Dear Mark,

Letter of Variation

We are pleased to advise the Bank has agreed to vary the facilities and conditions as set out in Facility Document dated 6th of December 2010 as follows:

Total facility summary

	Existing Facility Limit	New Facility Limit
Contingent Liability Bank Guarantee	$ 2,520,300.00	$ 2,520,300.00
Commercial Overdraft		$ 2,000,000.00
Total Facility Limit	**$ 2,520,300.00**	**$ 4,520,300.00**

Particulars of the facility are set out in the attached Acceptance Document.

The Bank makes the facility available on the terms and conditions in the booklet of Terms and Conditions for Commercial Lending Facilities and the Schedules provided. We also enclose an Information Sheet with some important details of the approval. Please take time to read these documents carefully.

In order to accept this letter of variation, please sign the copy of the Acceptance Document marked "Return to Bank" and return it to this office. The Bank may not be obliged to make facilities available, if conditions set out in clause 14 of the Terms and Conditions for Commercial Lending Facilities are not met. The Information Sheet provides a more detailed explanation.

We are pleased to have been able to assist you with this finance. If you wish to discuss any aspect of the approval please contact me on (02) 9118 7083.

Yours sincerely

George Bougesis
Relationship Executive

Acceptance Document

Client Copy

TO : Commonwealth Bank
Level 9, Darling Park 1,
201 Sussex Street
Sydney NSW 2000

Acceptance of Offer

I / We accept your offer to provide the new facilities set out in the "Letter of Approval" dated 9 June 2011, as follows:

	Existing Facility Limit	New Facility Limit
Contingent Liability Bank Guarantee	$ 2,520,300.00	$ 2,520,300.00
Commercial Overdraft		$ 2,000,000.00
Total Facility Limit	**$ 2,520,300.00**	**$ 4,520,300.00**

I / We request that the new or varied facilities be made available by the Bank to the particular Borrowers identified in the respective Terms Schedules, the Bank's Terms and Conditions for Commercial Lending Facilities (publication dated "130309") and in accordance with and subject to:

- the Conditions after Funding;
- the particulars contained in the Terms Schedule for each of those facilities;
- the particulars in the Security Schedule; and
- the Bank's Fees and Charges Schedule for Commercial Lending Facilities
- copies of which are affixed to this Acceptance Document.

I / We acknowledge receipt of the Terms and Conditions for Commercial Lending Facilities Booklet.

I / We acknowledge that the name of individual persons given to the Bank are true and correct and that the law prohibits the use of false names, as well as the giving, use or production of false and misleading information or documents in connection with the provision of financial services and the making, possession or use of a false document in connection with an identification procedure.

Business Purpose Declaration

I / We declare that each of the credit facilities referred to in this Acceptance Document is to be applied wholly or predominantly for business or investment purposes (or for both purposes).

Date ____/____/____

Execution

By signing this document I/we acknowledge that any Security listed in the Security Schedule extends to cover my/our obligations under the Contract. I/we also acknowledge that any land mortgage listed in the Security Schedule given by me/us on or after 13 June 2005 covers all other moneys I/we owe to the Bank now or in the future on any accounts which are not subject to the Consumer Credit Code.

Acceptance Document

EXECUTED by	)	
Hudson Global Resources (Aust) Pty Limited	)	______________________________
ACN 002 888 762	)	Director
by being signed	)	Full Name: ____________________
by those persons	)	Address: ____________________
who are authorised	)	______________________________
under its constitution	)	
to sign for the	)	
company	)	______________________________
	)	Director/Company Secretary
	)	Full Name: ____________________
		Address: ____________________
		______________________________

Approval Letter Dated: 9 June 2011

Conditions after Funding

Particulars of the additional covenants applying and undertakings given in relation to the facilities ('the Facilities') which the **COMMONWEALTH BANK OF AUSTRALIA** ('the Bank') offers or has offered to the Borrower on terms and conditions including those in clause 17 of the Bank's Terms and Conditions for Commercial Lending Facilities.

Financial Covenants

1.	Fixed Charge Cover Ratio for each will not be less than	Quarter 1.70 times

*Fixed Charge Coverage Ratio is calculated on a 12 month rolling basis and is defined as:

<u>EBIT + Operating Lease expense</u>
Bank Interest expense + Operating Lease expense

EBIT is defined as Earnings before Bank Interest & Taxes (and prior to any distributions/payments to related entities)

2.	Net Worth to Total Tangible Assets for each will not be less than	Quarter 60%

Net Worth is defined as:

<u>Total Net Worth + Subordinated Loans - Intangibles</u>
Total Tangible Assets – Loans to Related Parties

Other Financial Covenants
Maximum Working Capital Draw is to be the lesser of $17,000,000 or 65% of Aged Debtors up to 30 days, where $17,000,000 is the aggregate total of the Receivables Finance and Commercial Overdraft facilities.

Undertakings

Compliance Certificates must be supplied to the Bank quarterly, within 45 days of each quarter end and to be accompanied by quarterly management accounts including Profit & Loss, Balance Sheet and Cash Flow statements, Capital Expenditure Schedule and Aged Debtors Trial Balance (all of which to be prepared in accordance with Australian Accounting Standards), together with the external auditors' quarterly report.	Quarterly 45 days of each quarter end
The Borrower undertakes to provide monthly aged debtors trial balance to the Bank within 14 days of each month end.	Monthly 14 days of each month end
The Borrower undertakes to provide annual audited consolidated Financial statements, and Budgeted Profit & Loss, and monthly Cash Flow for the subsequent financial year, within	120 days of the financial year end

Further Undertakings

- Negative pledge. The Borrower and its controlled entities will not raise any external debt or pledge security without the prior consent of the Bank, other than any debt which is subject to the terms of the Subordination Deed (as defined in the Security Schedule);
- Distributions, payment of interest (other than bank interest), dividends, management fees, repayment of loans, and loans made to any parties outside the Borrower will be restricted to a maximum not exceeding Net Profit After Tax (on a cash accounting basis, the calculation of which is to be confirmed by external auditors). Distributions will not be allowed whilst there is any breach of covenant and / or any other terms and conditions of the facilities;
- Additional loans to Hudson Global Resources (NZ) Limited are allowed to a maximum amount of NZ$1,500,000. This is in addition to the existing loan outstanding of NZ$16,026,088. Should additional drawings be allowed, they are to be made within the restriction referred to above;
- The Borrower undertakes not to vary the terms of the Intercompany Loan Agreement between Hudson Global Resources (Aust) Pty Limited (A.C.N. 002 888 762) and Hudson Global Resources (NZ) Limited without the Bank's prior written consent; and
- All taxation obligations are to be met as and when they fall due.

Amendment to Commercial Lending Terms & Conditions

The definition of Related Party as defined under Part 1 of the Commercial Lending Terms & Conditions is deleted and replaced by the following:

"**Related Body Corporate**" means in respect of the Borrower, each of:

(i) Hudson Highland Group Inc;

(ii) Hudson Highland (APAC) Pty Limited;

(iii) each subsidiary of Hudson Highland (APAC) Pty Limited that is incorporated in Australia, New Zealand or the United States of America; and

(iv) any direct or indirect holding company or holding entity of Hudson Highland (APAC) Pty Limited.

The Borrower further acknowledges that prior to signing the Acceptance Document, that it has satisfied itself that it understands the full nature and effect of its liabilities and responsibilities and rights and entitlements of the Bank and has obtained all appropriate advice, legal or otherwise, to enable it to understand fully the nature and effect of its liabilities and responsibilities to and rights and entitlement of the Bank under the terms and conditions applying to the Facilities

Contingent Liability Bank Guarantee
Approval Letter Dated: 9 June 2011
Purpose: Rental bonds for leased premises
Particulars of a Contingent Liability facility made available or to be made available by **COMMONWEALTH BANK OF AUSTRALIA TO THE BORROWER** described below.

Item 1	Borrower	**Hudson Global Resources (Aust) Pty Limited** **ACN 002 888 762**
	Address	**Level 19,** **45 Clarence Street** **Sydney NSW 2000**
Item 2	Limit	$2,520,300.00 Subject to annual review and the Bank's rights to reduce or cancel the Limit
Item 3	Not applicable	
Item 4	Not applicable	
Item 5	Not applicable	
Item 6	Not applicable	
Item 7	Not applicable	
Item 8	Not applicable	
Item 9	Not applicable	
Item 10		Nominated Account Number 200010615531
Item 11	Not applicable	
Item 12	**Fees** - Refer to the Fees and Charges Schedule for Commercial Lending Facilities attached.	
Item 13	**Security** - Refer Security Schedule attached.	
Item 14	**Specific Conditions of Use**	

Terms Schedule
Commercial Overdraft
Approval Letter Dated: 9 June 2011

Purpose: Working Capital
Particulars of an Overdraft made available by **COMMONWEALTH BANK OF AUSTRALIA TO THE BORROWER** described below.

Item 1	Borrower	**Hudson Global Resources (Aust) Pty Limited** **ACN 002 888 762**
	Address	**Level 19,** **45 Clarence Street** **Sydney NSW 2000**
Item 2	Limit	$2,000,000.00

Subject to annual review and the Bank's rights to reduce or cancel the Limit.

Item 3 **Term** Until the overdraft is cancelled and repaid, the overdraft is repayable on demand which the Bank may make at any time

Item 4 Not applicable
Item 5 Not applicable
Item 6 Not applicable
Item 7 Not applicable
Item 8 Not applicable

Item 9 **Interest Rate**

Index Rate: Overdraft Index Rate

Frequency with which interest is debited	Monthly
Details as at the date this Terms Schedule was prepared:	
Index Rate per annum	11.24%
Margin to Index Rate	- 2.00%
Nominal Rate per annum	9.24%
Rate per debiting period	0.77%

Interest Rate applying to excesses - Overdraft Index Rate plus 4.50% pa

Item 10 Not applicable

Item 11 Not applicable

Item 12 **Fees** - Refer to the Fees and Charges Schedule for Commercial Lending Facilities attached.

Item 13 **Security** - Refer Security Schedule attached.

Item 14 **Specific Conditions of Use**

In addition to the matters in clause 14.1 of the Terms and Conditions, the Bank has obligations under the Contract only if the following special conditions have been satisfied:-

COMMONWEALTH BANK OF AUSTRALIA
ABN 48 123 123 124

SECURITY SCHEDULE

Approval Letter Dated: 9 June 2011

Borrower: **Hudson Global Resources (Aust) Pty Limited ACN 002 888 762**

Existing Securities comprise of:

- A first registered Company Charge by Hudson Global Resources (Aust) Pty Limited (A.C.N. 002 888 762) over the whole of its asset(s) and undertaking(s) including uncalled capital.

- A Guarantee unlimited as to the amount by Hudson Highland (APAC) Pty Limited (A.C.N. 074 319 396) supported by:

  - A first registered Company Charge by Hudson Highland (APAC) Pty Limited (A.C.N. 074 319 396) over the whole of its asset(s) and undertaking(s) including uncalled capital.

- Deed of subordination by Hudson Global Resources (Aust) Pty Limited (A.C.N. 002 888 762), Hudson Highland (APAC) Pty Limited (A.C.N. 074 319 396) and Hudson Highland Group Inc, in respect to all outstanding loans between them, in favour of the Bank. ("**Subordination Deed**"); and

- Letter of Waiver & Authority to pay/set off over Cash Deposit account (Account number: 34508003) by Hudson Global Resources (Aust) Pty Limited for $2,520,300.00 *(Currently funds lodged total $1,772,653 in line with drawn contingent liabilities, however, additional bank guarantees drawn will require additional funds lodged).*

COMMONWEALTH BANK OF AUSTRALIA
ABN 48 123 123 124
Approval Letter Dated: 9 June 2011

FEES AND CHARGES SCHEDULE FOR COMMERCIAL LENDING FACILITIES

Name	When Payable	Amount/Method of Calculation
BANK FEES		
Establishment Fee	On approval	$5,000.00
Settlement Fee	On settlement	$300.00
Stamping Lodgement Fee	On lodgement of security for stamping Where documents are required to be stamped in multiple jurisdictions (eg. Stamps Office NSW, Qld etc.) charge is applicable for each lodgement for stamping at each jurisdiction.	$150.00
Registration Lodgement Fee	On lodgement of documents for registration Where documents are required to be lodged at different registries (eg. Land Titles Office, ASIC, etc.), charge is applicable for each lodgement at each registry.	$150.00
NON BANK FEES		
Loan Security Duty / Stamp Duty	When security documentation is executed	$8,000.00
Land Titles Office* Registration Fee	On registration of document.	$ 98.00
Australian Securities and Investment Commission Registration Fee	On registration of Equitable Mortgage or Charge.	$135.00
Land Titles Office* Registration of Discharge Fee	On registration of discharge of document.	$ 98.00
Australian Securities and Investment Commission Registration of Discharge Fee	On registration of discharge of Equitable Mortgage or Charge.	$ 65.00

* (Land Titles Office referred to in this Fees and Charges Schedule is used as a generic description of the registry in each State and Territory where registration of dealings with title to land must be effected)

The above non Bank fees are indicative only. While the Bank believes the stated fees to be correct they are based on assumptions which may in fact be incorrect due to changes in circumstances or to legislation or interpretation.

CONTINGENT LIABILITY		
Guarantee Fee	Half yearly in advance	2% per annum (or 1% per half year). Issue Fee $300.00 per guarantee issued
OVERDRAFT		
Overdraft Line Fee	First business day of each month and on cancellation of the limit.	1.12% per annum payable on the peak limit or peak debt where the debit balance exceeds the limit during the previous month.
Account Service Fees	The Bank's normal Account Service Fees based on transaction and collection charges may apply. The fees, where applicable, are charged monthly on the first business day of each month and on closure of the account.	

The Bank has the right to vary any fee and to impose and debit to the Nominated Account or the Loan Account any new fee subject to and in accordance with clause 11.5 of the Bank's Terms and Conditions for Commercial Lending Facilities.

The Bank has the right to debit the Nominated Account or the Loan Account with any new or any increased Government charge, stamp duty and other government duties payable (whether by the Bank or the Borrower) under, or in respect of the Agreement, the Nominated Account, the Loan Account, a Facility or the Security, as and when the same are payable, subject to and in accordance with clause 11.5 of the Bank's Terms and Conditions for Commercial Lending Facilities.

Compliance Certificates – General

Post To:
George Bougesis
Relationship Executive
Commonwealth Bank ("the Bank")
Level 9, Darling Park 1,
201 Sussex Street
Sydney NSW 2000

COMPLIANCE CERTIFICATE for the period ending .…/…../…..

Certification

Borrower's Name: **Hudson Global Resources (Aust) Pty Limited ACN 002 888 762**

- We enclose:
  - a schedule detailing calculation of the financial covenants applying to our Bank facilities for the period to ………………………… as required under the terms and conditions for the facilities we have with the Bank; and
  - For the undermentioned entities for the financial year up to the end of …………………………:

    Balance sheet and detailed profit and loss statement

    Entities to which the financial and trading information relates:

    Hudson Global Resources (Aust) Pty Limited

- During the period stated above:-
  *(*delete as appropriate*)
  - there ***has / has not** been any material change in the nature of the business activities of …………………………………………………and its Related Parties as defined in conditions applying to our Bank facilities (if any);
  - there ***have / have not** been material changes to the shareholding, ownership or management of …………………………………………………………………. and those Related Parties (if any);
  - All taxes ***have / have not** been paid when due
  - ***No entity / An entity** has become a Related Party of the Borrower since the date of the last Compliance Certificate

The particulars of the material changes in the period to which we refer above are as follows:

Declaration

I certify that:

- the information in this certificate and the enclosed schedules and other enclosed financial particulars reflect the current financial position and the current issues affecting the financial position of …………………………………………….. and its Related Parties as noted above (if any) accurately; and

- …………………………………………….. is not in breach of the terms and conditions of the facilities we have with the Bank or any other financial institution nor are we aware of any event that may or could constitute a breach of the terms and conditions for such facilities.

Signature Director / Proprietor	Date
Signature Director / Proprietor	Date

COMPLIANCE CERTIFICATE for the period ending ...../...../.....

Financial Covenant Calculations
on a consolidated basis

Fixed Charge Cover Ratio

$$\frac{\underset{\text{Earnings Before Interest \& Taxes}}{\boxed{}} + \underset{\text{Interest expense + Operating Lease rentals}}{\boxed{}}}{\underset{\text{Bank Interest expense + Operating Lease rentals}}{\boxed{}}} = \boxed{}$$

$$\text{Net Worth} = \frac{\underset{\text{Total Net Worth}}{\boxed{}} + \underset{\text{Subordinated Loans}}{\boxed{}} - \underset{\text{Intangibles}}{\boxed{}}}{\underset{\text{Total Tangible Assets}}{\boxed{}} - \underset{\text{Loans to Related Parties}}{\boxed{}}} = \underset{\%}{\boxed{}}$$

The above information is hereby certified as being correct

______________________________ ______________________________
Signature Date
Director / Proprietor

______________________________ ______________________________
Signature Date
Director / Proprietor

COMPLIANCE CERTIFICATE for the period ending ...../...../.....

Financial and Trading Information
on a consolidated basis

Trade Debtor Details		**Actual as at Period End $**
1.0	0-30 days	
1.1	31-60 days	
1.2	61-90 days	
1.3	**Sub Total < 91 Days**	
1.4	91 days +	
1.5	**Total Trade Debtors**	

Creditor Details			**Actual as at Period End $**
2.0	0-30 days	Trade	
2.1	31-60 days	Trade	
2.2	61-90 days	Trade	
2.3	91 days +	Trade	
2.4	**Total Trade Creditors**		
2.5	Sundry Creditors/Accruals		
2.6	**Total Creditors**		

Other Details		**Actual as at Period End $**
3.0	Obsolete Stock	
3.1	Stock subject to supplier retention of title (Romalpa)	
3.2	Sale of fixed (non current) assets	
3.3	Purchase of fixed (non current) assets	
3.4	New borrowings from other financiers including hire purchase and lease finance	
3.5	Contingent Liabilities entered into (Financial Guarantees, Leasehold Agreements, Trade Guarantees etc.)	
3.6	Are any judgements pending / have any judgements been awarded against the business?	Yes / No
	If yes, Total amount of the Judgement	

The above information is hereby certified as being correct

Signature
Director / Proprietor

Date

Signature
Director / Proprietor

Date

MANAGEMENT ACCOUNT EXTRACT

Borrower's Name: **Hudson Global Resources (Aust) Pty Limited ACN 002 888 762**

For the period ended ...../...../.....
on a consolidated basis

Income & Expense Details		**Actual this period $ (A)**	**Actual YTD $ (B)**
4.0	Net Sales/Revenue		
4.1	Other Income		
	Less		
4.2	Cost of Goods Sold		
4.3	Depreciation Expense and Amortisation		
4.4	Directors' Salaries/Wages		
4.5	Interest Expense		
4.6	Other Expenses		
4.7	**Net Profit/(Loss) Before Tax**		
4.8	Income Tax Expense		
4.9	Drawings		
4.10	Dividends paid / declared		

Current Assets - Cash		**Actual as at Period End $**
5.0	Cash	
5.1	Short term deposits/Investments	

Inventory Details		**Actual as at Period End $**
6.0	Raw Materials	
6.1	Work in Progress	
6.2	Finished Goods	
6.3	**Total Inventory**	

Net Worth		**Actual as at Period End $**
7.0	Total Assets	
	Less	
7.1	Non-Tangible Assets (goodwill, copyright, patents and licences etc)	
7.2	Loans to Beneficiaries, shareholders, directors and Related Parties	
7.3	**Total Tangible Assets**	
7.4	Total Liabilities	
	Less	
7.5	Loans from Beneficiaries, shareholders, directors and Related Parties	
7.6	**Total External Liabilities**	
7.7	Total Interest Bearing Debt	

Other Details		**Actual as at Period End $**
8.0	Total current assets	
	Less	
8.1	Amount of Loans to Beneficiaries, shareholders, directors and Related Parties due and payable within twelve months	
8.2	**Current Assets**	
8.3	Total current liabilities	
8.4	Amount of Loans from Beneficiaries, shareholders, directors and Related Parties due and payable within twelve months	
8.5	**Current Liabilities**	

The above information is hereby certified as being correct

Signature
Director / Proprietor

Date

Signature
Director / Proprietor

Date

Any comments in respect of the above information should be provided in appendix form to the Schedule

Information Sheet

Withdrawal of approval
The Bank may withdraw its approval of a facility:

- for a variable rate facility, if the Bank does not receive the Acceptance Document and attached documents, including the Terms Schedule for the facility signed or executed by the Borrower within two calendar months of the date of the approval letter which enclosed this information sheet; or

- for a fixed rate facility (other than a BetterBusiness Loan - Fixed Rate Residentially Secured), if:

  - the Bank does not receive the Borrower's signed or executed Acceptance Document and attached documents, including the completed Letter of Authority and the Initial Terms Schedule signed or executed by the Borrower within one calendar month of the date of the approval letter which enclosed this information sheet, or

  - the person approved by the Borrower under the Letter of Authority does not agree with the Bank the particulars to be included at Items 4, 6, 7, 8 and 9 of the Fixed Rate Terms Schedule within one calendar month of the date the Bank receives the Acceptance Document signed or executed by the Borrower.

Although under no obligation to do so, the Bank may decide not to withdraw its approval subject to:

Other fees
Please refer to the approval letter and the Fees and Charges Schedule for Commercial Lending Facilities for details of other Bank fees and non Bank fees applicable. Under the Terms and Conditions for Commercial Lending Facilities (the Terms and Conditions), the Bank is entitled to vary the amount of any fee and to impose any new fee.

The following additional points are also important to note:

Loan Interest Rates and Bill Rates - Fixed Rate Facilities
The Bank makes no prediction, representation or statement of opinion as to movements in rates or as to the benefits of fixed or variable rate finance.

However, further information on rates and market conditions is available from the Bank's Treasury Services dealing centres. We will be happy to provide you with a contact name and telephone number if required.

Variable Rate Option:
If the term of a fixed rate facility specified in Item 3 of the Terms Schedule for that Facility exceeds the fixed rate period in Item 8 of the Terms Schedule, at the end of that period or any subsequent fixed rate period you have the option to change the Loan interest rate or Bill Rate to a variable interest rate or variable Bill Rate or to continue with a fixed rate for a further period, at the then current fixed rate offered for the further period.

If you fail to exercise an option, you will be taken to have chosen to change the interest rate or Bill Rate on the Facility to a variable rate.

Property-Inspection/Valuation
The inspection or valuation of the Security Property, the titles to it and any other legal requirements connected with a Facility must be to the Bank's satisfaction before the Bank is under any obligation to make the Facility available. Any expenses incurred by the Bank in these investigations must be paid by the Borrower whether or not the Facility is granted.

Insurance
Insurance is to be for the full replacement value of the asset and assigned to the Bank as mortgagee. Policy (ies) is/are to be issued by an insurer acceptable to the Bank and a copy of each delivered to the Bank if requested. Item 14 of the Terms Schedule details any specific insurance requirements of the Bank (in addition to general requirements under the mortgage over the security).

Financial Disclosure
A copy of the financial statements for the most recent financial year is to be provided once each year within one hundred and twenty days (120) of the close of a financial year, or more often if required by the Bank. The Bank may also require additional information as set out at Clause 15.2 of the Terms and Conditions.

General
We emphasise that the loan funds will not be released until security documentation has been completed.

If you believe that any representation(s), relevant to your acceptance of the offer in the approval letter and supporting documentation has been made to you that is not contained in the Terms and Conditions or the Terms Schedules, please let us have your written details in order that the matter may be clarified.

Code of Banking Practice
If you are an individual or small business, relevant provisions of the Code of Banking Practice will apply to these facilities. A copy of the code is available from the Bank upon request.

If the Borrower is a company, the documents have been prepared for execution under hand. No seal is required.

The covenants include the Borrower's ongoing compliance with certain key financial performance and balance sheet ratio requirements or both. The Borrower must satisfy itself as to the reasonableness of these covenants. Any breach of the covenants is a default under the terms and conditions of the facilities.

The general undertakings include the ongoing provision to the Bank by the Borrower of certain financial and other information on a periodical basis. This information will consist of a Compliance Certificate, which contains a summary of certain financial information, and the Borrower's internal management accounts.

AMENDMENT TO EMPLOYMENT AGREEMENT

Amendment to Employment Agreement (this "***Amendment***"), by and between Hudson Highland Group, Inc. (the "***Company***") and Manuel Marquez Dorsch (the "***Executive***"), dated May 23, 2011.

WHEREAS, the Company and the Executive desire to amend the Hudson Highland Group CEO Employment Agreement, dated March 7, 2011 (the "***Agreement***"), by and between the Company and the Executive.

NOW, THEREFORE, in consideration of the conditions and mutual covenants contained in this Amendment and the Agreement, the parties agree as follows:

1. Section 6(c) of the Agreement is deleted in its entirety and replaced with the following:

The Company will reimburse the travel expenses for the Executive and the Executive's spouse for their first trip to New York. The Company will also provide the Executive an allowance for the Executive, his spouse and his three children to travel between New York and Madrid, Spain twice each year during the Term based on the reasonable estimate of business class airfare no more than 60 days in advance of such travel.

2. Except as expressly set forth in this Amendment, the Agreement shall remain in full force and effect and this Amendment shall not otherwise modify or amend any of the terms, conditions, obligations or agreements contained in the Agreement.

3. Notwithstanding principles of conflicts of law of any jurisdiction to the contrary, all terms and provisions to this Amendment are to be construed and governed by the laws of the State of New York without regard to the laws of any other jurisdiction in which the Executive resides or performs any duties.

4. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[Rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment.

		Hudson Highland Group, Inc.
/s/ Manuel Marquez Dorsch	By:	/s/ Margaretta R. Noonan
Signature of Executive		Signature of Authorized Representative
Manuel Marquez Dorsch	Its:	Senior Human Resources Officer
Print Name		Title of Representative

Exhibit 31.1

CERTIFICATIONS

I, Manuel Marquez Dorsch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Highland Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2011

/s/ Manuel Marquez Dorsch

Manuel Marquez Dorsch
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Mary Jane Raymond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Highland Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2011

/s/ Mary Jane Raymond

Mary Jane Raymond
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Written Statement of the Chairman and Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chairman and Chief Executive Officer of Hudson Highland Group, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Manuel Marquez Dorsch
Manuel Marquez Dorsch
August 3, 2011

Exhibit 32.2

Written Statement of the Executive Vice President and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Executive Vice President and Chief Financial Officer of Hudson Highland Group, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mary Jane Raymond

Mary Jane Raymond
August 3, 2011