Rubicor

Half Year Results
31 December 2011

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Financial Summary

Financial Highlights	1H 2012 $'m	1H 2011 $'m	Change %
Total Revenue	149.6	145.9	+3%
NDR (Gross Margin)	30.6	32.7	-6%
EBITDA	4.6	5.9	-22%
Underlying NPAT[1]	0.0	-0.3	
Statutory NPAT[2]	-20.2	-2.1	
Underlying EPS[1] before interest and tax (cents)	0.0	-0.3	
Operating cash flow before interest and tax	6.1	2.5	
Operating cash flow	2.3	-2.0	

[1] Before asset impairment ($19.5m), amortisation of intangibles ($0.8m), and notional interest on deferred payments for business acquisitions ($0.4m) under AIFRS

[2] After impairment charge of $19.5 m, reflecting impact of challenging conditions and uncertainty over timing of recovery on certain Rubicor businesses

Operational highlights

- Market conditions challenging in particular in Q2
- Exploiting two-speed economy with resilience in:
  - WA & ACT
  - Mining and resources, insurance, engineering & government
- Consultant base at appropriate level:
  - Adding in selective growth sectors
  - Reducing where markets constrained
- Focus on sustainable growth:
  - Investment in workforce training and technology
  - Assessing and reviewing projects to produce efficiencies
  - Developing annuity streams to future proof income

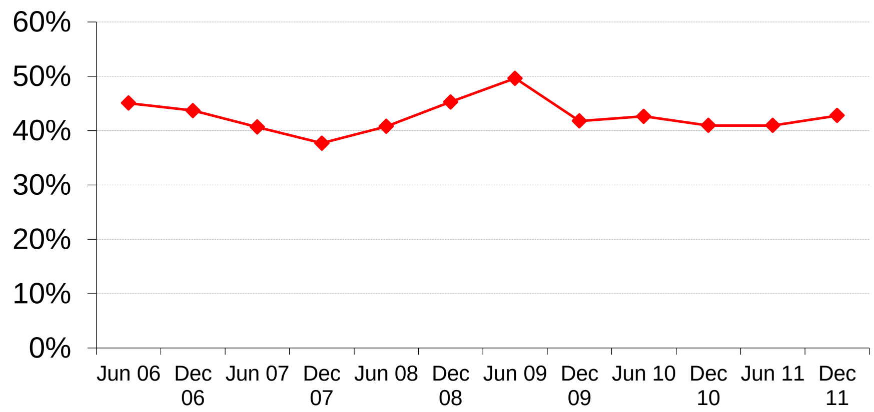
Capital management

- Capital management:
  - No dividend declared
  - Operating cash flow before interest and taxation $6.1 million = strong conversion of EBITDA to cash
- Financing:
  - Compliance with covenants during H1
  - Debt facilities and covenant thresholds amended after 31 December to align more closely with current conditions
- Vendor acquisition model:
  - Earn out payments of $6.4 million paid during the six months
  - Balance of $4.2 million on track to be extinguished by 2014
  - In difficult conditions future earn-outs reducing, demonstrating flexibility of model

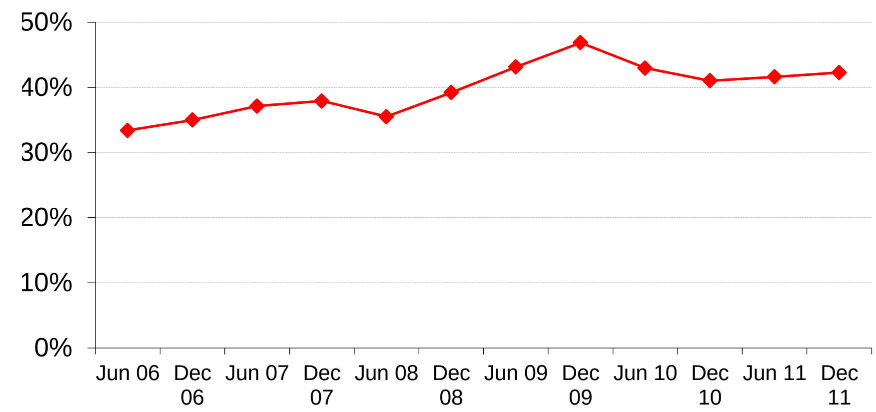
Key operating indicators

- Indicators easing in tough conditions although better alignment of cost base ensures not returning to GFC levels

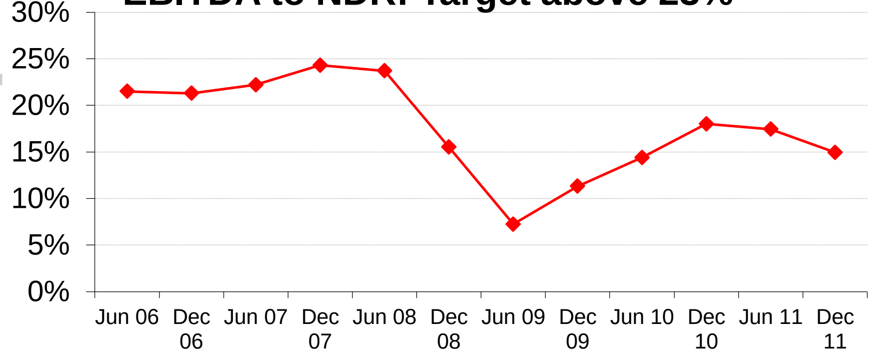
Consultant costs to NDR:Target below 40%



Other costs to NDR

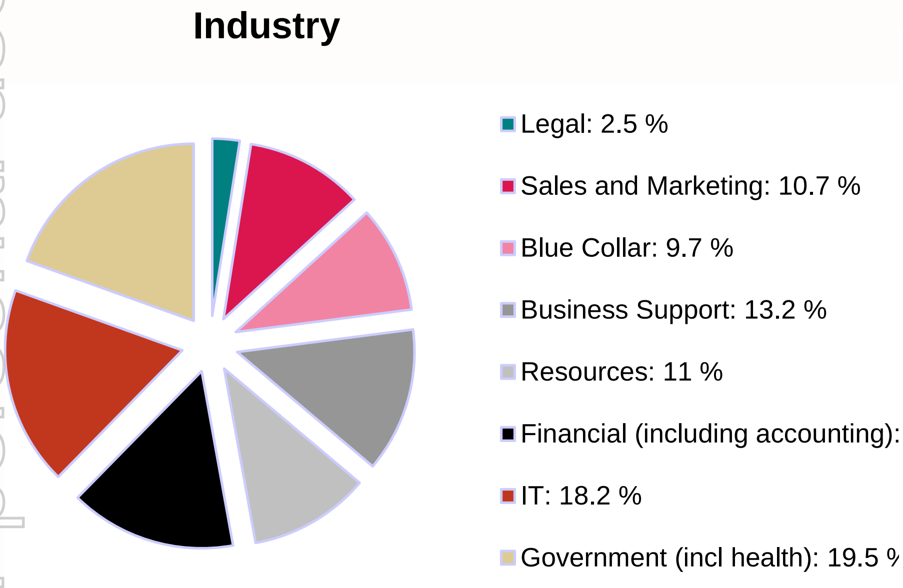


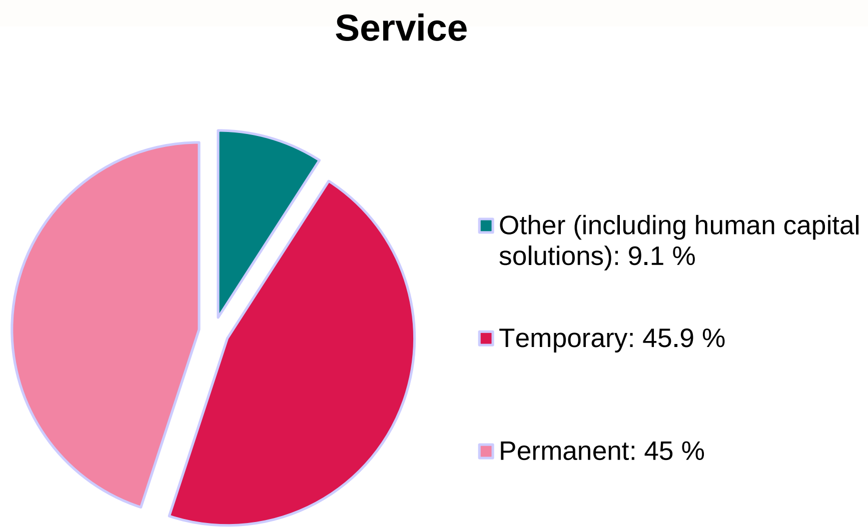
EBITDA to NDR: Target above 23%



Business profile (NDR)

- Diversity: Continue to exploit growth across two speed economy
- Service mix in 1H12: Temporary stable, Permanent declined, Other growing

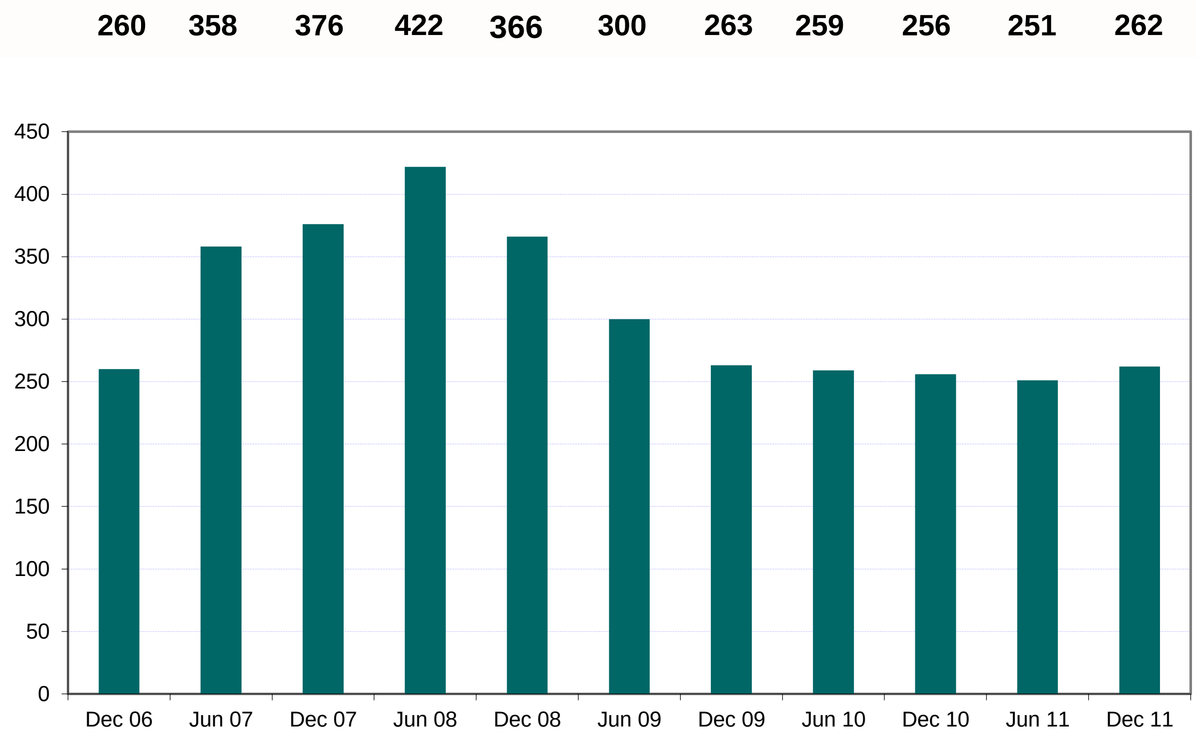




Consultants

- Numbers stable – appropriate base for current conditions
- Added consultants in selected growth markets
- Reduced where conditions challenging

Total consultant numbers



Underlying profitability

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6 months ended 31 December	2011 $M	2010 $M	Change %
Revenue	**149.6**	**145.9**	**2.5%**
NDR (Gross margin)	30.6	32.7	**-6.4%**
EBITDA	**4.6**	**5.9**	**-22.0%**
Depreciation	-0.3	-0.5	
EBIT	**4.3**	**5.4**	**-20.4%**
Finance costs – amortisation	-0.4	-1.0	
Finance costs – interest/charges	-3.3	-4.1	
Profit Before Tax	**0.6**	**0.3**	**100.0%**
Tax	-0.2	-0.1	
Cash interest on vendor liabilities	-0.2	-0.4	
NPAT	**0.2**	**-0.2**	**>100%**
NPAT attributable to equity holders	**0.0**	**-0.3**	
EPS (cents)	**0.0**	**-0.3**	

Financial position

	31/12/11 $M	30/06/11 $M	Change %
Cash	4.0	2.0	100%
Receivables	32.7	37.2	-12%
Goodwill	49.0	70.3	-30%
Identifiable intangibles	2.7	3.4	-21%
Other assets	10.7	11.1	-4%
Total Assets	**99.1**	**124.0**	**-20%**
Current Liabilities			
Trade payables	20.0	23.2	-14%
Deferred vendor consideration	2.7	6.3	-57%
Borrowings	89.9	83.5	8%
Other liabilities	2.0	1.8	11%
Non Current Liabilities			
Deferred vendor consideration	0.6	4.6	-87%
Borrowings – acquisitions debt	2.4	2.4	0%
Other liabilities	0.9	1.1	-18%
Total Liabilities	**118.5**	**122.9**	**-4%**
Net Assets	**-19.4**	**1.1**	
Net Asset backing (cents)	**-17.7**	**1.0**	

Vendor payment profile

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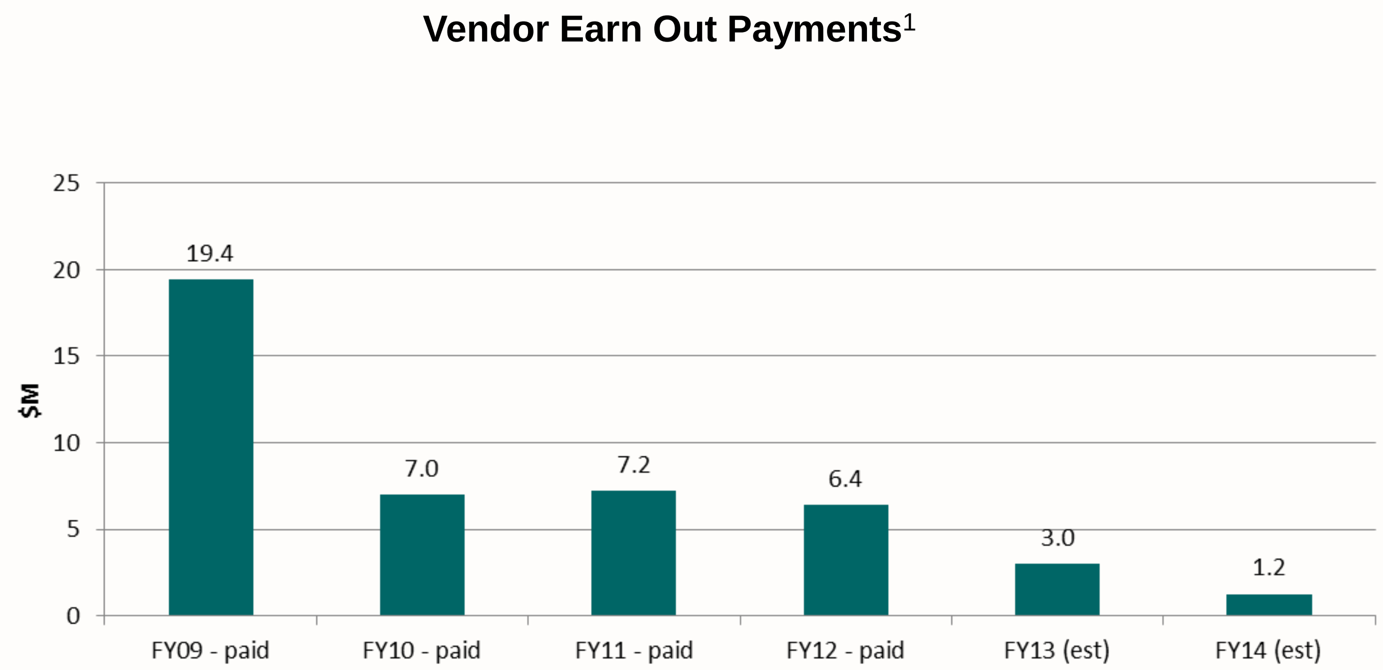
- Vendor payments on track to be extinguished in 2014



1 Estimated vendor earn out payments for FY 13 and FY 14 at future value of $4.2m.
Balance sheet (Deferred vendor consideration) at present value of $3.3m.

Outlook

Short term

- External conditions remain challenging
- Strategic alignment:
  - Align costs to revenue where recruitment constrained
  - Capitalise on growth sectors
- Investment:
  - Workforce training and technology to strengthen performance
  - Projects identified to drive efficiencies e.g. Cloud outsourcing commenced with savings anticipated from FY13
- Capital discipline and debt reduction

Long term

- Rubicor model sound with specialisation and scalability
- Skills shortages, wages growth, mobility of labour present good opportunities for recruiters when macro conditions improve

Appendices

Statutory profitability

6 months ended 31 December	2011 $M	2010 $M	Change %
Revenue	**149.6**	**145.9**	**2.5%**
NDR (Gross margin)	**30.6**	**32.7**	**-6.4%**
EBITDA	**4.6**	**5.9**	**-22.0%**
Depreciation	-0.3	-0.5	
Amortisation	-0.8	-1.6	
EBIT	**3.5**	**3.8**	**-7.9%**
Notional interest on vendor liabilities	-0.4	-0.7	
Finance costs – amortisation	-0.4	-1.0	
Finance costs – interest/charges	-3.3	-4.1	
Impairment charge	-19.5	0.0	
Loss Before Tax	**-20.1**	**-2.0**	
Tax	0.1	0.1	
NPAT	**-20.0**	**-1.9**	
NPAT attributable to equity holders	**-20.2**	**-2.1**	
EPS (cents)	**-18.4**	**-1.9**	

Reconciliation: statutory to underlying

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Underlying NPAT adjusts for significant items, AIFRS-required amortisation, notional interest on vendor liabilities and asset impairment

6 months ended 31 December	2011 $M	2010 $M
Statutory NPAT – Equity holders	**-20.2**	**-2.1**
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	0.8	1.6
Notional interest on vendor liabilities	0.4	0.7
Impairment charge	19.5	0.0
Deduct: Cash interest on vendor liabilities	-0.2	-0.4
Tax effect	-0.3	-0.1
Underlying NPAT – Equity holders	**0.0**	**-0.3**