28 February 2011

Rubicor: Half year results to 31 December 2010

<u>Financial Highlights</u>

	31 December 2010	31 December 2009	Change
Total Revenue	$145.9m	$136.5m	+ 6.9%
NDR (Gross Margin)	$32.7m	$29.7m	+10.1%
Underlying EBITDA [1]	$5.9m	$3.5m	+68.6%
Statutory EBITDA	$5.9m	$3.4m	+73.5%
Underlying NPAT[1&2]	$(0.2)m	$(1.3)m	
Statutory NPAT	$(1.9)m	$(5.0)m	
Underlying EPS [3]	(0.3)c	(1.1)c	
Operating cash flow	$2.5m	$0.5m	

Rubicor Group Limited (ASX:RUB) today announced underlying EBITDA for the half year of $5.9 million, a 69 per cent improvement over the prior comparative period and at the higher end of the range announced to the market on 19th November 2010. After interest expense and taxation, an underlying loss of $0.2 million and a statutory loss of $1.9 million were recorded.

Ms Jane Beaumont, CEO of Rubicor, commented on the results, "Over the last six months, we have seen continued momentum in our businesses. This has been driven by increased demand for jobs in higher growth sectors of the economy, for example mining and resources, engineering, I.T., finance and insurance. Our businesses are close to their respective markets and, being boutique in nature, they can move quickly to meet growing demand.

"As a result of the positive impact of decisions taken in prior periods to streamline our cost structures and optimise consultant productivity, our NDR to EBITDA conversion rate for the period rose to 80 per cent."

Performance

Overall revenue increased from $136 million to $146 million, a seven per cent increase. There has been greater activity in the hiring of permanent staff, an indication of growing confidence in the job market. Pricing pressure in large volume business has been countered with promotion of the high value services provided by our specialist businesses.

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[1] Before significant items 1H11:nil; 1H10: $0.1million
[2] Before amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS, and impairment of non-current assets
[3] Before interest and taxation

Consultant numbers were broadly steady while consultant productivity and efficiency improved. Effective cost management continued in other key areas. The overall measure of performance, EBITDA to NDR, averaged 18 per cent, up from 11 percent in the prior comparative period.

Capital Management and Debt Refinancing

Prudent capital management and debt refinancing are key priorities for Rubicor and the Directors have not declared a dividend for this half year.

Rubicor is operating within its banking covenants as it has done continuously since July 2009. In August 2010, the bank extended the debt facilities through to 31 July 2011.

Operating cash flow for the year was $2.5 million reflecting good conversion of EBITDA to cash. $1.3 million of bank debt was repaid during the half year.

Outlook

Commenting on the near-term outlook, Ms Beaumont said, "As sectors are showing growth in demand for jobs, we are investing in front line resources including training and development programs to strengthen our capabilities.

"With 23 operating companies, it is taking time for the improvements we have made to staff, leadership and efficiency practices to be uniformly reflected in the results of each company. Apart from consistency of performance, my key priorities are targeted expansion of our services, ensuring we have the technology and tools to support our people and future growth, ongoing attention to efficiency, capital discipline and debt refinancing.

"Over the longer term, we believe that skills shortages will again be a key issue for the Australian economy. We are experiencing this today in specific high growth sectors and skill groups. These shortages, together with the attendant wages growth, present excellent opportunities for us as recruiters." Ms Beaumont concluded.

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For more information please visit www.rubicorgroup.com.au.