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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**General Purpose Financial Statements**

**For the Half-Year Ended 31 December 2009**

**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

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**For the half-year ended 31 December 2009**

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Directors' Report**

**For the half-year ended 31 December 2009**

Your directors present their report on the Company and its controlled entities for the half-year ended 31 December 2009.

**1. General information**

**(a) Directors**

The names of the directors in office at any time during, or since the end of, the half-year are:

**Names**

Robert Aitken

Jane Beaumont

Wayman Chapman

John Pettigrew

Russel Pillemer

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**2. Business Review**

**(a) Review of operations**

The Directors report that total revenue for the six months to 31 December 2009 was \$136,540,000 (2008: \$178,821,000), a decrease of 23.6%. The Group loss after tax for the period was \$4,991,000 (2008: \$20,833,000). These results have been reviewed by our auditors.

**(b) Dividends**

No interim dividend has been paid in the current half year (2008: nil).

In addition, dividends were paid on redeemable preference shares totalling \$333,000 (2008: \$2,791,000), included with finance costs.

**3. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 4.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Directors' Report

for the half-year ended 31 December 2009

4. Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001:

On behalf of the Directors

Director



---

Jane Beaumont

Director



---

Robert Aitken

Dated this 23rd day of February 2010.

23 February 2010

Dear Board Members

**Rubicor Group Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Rubicor Group Limited.

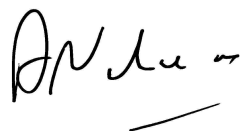
As lead audit partner for the review of the financial statements of Rubicor Group Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Alfred Nehama**  
Partner  
Chartered Accountant  
23 February 2010

## **Independent Auditor's Review Report to the Members of Rubicor Group Limited**

We have reviewed the accompanying half-year financial statements of Rubicor Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 20.

### *Directors' Responsibility for the Half-Year Financial Statements*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rubicor Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

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

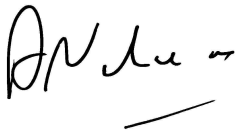
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1(d), "Going Concern", in the financial statements which indicates that the consolidated entity incurred a net loss of \$4,991,000 during the half year ended 31 December 2009 and, as of that date, the group's current liabilities exceeded its current assets by \$67,244,000. These conditions, along with other matters as set forth in Note 1(d), "Going Concern", indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.



DELOITTE TOUCHE TOHMATSU



**Alfred Nehama**  
Partner  
Chartered Accountant  
23 February 2010

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Directors' Declaration**

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Jane Beaumont

Director



Robert Aitken

Director

Sydney

Dated the 23rd day of February 2010



Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed consolidated statement of comprehensive income  
for the half-year ended 31 December 2009

	Notes	Half-year ended 31 Dec 09 \$000	Half-year ended 31 Dec 08 \$000
Revenue		136,238	178,448
Other income		302	373
On hired labour costs		(106,839)	(129,866)
Employee benefits expense		(16,596)	(27,277)
Rental expense on operating leases		(2,535)	(3,032)
Other expenses	2	(7,207)	(11,034)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		3,363	7,612
Depreciation of property, plant and equipment	2	(549)	(582)
Amortisation of intangible assets		(3,034)	(3,185)
Finance costs	2	(4,775)	(6,932)
Impairment losses relating to goodwill	6	-	(18,230)
<b>Loss before income tax benefit</b>		<b>(4,995)</b>	<b>(21,317)</b>
Income tax benefit	3	4	484
<b>Loss for the period</b>		<b>(4,991)</b>	<b>(20,833)</b>
<b>Other comprehensive (loss)/income</b>			
Exchange differences arising on translation of foreign operations		(3)	804
Gain on cash flow hedges taken to equity		-	85
Other comprehensive (loss)/income for the period (net of tax)		(3)	889
<b>Total comprehensive loss for the period</b>		<b>(4,994)</b>	<b>(19,944)</b>
<b>Basic loss per share (cents)</b>		<b>(4.6)</b>	<b>(19.6)</b>
<b>Diluted loss per share (cents)</b>		<b>(4.6)</b>	<b>(19.6)</b>
Loss for the period attributable to:			
Owners of the parent		(5,075)	(20,833)
Non-controlling interests		84	-
		<b>(4,991)</b>	<b>(20,833)</b>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(5,078)	(19,944)
Non-controlling interests		84	-
		<b>(4,994)</b>	<b>(19,944)</b>

Notes to the condensed consolidated financial statements are set out on pages 12-20.

**Rubicor Group Limited and Controlled Entities**  
**ABN 74 110 913 365**  
**Condensed consolidated statement of financial position**  
**as at 31 December 2009**

	Notes	31 Dec 09 \$'000	30 Jun 09 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		937	2,951
Trade and other receivables		35,040	36,274
Current tax receivable		83	1,058
Other assets		1,296	1,068
<b>Total current assets</b>		<b>37,356</b>	<b>41,351</b>
<b>Non-current assets</b>			
Trade and other receivables		143	137
Property, plant and equipment		3,335	3,871
Deferred tax assets		4,572	4,384
Intangible assets	6	77,597	80,987
Other assets		159	127
<b>Total non-current assets</b>		<b>85,806</b>	<b>89,506</b>
<b>TOTAL ASSETS</b>		<b>123,162</b>	<b>130,857</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		17,687	20,963
Borrowings	7	85,723	59,498
Provisions		1,190	1,560
<b>Total current liabilities</b>		<b>104,600</b>	<b>82,021</b>
<b>Non-current liabilities</b>			
Borrowings	7	6,541	31,674
Provisions		1,533	1,713
<b>Total non-current liabilities</b>		<b>8,074</b>	<b>33,387</b>
<b>TOTAL LIABILITIES</b>		<b>112,674</b>	<b>115,408</b>
<b>NET ASSETS</b>		<b>10,488</b>	<b>15,449</b>
<b>EQUITY</b>			
Issued capital		64,605	64,605
Reserves		282	252
Accumulated losses		(54,521)	(49,408)
		<b>10,366</b>	<b>15,449</b>
Equity attributable to owners of the parent		10,366	15,449
Non-controlling interest		122	-
<b>Total equity</b>		<b>10,488</b>	<b>15,449</b>

Notes to the condensed consolidated financial statements are set out on pages 12-20.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2009

2009

	Equity-settled employee benefit reserve \$000	Foreign currency translation reserve \$000	Share capital \$000	Accumulated losses \$000	Attributable to equity holders of the parent \$000	Minority interests \$000	Total \$000
<b>Equity as at 1 Jul 2009</b>	447	(195)	64,605	(49,408)	15,449	-	15,449
Translation difference relating to foreign entities	-	(3)	-	-	(3)	-	(3)
Transfer to carrying amount of non-financial hedged item on cash flow hedge	-	-	-	-	-	-	-
<b>Net income recognised directly in equity</b>	-	(3)	-	-	(3)	-	(3)
Loss attributable to members of the parent entity	-	-	-	(5,075)	(5,075)	84	(4,991)
<b>Total recognised income and expense</b>	-	(3)	-	(5,075)	(5,078)	84	(4,994)
Share based payments expense	46	-	-	-	46	-	46
Transfer from option reserve	(13)	-	-	-	(13)	-	(13)
Transfer to minority interest reserve	-	-	-	(38)	(38)	38	-
<b>Equity as at 31 Dec 2009</b>	<b>480</b>	<b>(198)</b>	<b>64,605</b>	<b>(54,521)</b>	<b>10,366</b>	<b>122</b>	<b>10,488</b>

2008

	Equity-settled employee benefit reserve \$000	Foreign currency translation reserve \$000	Hedging reserve \$000	Share capital \$000	Accumulated losses \$000	Attributable to equity holders of the parent \$000	Minority interests \$000	Total \$000
<b>Equity as at 1 Jul 2008</b>	485	(312)	(85)	64,605	(5,394)	59,299	(77)	59,222
Translation difference relating to foreign entities	-	804	-	-	-	804	-	804
Transfer to carrying amount of non-financial hedged item on cash flow hedge	-	-	85	-	-	85	-	85
<b>Net income recognised directly in equity</b>	-	804	85	-	-	889	-	889
Loss attributable to members of the parent entity	-	-	-	-	(20,833)	(20,833)	-	(20,833)
<b>Total recognised income and expense</b>	-	804	85	-	(20,833)	(19,944)	-	(19,944)
Share based payments expense	58	-	-	-	-	58	-	58
Transfer from option reserve	(9)	-	-	-	-	(9)	-	(9)
<b>Equity as at 31 Dec 2008</b>	<b>534</b>	<b>492</b>	<b>-</b>	<b>64,605</b>	<b>(26,227)</b>	<b>39,404</b>	<b>(77)</b>	<b>39,327</b>

Notes to the condensed consolidated financial statements are set out on pages 12-20.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed consolidated statement of cash flows  
for the half year ended 31 December 2009

	Notes	Half-year ended 31 Dec 2009 \$000 Inflows/(Outflows)	Half-year ended 31 Dec 2008 \$000 Inflows/(Outflows)
<b>Cash from operating activities:</b>			
Receipts from customers (inclusive of GST)		151,090	203,865
Payments to suppliers and employees (inclusive of GST)		(150,614)	(185,240)
		476	18,625
Finance costs paid		(3,333)	(3,446)
Interest received		52	94
Income taxes refunded/(paid)		790	(491)
<b>Total cash (outflow)/inflow from operating activities</b>		<b>(2,015)</b>	<b>14,782</b>
<b>Cash flows from investing activities:</b>			
Loans to related parties – payments made		-	-
Payment for property, plant and equipment		(66)	(597)
Payment for intangibles		(39)	(239)
Payment for controlled entities acquired (net of cash acquired)		(6,848)	(15,254)
Dividends paid to vendors - Redeemable preference shares		(333)	(2,791)
<b>Net cash outflow from investing activities</b>		<b>(7,286)</b>	<b>(18,881)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from third party borrowings		6,929	8,974
Repayment of borrowings		(500)	(1,125)
<b>Net cash inflow from financing activities</b>		<b>6,429</b>	<b>7,849</b>
<b>Net cash (decrease)/ increase in cash and cash equivalents</b>		<b>(2,872)</b>	<b>3,750</b>
Cash and cash equivalents at beginning of period		(2,342)	(756)
<b>Cash and cash equivalents at end of period</b>	8	<b>(5,214)</b>	<b>2,994</b>

Notes to the condensed consolidated financial statements are set out on pages 12-20.

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Notes to the Financial Statements**

**for the half-year ended 31 December 2009**

**1. Accounting policies**

**(a) General information**

The half-year financial statements cover the Group (consolidated entity) of Rubicor Group Limited and its controlled entities ('consolidated financial statements'). Rubicor Group Limited is a listed public company, incorporated and domiciled in Australia.

**(b) Statement of compliance**

The half-year financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial statements do not include notes of the type normally included in annual financial statements and shall be read in conjunction with the most recent annual financial statements.

*Adoption of New and Revised Accounting Standards*

The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The adoption of these new and revised standards and interpretations has resulted in changes to the presentation of the half year financial statements in the following areas:

- (i) Revised AASB 101: *Presentation of Financial Statements* and AASB 2007-8: *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009).

The September 2007 revised AASB 101 required the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but has not affected any of the amounts recognised in the financial statements.

**(c) Basis of preparation**

The condensed consolidated financial statements have been prepared on an accruals basis and are based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, where indicated.

The accounting policies and methods of computation adopted in preparing the financial statements for the half-year ended 31 December 2009 are consistent with those adopted and disclosed in the Company's 2009 annual financial statements for the financial year ended 30 June 2009.

**(d) Going concern**

The Directors have prepared the financial statements on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated statement of comprehensive income for the half-year ended 31 December 2009 reflects a consolidated Group net loss of \$4,991,000 (2008: loss of \$20,833,000) and the statement of financial position reflects an excess of current liabilities over current assets in respect of the Group of \$67,244,000 (2008: \$40,670,000).

**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Notes to the Financial Statements**

**for the half-year ended 31 December 2009**

**1. Accounting policies (continued)**

**(d) Going concern (continued)**

To continue as a going concern the Group requires:

- The continued support of its bankers with regards to renegotiation of facilities expiring within 12 months of the date of this report (refer Note 7), and/or successful refinancing of some or all of its facilities with alternative financiers; and
- The generation of net cash inflows from operating activities in line with expected levels to meet normal operating liabilities, including certain acquisition related vendor payments.

Management are confident that they will achieve successful outcomes in regards to the matters outlined above, and therefore that the Group will continue as a going concern. However, if the Group is unable to obtain the continued support of its bankers with regard to the refinancing of existing facilities or successfully refinancing some or all of its existing facilities with alternative financiers and generate the expected level of operating cash flows, significant uncertainty would exist as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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Rubicor Group Limited and Controlled Entities

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Notes to the Financial Statements

for the half-year ended 31 December 2009

2. Expenses

(a) Other expenses

	<b>Consolidated</b>	
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended</b>	<b>ended</b>
	<b>31 Dec 09</b>	<b>31 Dec 08</b>
	<b>\$000</b>	<b>\$000</b>
Advertising and marketing	811	1,437
Administration	5,652	8,274
Payroll tax costs	744	1,323
<b>Total</b>	<b>7,207</b>	<b>11,034</b>

(b) Loss before income tax includes the following specific expenses:

**Finance Costs:**

Interest expense on Vendor earn-out liability (refer Note 7)	872	1,829
Amortisation of borrowing costs	570	1,657
Interest and finance charges on third party borrowings	3,333	3,446
<b>Total finance costs</b>	<b>4,775</b>	<b>6,932</b>

**Depreciation:**

Property, plant and equipment	390	423
Leasehold improvements	159	159
	<b>549</b>	<b>582</b>

Rental expense on operating leases	2,535	3,032
Defined contribution superannuation expense	7,004	9,125

Share based payment expense	46	58
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**Other material expenses**

Corporate advisory costs	-	256
Transaction costs	-	26
Termination payments	114	438

Rubicor Group Limited and Controlled Entities

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Notes to the Financial Statements

for the half-year ended 31 December 2009

3. Income tax benefit

(a) Components of tax benefit

	<b>Consolidated</b>	
	<b>Half-year ended 31 Dec 09 \$000</b>	<b>Half-year ended 31 Dec 08 \$000</b>
Current tax benefit	(401)	(2,670)
Deferred tax income relating to the origination and reversal of temporary differences	188	1,996
Under provision of tax in prior year	209	190
<b>Income tax benefit</b>	<b>(4)</b>	<b>(484)</b>

(b)

	<b>Consolidated</b>	
	<b>Half-year ended 31 Dec 09 \$000</b>	<b>Half-year ended 31 Dec 08 \$000</b>
<b>Loss before tax</b>	<b>(4,995)</b>	<b>(21,317)</b>
<b>Prima facie tax on loss from ordinary activities before income tax at 30% (2008: 30%)</b>	<b>(1,499)</b>	<b>(6,395)</b>
<b>Add:</b>		
<b>Tax effect of:</b>		
- impairment loss on goodwill	-	5,469
- non-deductible interest	262	542
- share option expense	14	17
- other non-allowable (deductible) items	(106)	(326)
- under provision of tax in prior year	209	190
- difference in overseas tax rates	2	19
- effect of tax losses not brought to account	1,114	-
<b>Income tax benefit</b>	<b>(4)</b>	<b>(484)</b>

4. Segment information

**Business segments**

The Group has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

Our internal reporting system produces reports in which business activities are presented in a variety of ways. Based on these reports, the Executive Board, which is responsible for assessing the performance of various company components and making resource allocation decisions as our Chief Operating Decision Maker (CODM), evaluates business activities in a number of different ways.

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Rubicor Group Limited and Controlled Entities

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Notes to the Financial Statements

for the half-year ended 31 December 2009

4. Segment information (continued)

The Group's reportable segments under AASB 8 have been aggregated as follows:

- Australia;
- New Zealand
- Other

The Australian and New Zealand reportable segments supply recruitment services to the Australian and New Zealand geographical regions respectively.

'Other' is the aggregation of the Group's other operating segments that are not separately reportable. Included in 'Other' are operating segments for the Group's activities in supplying recruitment services in Singapore.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reporting operating segment for the half year periods under review:

	Australia		New Zealand		Other		Unallocated		Economic entity	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Primary reporting – Geographical segments</b>										
<b>(a) Revenue</b>	<u>127,741</u>	<u>170,393</u>	<u>8,163</u>	<u>7,794</u>	<u>636</u>	<u>634</u>	<u>-</u>	<u>-</u>	<u>136,540</u>	<u>178,821</u>
<b>Total segment revenue:</b>	<u>127,741</u>	<u>170,393</u>	<u>8,163</u>	<u>7,794</u>	<u>636</u>	<u>634</u>	<u>-</u>	<u>-</u>	<u>136,540</u>	<u>178,821</u>
<b>(b) Result</b>										
EBITDA	5,765	8,000	890	3,501	9	172	-	-	6,664	11,673
Depreciation	(477)	(486)	(63)	(86)	(9)	(10)	-	-	(549)	(582)
EBITA	5,288	7,514	827	3,415	-	162	-	-	6,115	11,091
Amortisation									(3,034)	(3,185)
Central administration costs and directors' salaries									(3,353)	(4,155)
Interest revenue									52	94
Finance costs									(3,903)	(5,103)
Interest on vendor earn out liabilities									(872)	(1,829)
Impairment losses									-	(18,230)
<b>Loss before tax</b>									<b>(4,995)</b>	<b>(21,317)</b>
Income tax benefit									4	484
<b>Loss after tax</b>									<b>(4,991)</b>	<b>(20,833)</b>
	<b>31 Dec 09</b>	<b>30 Jun 09</b>	<b>31 Dec 09</b>	<b>30 Jun 09</b>	<b>31 Dec 09</b>	<b>30 Jun 09</b>	<b>31 Dec 09</b>	<b>30 Jun 09</b>	<b>31 Dec 09</b>	<b>30 Jun 09</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>(c) Assets</b>	<u>105,220</u>	<u>111,081</u>	<u>17,434</u>	<u>19,339</u>	<u>508</u>	<u>437</u>	<u>-</u>	<u>-</u>	<u>123,162</u>	<u>130,857</u>

Rubicor Group Limited and Controlled Entities

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for the half-year ended 31 December 2009

4. Segment information (continued)

Segment liabilities are not reported as these numbers are not specifically reported to the chief operating decision maker.

5. Events after the balance sheet date

Subsequent to half-year end the invoice finance facility has been replaced by a revolving working capital cash advance facility (based on debtors) as a result of the bank exiting the invoice financing market. The facility limit has been increased from \$22 million to \$24 million.

6. Intangible assets

	Consolidated	
	31 Dec 09 \$000	30 June 09 \$000
<b>Preferred Supplier Agreements</b>		
Cost	2,014	2,014
Accumulated amortisation and impairment	(1,500)	(1,309)
<b>Net carrying value</b>	<u>514</u>	<u>705</u>
<b>Course Material Content</b>		
Cost	542	542
Accumulated amortisation and impairment	(226)	(199)
<b>Net carrying value</b>	<u>316</u>	<u>343</u>
<b>Candidate Databases</b>		
Cost	22,757	22,757
Accumulated amortisation and impairment	(15,407)	(13,314)
<b>Net carrying value</b>	<u>7,350</u>	<u>9,443</u>
<b>Computer Software</b>		
Cost	6,100	6,073
Accumulated amortisation and impairment	(4,987)	(4,250)
<b>Net carrying value</b>	<u>1,113</u>	<u>1,823</u>
<b>Brands</b>		
Cost	591	591
Accumulated amortisation and impairment	-	-
<b>Net carrying value</b>	<u>591</u>	<u>591</u>
<b>Goodwill</b>		
Arising on consolidation at cost	99,771	100,140
Accumulated impairment (ii)	(32,058)	(32,058)
<b>Net carrying value</b>	<u>67,713</u>	<u>68,082</u>
<b>Total Intangible assets</b>	<u><u>77,597</u></u>	<u><u>80,987</u></u>

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Notes to the Financial Statements

for the half-year ended 31 December 2009

6. Intangible assets (continued)

(i) Impairment tests for goodwill

Goodwill is allocated to recruitment cash-generating units (CGUs), being the autonomously operated businesses acquired by the Group. The recoverable amount of the CGUs is determined based on value-in-use calculations.

The following key assumptions were used in the value-in-use calculations:

- Management has based the value-in-use calculations on the most recently completed management approved forecast performance for the forthcoming one-year period. Future cash-flows between years two to five are projected using forecast average revenue growth rates declining from 7.6% to 5.8% and costs are calculated taking into account expected gross and operating margins. Thereafter cash flows are projected at a constant growth rate of 3.0% (30 June 2009: 3.0%) into perpetuity. An average pre-tax discount rate of 17.1% (30 June 2009: 17.1%), reflecting the assessed risks associated with the CGU segments, has been applied to determine the present value of the future cash flow projections.
- During the half-year ended 31 December 2009, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's CGUs was not impaired (2008: \$18,230,000).

7. Borrowings

	<b>Consolidated</b> 31 Dec 09 \$000	<b>30 June 09</b> \$000
<b>CURRENT</b>		
<b>Unsecured liabilities (Non Interest Bearing)</b>		
Vendor earn-out liability (a)	5,911	7,554
<b>Secured liabilities (Interest Bearing)</b>		
Invoice finance debt (b)	20,016	19,157
Cash advance acquisition facility (net of borrowing costs) (e)	27,000	22,950
Cash advance facility (net of borrowing costs) (d)	26,608	4,500
Bank overdraft (c)	6,151	5,293
Finance lease obligation (f)	37	44
	<b>79,812</b>	<b>51,944</b>
	<b>85,723</b>	<b>59,498</b>
	<b>Consolidated</b> 31 Dec 09 \$000	<b>30 June 09</b> \$000
<b>NON-CURRENT</b>		
<b>Unsecured liabilities (Non Interest Bearing)</b>		
Vendor earn-out liability (a)	6,538	11,661
<b>Secured liabilities (Interest Bearing)</b>		
Finance lease obligation (f)	3	5
Cash advance facility (net of borrowing costs) (d)	-	20,008
	<b>3</b>	<b>20,013</b>
	<b>6,541</b>	<b>31,674</b>

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**7. Borrowings (continued)**

**(a) Vendor earn-out liability**

The Vendor earn-out liability, comprises the fair value of estimated initial consideration payments which are payable to vendors over a period of one to three years post-acquisition, and estimated exit consideration payments which are payable to vendors over a three year period after provision of exit notice by the vendors.

For Australian business acquisitions, the Vendor earn-out liability has been structured through the issue to vendors of Series B Redeemable Preference Shares which are progressively redeemed at each earn-out payment date. All redemption payments made are contingent on the profit performance of the acquired business over the payment period. Each holder of Series B Redeemable Preference Shares is entitled to receive franked dividends for each year based on the Net Profit Before Tax of the vendor business acquired. The dividends are payable by the Company in priority to any other dividends in respect of any other shares. If these dividends are not paid then they will accumulate. The holders do not have rights to any other dividends or any entitlement to receive notice of, attend or vote at any general meeting of the Company.

For New Zealand business acquisitions, earn-out payments have not been structured through preference shares; however, additional share consideration payments equivalent in structure to the preference dividends referred to above have been incorporated as part of the share purchase consideration.

The Vendor earn-out liability has been determined by calculating the present value of the estimated future cash flows associated with the earn-out payments, including the associated preference dividend and additional share consideration payments. The cash flows have been discounted at rates between 11.4% to 12.5% representing the assessed risk-adjusted rate of return for the acquired businesses at their acquisition dates.

**(b) Invoice finance debt**

\$22 million invoice financing facility which has a three year term expiring on 31 July 2010. The facility is subject to an annual review, but may be terminated by either party by giving 30 days notice. Based on the BBSY at 31 December 2009, the effective interest rate would be 9.5%. Subsequent to half-year end the facility has been replaced by a revolving working capital cash advance facility (based on debtors) as a result of the bank exiting the invoice financing market and the facility limit has been increased to \$24 million.

**(c) Bank overdraft facility**

\$7 million cash overdraft facility to assist with ongoing working capital requirements. This facility is subject to annual review and attracts interest at a margin of 1% above the bank reference rate. Interest is calculated daily and is payable monthly in arrears.

**(d) Cash advance facility**

\$27.3 million cash advance facility solely to fund earn-out obligations for all acquired entities with exception of Steelweld and Gemteq. This is a three year facility expiring on 31 July 2010 with quarterly amortisation payments of \$250,000. Based on the BBSY at 31 December 2009 the effective rate would be 9.5%.

**(e) Cash advance acquisition facility**

\$27 million cash advance acquisition facility solely to fund earn-out obligations for the acquisition of Steelweld and Gemteq. This facility expires on 31 July 2010 and is non amortising. Based on the BBSY at 31 December 2009 the effective interest rate would be 9.5%.

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7. Borrowings (continued)

(f) Assets pledged as security in respect of secured liabilities

**Existing facilities**

The finance lease obligation is secured against the underlying finance lease assets.

The cash advance facility, the cash advance acquisition facility and the bank overdraft facility are secured by a fixed and floating charge over the assets of the parent and subsidiaries together with a mortgage over all shares held by the parent entity in the consolidated entities. (Refer condensed consolidated statement of financial position for value of security).

8. Cash and cash equivalents

	Consolidated	
	31 Dec 09	30 June 09
	\$000	\$000
Cash and cash equivalents	937	2,951
Bank overdraft (note 7)	(6,151)	(5,293)
	<u>(5,214)</u>	<u>(2,342)</u>

9. Contingent liabilities

The Group has provided bank guarantees amounting to \$1,821,659 (30 June 2009: \$1,790,000) in respect of leasehold agreements. The guarantees are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.

10. Company details

The registered office and principal place of business of the Company is:

Rubicor Group Limited  
Level 16, 1 York Street  
Sydney NSW 2000

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