# Half Year Results

## 31 December 2008

# Financial Summary

| | *HY 09* | *HY08* | *Change* |
|---|---|---|---|
| Total Revenue | $179m | $181m | -1% |
| NDR (Gross Margin) | $49m | $50.6m | -3% |
| EBITDA[1] | $8.3m | $12.3m | -32% |
| Statutory NPAT | $(20.8)m | $1.4m | - |
| Underlying NPAT[2] | $0.3m | $6.1m | -95.5% |
| Underlying EPS[2] | 0.3c | 5.8c | -95.5% |
| Operating cash flow[3] | $18.6m | $9.0m | +107% |
| Interim dividend | None | 1.5cps | |

[1] Before non-recurring items of $0.7m ($0.5m post-tax)
[2] Excluding amortisation of intangibles and notional interest on deferred payments for business acquisitions under IFRS
[3] Before interest and taxation

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# Financial Highlights

- Revenue & NDR down 1% & 3%
- Employment costs up 8% - increase in size, market conditions, cost reductions lag
- EBITDA down 32% - before non-recurring items of $0.7m ($0.5m post-tax)
- Market decline too swift to match costs to revenue:
    - Reductions to-date producing annualised $6m savings from January
    - Ongoing cost reductions response in line with market conditions
- Asset impairment $18m write-off (17% of goodwill)
- Cash generation, before interest and tax, $18.6m

# Debt Summary

- Rubicor did not meet its covenants at 31 December
- Bank waived non compliance with these covenants
- Existing facilities of $27m subject to repayment/renewal in next 12 months
- Rubicor actively pursuing debt refinancing program with bankers
- Facilities will be further reviewed after refinancing
- The Rubicor model responsive to challenging economic conditions as payments align with profitability
- Amounts owing to vendors reduced by $22m

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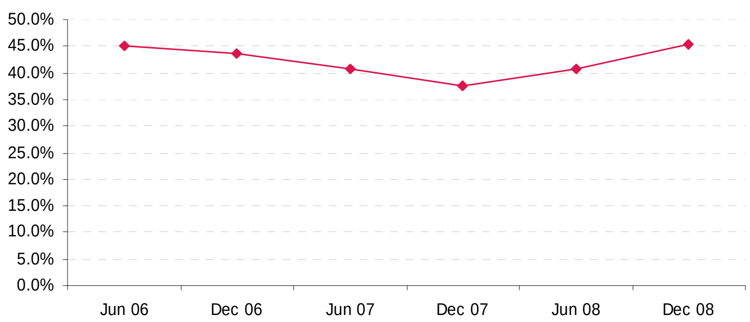
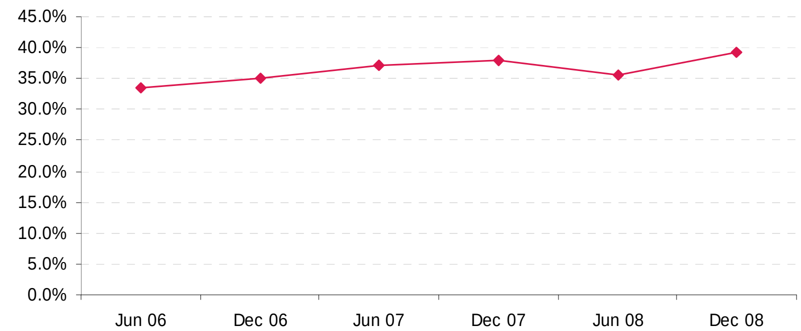
# Key Operating Indicators

- PRODUCTIVITY: EBITDA:NDR still at industry best*
- EFFICIENCY: Speed of downturn made it difficult to reduce cost ratios

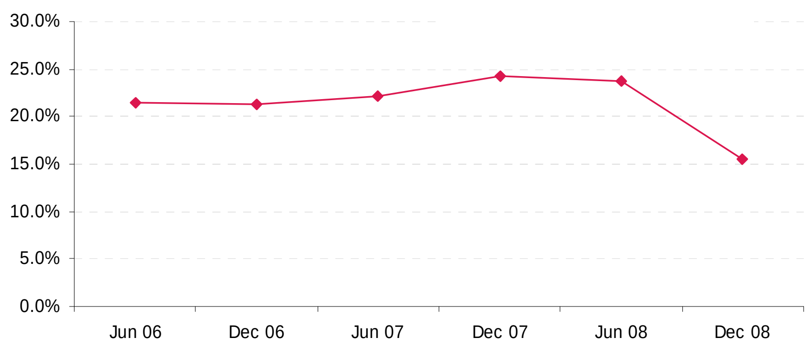
**Consultant costs to NDR:Target below 40%**




**Other costs to NDR**




**EBITDA to NDR: Target above 23%**




* Based on latest published results where comparisons available

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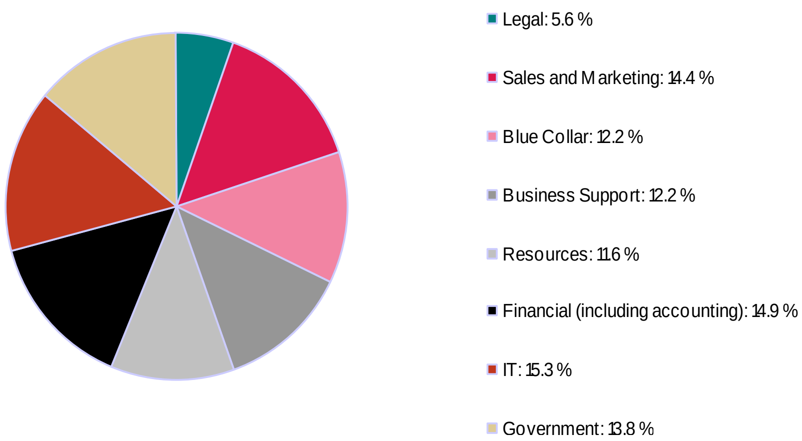
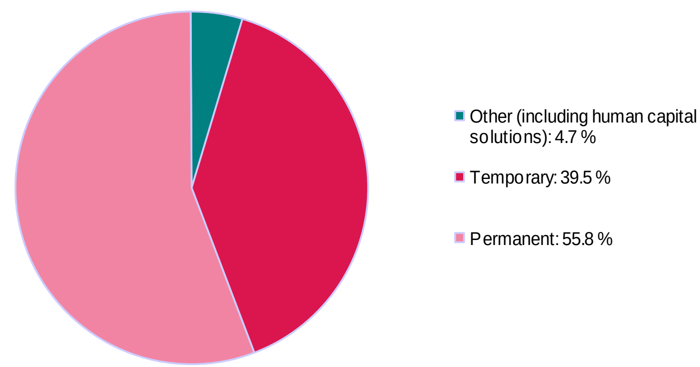
# Business profile

- FLEXIBILITY: mix of permanent and temporary expected to change as temporary and contracting placements now stronger than permanent
- DIVERSITY: spread across industrial sectors -some areas holding up e.g. government, health, and utilities

**Industry**




**Service**

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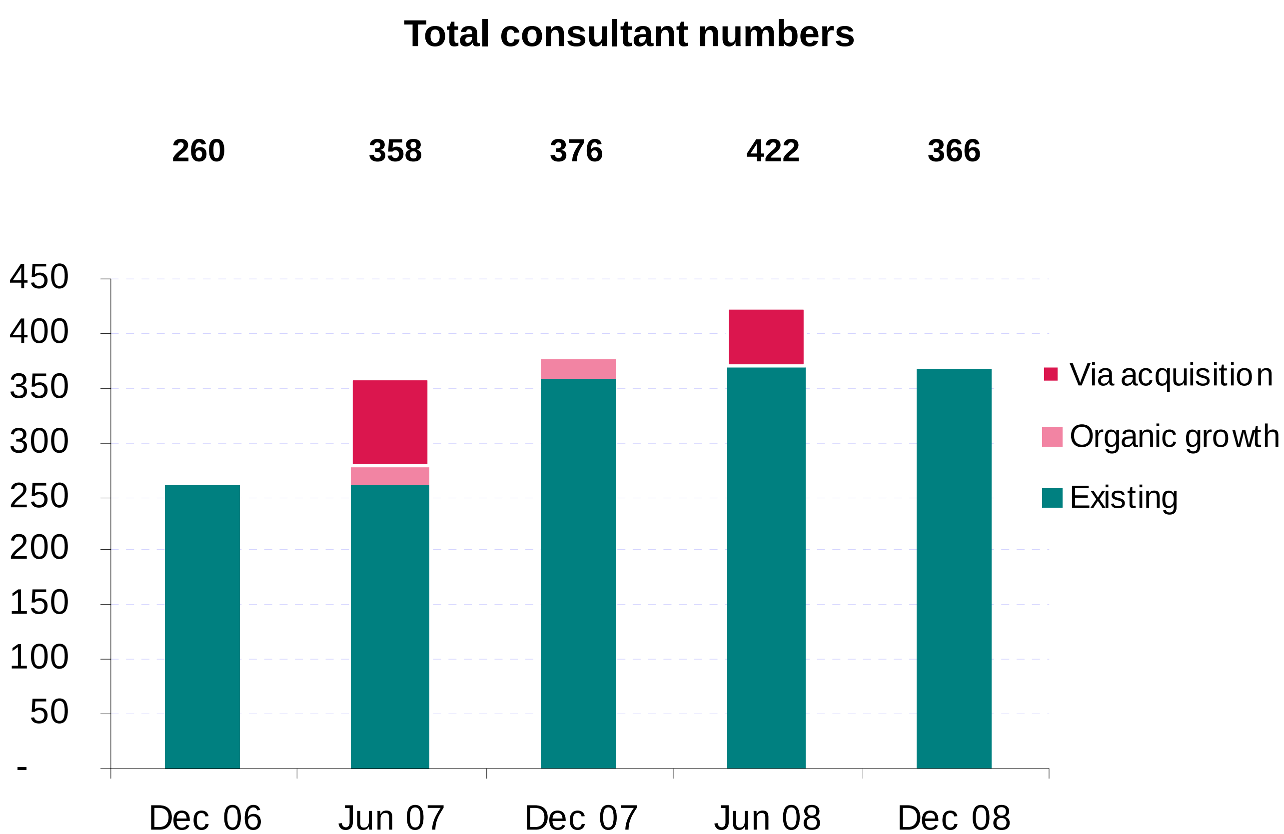
# Consultants

- Headcount reducing in response to trading conditions



# Underlying profitability: Underlying NPAT is the best indicator of performance

| 6 months ended 31 December | 2008 $M | 2007 $M | Change % |
|---|---|---|---|
| **Revenue** | **178.8** | **181.1** | **-1.3** |
| **NDR (Gross margin)** | **49.0** | **50.6** | **-3.2** |
| **EBITDA** | **8.3** | **12.3** | **-32** |
| Depreciation | (0.6) | (0.5) | |
| **EBIT** | **7.7** | **11.8** | **-35** |
| Finance costs – amortisation | (1.7) | (0.1) | |
| Finance costs – interest/charges | (3.4) | (1.2) | |
| **Profit Before Tax** | **2.6** | **10.5** | **-75** |
| Tax | (0.8) | (3.0) | |
| Cash interest on vendor liabilities | (1.0) | (1.4) | |
| **Profit After Tax** | **0.8** | **6.1** | |
| **Non-recurring items** | **(0.5)** | **(0.0)** | |
| **Profit attributable to equity holders** | **0.3** | **6.1** | |
| **EPS (cents)** | **0.3** | **5.8** | |

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# Financial position

| | | 31/12/08 $M | 31/12/07 $M | Change % |
|---|---|---|---|---|
| **Cash** | | 3.1 | 1.2 | +158 |
| **Receivables** | | 41.5 | 50.8 | -18 |
| **Intangibles - goodwill** | Impairment testing undertaken [i] | 89.2 | 129.1 | -31 |
| **Intangibles – other** | | 15.9 | 18.9 | -16 |
| **Other assets** | | 11.6 | 10.6 | +9 |
| **Total Assets** | | **161.3** | **210.6** | **-23** |
| **Current Liabilities** | | | | |
| **Trade payables** | | 26.3 | 24.3 | +8 |
| **Deferred vendor consideration - debt funded** | Vendor liabilities linked to profitability | 4.0 | 14.0 | -71 |
| **Deferred vendor consideration - cash funded** | | 6.9 | 5.4 | +28 |
| **Borrowings – working capital** | Bank borrowing re-classified to current [ii] | 18.2 | 1.9 | +860 |
| **Borrowings – acquisitions debt** | | 48.4 | 0.0 | - |
| **Non Current Liabilities** | | | | |
| **Deferred vendor consideration - debt funded** | Vendor liabilities linked to profitability | 2.1 | 11.1 | -81 |
| **Deferred vendor consideration - cash funded** | | 13.2 | 34.7 | -62 |
| **Borrowings – working capital** | | 0.0 | 19.6 | - |
| **Borrowings – acquisitions debt** | | 0.0 | 36.9 | - |
| **Other liabilities** | | 2.9 | 3.4 | -16 |
| **Total Liabilities** | | **122.0** | **151.3** | **-19** |
| **Net Assets** | | **39.3** | **59.3** | **-34** |
| **Net Asset backing (cents)** | | **35.9** | **57.5** | |

i Goodwill balances have been subject to impairment testing. $18m (17% of balance) has been written off in the period.

ii Bank debt re-classified as current, because at 31/12 the group was in technical breach of its bank loan covenants and this disclosure required by accounting standards. The bank has subsequently waived these covenants

# Strategies in current climate

**Operational** - identifying and implementing further cost savings a priority

- Rigorous evaluation and measurement of individual businesses
- Cost and performance efficiency drives
- Monitoring individual consultant productivity in each business
- Premises co-location

**Financial** - debt reduction a priority

- Pursuing debt refinancing solution together with on-going cash generation

# Recruitment industry outlook

**Short term**

- Economic conditions remain very challenging

**Long term**

- Skills shortage will continue to be an issue for employers due to permanent demographic change
- With shrinking pool of candidates, those recruiters with good candidates will be in demand
- Well-established specialist recruitment firms will have the edge
- Rubicor continues as niche specialist with strong franchise, close to markets, clients and candidates

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# Appendices

# Statutory profitability

| 6 Months ended 31 December | 2008 $M | 2007 $M | Change % |
|---|---|---|---|
| **Revenue** | **178.8** | **181.1** | **-1** |
| **NDR (Gross margin)** | **49.0** | **50.6** | **-3** |
| **EBITDA** | Includes non-recurring of $0.7m → **7.6** | **12.3** | **-32** |
| Depreciation | (0.6) | (0.5) | |
| Amortisation | (3.2) | (2.9) | |
| **EBIT** | **3.8** | **8.9** | **-49** |
| Notional Interest on vendor liabilities | (1.8) | (3.8) | |
| Finance costs – amortisation | (1.7) | (0.1) | |
| Finance costs – interest/charges | (3.4) | (1.2) | |
| Impairment of goodwill | (18.2) | (0.0) | |
| **Profit/Loss Before Tax** | **(21.3)** | **3.8** | |
| Tax | 0.5 | (2.4) | |
| **Profit/Loss After Tax** | **(20.8)** | **1.4** | |
| **Profit attributable to equity holders** | **(20.8)** | **1.4** | |
| **EPS (cents)** | **(19.6)** | **1.3** | |

# Reconciliation of Statutory to Underlying

Underlying NPAT adjusts for AIFRS-required amortisation and notional interest and for goodwill impairment

| 12 Months ended 30 June | 2008 $M | 2007 $M |
|---|---|---|
| **Statutory NPAT** | **(20.8)** | **1.4** |
| Significant non-cash items: | | |
| Add back: Amortisation of identifiable intangible assets | 3.2 | 2.9 |
| Notional interest on vendor liabilities | 1.8 | 3.8 |
| Impairment of Goodwill | 18.2 | 0.0 |
| Deduct: Cash interest on vendor liabilities | (1.0) | (1.4) |
| Tax effect | (1.1) | (0.6) |
| **Underlying NPAT** | **0.3** | **6.1** |

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