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Rubicor acquires Gemteq Executive, significantly diversifying its product offerings and earnings

Rubicor Group Limited ("Rubicor") today announced it is acquiring Gemteq Executive ("Gemteq"), which specialises in recruitment across a range of disciplines, in particular in Sales & Marketing and Information Technology.

Wayman Chapman, Chief Executive Officer of Rubicor, said: "The acquisition of Gemteq provides a significant expansion to our range of services, diversifies our earnings base and represents a good strategic fit to our existing operations. The EBIT contribution from the acquisition of Gemteq is expected to be in the order of approximately \$8 million on an annualised basis for this financial year and will be cash EPS accretive from year one."

"Gemteq has had a strong track record since inception, growing revenue at an annual compound rate of around 100% while maintaining an EBIT margin above 30%. This financial record is reflective of an outstanding business with a strong profit focus, high quality leadership and low staff turnover."

"Rubicor's decentralised business model is appealing as it allows Gemteq to maintain its unique business culture and identity, while benefiting from the synergies and skills that Rubicor brings to all its operating businesses."

Gemteq Executive was established in 2001, operating in Sales & Marketing, Information Technology, Business Support and Retail recruitment. Gemteq is one of the largest specialist agencies in Sales & Marketing in Australia and has a significant presence in Information Technology recruitment, which represents over half of its revenue. Gemteq operates in permanent, contract and temporary recruitment services, having recently grown its contracting business to approximately one-third of total turnover.

Gemteq was nominated as Australia's fastest growing recruitment company and 12th fastest growing company in Australia by Smart Company 2007. Gemteq was also ranked 37th in the BRW Fast 100 in 2007.

Andrew Grover and Luke Mullins, Directors of Gemteq, said: "Gemteq has a strong track record of managed growth in recruitment services. We are proud of our supportive, performance based culture, low staff turnover, close financial management and focus on higher margin work. However, we see fantastic opportunities to develop further as part of the Rubicor stable, using its support to maximise growth while maintaining our distinctive style and identity."



Rubicon will pay an initial cash consideration of \$19.5 million, with an agreed earn-out payment plan over the next five years based upon Gemteq's performance as part of the Rubicon Group. Both directors of Gemteq are committed to remain at Gemteq for a minimum of three and a half years and are subject to a non-compete restraint for the five year period following cessation of their employment with Rubicon. The acquisition will be funded through Rubicon's existing acquisition financing facility and is expected to be completed within one week, subject to satisfaction of a number of conditions precedent.

"I am delighted to welcome Gemteq to the Rubicon Group. This strategic acquisition will see an exciting extension to our services and earnings growth. We will continue our strategy of pursuing acquisition opportunities in successful, established businesses, together with promoting organic growth in existing operations and making strategic investments in start-up companies." Mr Chapman said.

For further information

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About Rubicon

Established in 2005, Rubicon operating companies bring together some of the best and most experienced people in the recruitment industry to offer search, selection, bulk recruitment, professional and support level contracting services and organisational development.

Rubicon operating companies are established organisations specialising in workforce solutions, recruitment and organisational development.

Each operating company possesses distinct competitive advantages including a strong business culture; integrity; specialist industry focus; excellent profitability, and solid growth prospects. The businesses are directed and staffed by industry professionals with extensive experience in their field.

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

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