Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

General Purpose Financial Report

For the Year Ended 30 June 2008

CONTENTS

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365
Directors' Report
30 June 2008

Your Directors present their annual financial report on the company and its controlled entities for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. General information

(a) Directors

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

Names	Appointed
Wayman Chapman	Appointed 2 April 2005
Robert Aitken	Appointed 6 May 2005
Malcolm Jackman	Appointed 6 May 2005
John Pettigrew	Appointed 2 March 2007
Russel Pillemer	Appointed 10 September 2004

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

(b) Directors' information

Rob Aitken BE (Chem) (Hons), MBA

Rob is Chairman and a non-executive director of the Company and a member of the Audit and Risk Management Committee, the Remuneration and Human Resources Committee and Chair of the Nomination and Corporate Governance Committee. Rob joined the company in May 2005. Rob is 58 years old.

Rob has over 25 years experience in senior international management roles. Throughout his career, Rob has worked across the manufacturing, industrial marketing and distribution business sectors including roles as Executive General Manager Southcorp Limited and President Formica Corporation, USA. Rob has been Chairman of the Rubicor Group Board since 6 May 2005. Rob is also currently a director of Alesco Corporation Limited and Nuplex Industries Limited.

Interests in shares and options:
1,887,397 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

Wayman Chapman

Wayman is the Chief Executive Officer of the Company and a member of the Nomination and Corporate Governance Committee. Wayman joined the Company in May 2005. Wayman is 57 years old.

(b) Directors' information (continued)

Wayman has over 20 years experience in the Australian recruiting industry. Joining Morgan & Banks in 1988 to open its Adelaide office, he progressively took responsibility for the Perth, Brisbane and Canberra operations. In 2000, after the merger of Morgan & Banks and TMP worldwide, Wayman became Deputy Chief Executive for the Australasian Recruitment Division. He became joint CEO for the division in 2002, covering operations in 11 cities.

Interests in shares and options:
2,967,864 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

<u>Malcolm Jackman BSC, BCom, FAICD</u>

Malcolm is a non-executive Director of the Company and Chairman of the Remuneration and Human Resources Committee. Malcolm joined the Company in May 2005. Malcolm is 56 years old.

Malcolm has over 20 years experience in the staffing services and recruitment industry in New Zealand, Australia and North America.

Between 1996 and 2003, Malcolm was the Australian and New Zealand Chief Executive of Manpower. He also served as President of the Recruitment & Consulting Services Association between 2001 and 2003, and received the Centenary of Federation Medal for his services to the recruitment industry in 2001. From 2003 until 2008 he was Chief Executive Officer of Coates Hire, Australia's largest equipment hire business.

Interests in shares and options:
136,830 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

<u>Russel Pillemer CA, B Commerce (Hons)</u>

Russel is a non-executive Director of the Company and a member of the Audit and Risk Management Committee and the Remuneration and Human Resources Committee. He was one of the initial founders and sponsors of Rubicor. Russel is 42 years old.

He has been the CEO of Pengana Capital Limited since 2003 and a director of Centric Wealth Limited since 2002.

Russel has 17 years experience in the investment banking and funds management industries. In 1994 he joined Goldman Sachs & Co, where he had responsibility for leading the financial institutions effort in Australia.

In 1999 he relocated to New York working in the Financial Institutions Group for Goldman Sachs & Co, specialising in mergers and acquisitions, capital raisings and the provision of general strategic advice to financial services companies.

Interests in shares and options:
443,084 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

(b) Directors' information (continued)

John Pettigrew FCPA, FCIS, MAICD

John is a non-executive Director of the Company and is a member of the Nomination and Corporate Governance Committee and is the Chair of the Audit and Risk Management Committee. John joined the Company in March 2007. John is 62 years old.

John has extensive experience in senior finance and commercial roles in a number of corporations and industry sectors. Joining Stockland Trust Group in 1977 as Chief Financial Officer and becoming Finance Director in 1982, John established compliance, audit and risk management committees and led teams to accomplish several successful takeovers. He also had significant roles in structuring and managing listed property trusts, developing the first Australian stapled security and establishing domestic and international unsecured note programs for Stockland.

John is currently also a non-executive director of Babcock & Brown Japan Property Management Limited.

Interests in shares and options:
310,000 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

Directorships of other listed companies
Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name:	Company:	Period of directorship:
Rob Aitken	Nuplex Industries Limited	Since 2006
	Alesco Corporation Limited	Since 2003
John Pettigrew	Babcock and Brown Japan Property	Since 2005

(c) Principal Activities

The principal activity of the Group during the financial year was the provision of contracting and recruitment services over a diversity of industry sectors throughout Australasia and also in Singapore.

There have been no significant changes in the nature of the Group's principal activities during the financial year.

(d) Company Secretary

Sharad Loomba is the General Counsel and Company Secretary and manages the legal and company secretarial functions of the Group. Sharad commenced with the Group in May 2007. Sharad is a corporate/commercial lawyer with over 15 years experience. He holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales and was admitted as a solicitor in New South Wales in December 1992. Sharad began his legal career in 1993 as a solicitor with Allen, Allen & Hemsley and has since worked with Cravath Swaine and Moore in New York, Clayton Utz and Landerer & Company in Sydney.

(e) Directors' meetings

	Board		Audit and Risk Management Committee		Remuneration and Human Resources Committee		Nomination and Corporate Governance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Aitken	12	12	4	4	4	4	3	3
Wayman Chapman	12	12	4	3	4	4	3	3
Malcolm Jackman	12	9	-	-	4	4	-	-
Russel Pillemer	12	10	4	4	4	4	-	-
John Pettigrew	12	12	4	4	4	4	3	3

2. Business Review

(a) Operating Results

The consolidated profit of the Group attributable to equity holders after providing for income tax amounted to $1,924,000 (2007: loss of $3,182,000).

(b) Review of Operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman's Review, the Chief Executive Officer's Report and the Operations Report of the published annual report.

(c) Significant Changes in State of Affairs

During the year the following entities were acquired. The details of the acquisitions are set out in Note 32 of the financial statements accompanying this report.

Challenge Recruitment Limited

Steelweld Personnel Pty Limited

Gemteq Executive

Orbis Recruitment Pty Limited (organic start-up)

(d) Future developments

Likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations are referred to generally in the Chairman's Review, the Chief Executive Officer's Report and the Operations Report of the published annual report.

Future information on likely developments including expected results would in the Directors' opinion, result in unreasonable prejudice to the Company and the Group and has therefore not been included in this Report.

(e) Events subsequent to balance date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

3. Other information

(a) Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in Note 6 of the financial statements.

(b) Options

Unissued shares of Rubicor Group Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
October 2005	December 2015	Nil	1,847,459
August 2006	December 2015	Nil	1,028,843
April 2008	December 2018	0.37	957,415
May 2008	December 2018	0.26	170,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity. 305,357 options were capable of being exercised during the year ended 30 June 2008. All options have a five year vesting period and expire five years after they become exercisable. 47,317 options were exercised during the year and no options have been exercised post year end.

(c) Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid to the auditor (Deloitte Touche Tohmatsu) for audit and non audit services provided during the year are outlined in Note 4 to the Financial Statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

(d) 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 17.

(e) Dividends

In respect of the financial year ended 30 June 2008, an interim dividend of 1.5 cents per share fully franked (2007: nil) was paid to the holders of fully paid ordinary shares on 4 April 2008. No final dividend is to be paid. Refer Note 36.

In addition, dividends were paid during the financial year on redeemable preference shares totaling $2,160,000 (2007 $1,187,000). Refer Note 36.

(f) Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

(g) Indemnifying Officers or Auditors

Insurance of officers

During the financial year, Rubicor Group Limited paid a premium to insure the directors and secretaries of the company and its Australian and New Zealand based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(h) Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

(i) 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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

4. Remuneration Report

The remuneration report is set-out in the following main headings:

- **A.** Director and senior management details
- **B.** Relationship between the remuneration policy and company performance
- **C.** Principles used to determine the nature and amount of remuneration
- **D.** Non executive Director remuneration
- **E.** Details of remuneration
- **F.** Executive service agreements
- **G.** Share-based compensation
- **H.** Additional information

A. Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

Wayman Chapman (Chief Executive Officer)
Robert Aitken (Chairman)
Malcolm Jackman
John Pettigrew
Russel Pillemer

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Kevin Levine (Chief Financial Officer)
Jane Beaumont (Chief Operating Officer)
Sharad Loomba (General Counsel and Company Secretary)
Mike Page (Operations Manager – appointed 6 August 2007)

Key management personnel include both the directors and senior management personnel named above.

B. Relationship between the remuneration policy and company performance

The remuneration of executive directors and key management personnel contains an annual bonus. This total cash bonus is linked to the annual profit levels of the company. No bonus payments were made due to profit targets not being met.

Executive directors and key management personnel are aligned with the long term company performance via the shareholdings that these individuals retain in the Company through the Senior Executive Share Plan Scheme.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the four years to June 2008 (results are not available for five years since the Company did not exist for the whole this period):

	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000	30 June 2005[1] $'000
Revenue	367,350	156,457	65,076	6,096
Net profit before tax	5,869	(2,086)	(1,339)	(324)
Net profit after tax	1,847	(3,182)	(2,176)	(293)

[1] Rubicor Group Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2005, which results in various changes to its accounting policies from that date. Results for the year ended 30 June 2005 have been restated.

	30 June 2008 $'000	30 June 2007 $'000
Share price at end of year[2]	0.17	0.95
Interim dividend	1.5	-
Final dividend	-	-
Basic earnings per share	1.8	(8.0)
Diluted earnings per share	1.7	(8.0)

[2] In June 2007, Rubicor Group Limited listed on the ASX, and the Company is unable to provide information prior to 2007.

C. Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

Alignment of shareholders' interest:

- Focus on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- Attracts and retains high calibre executives

Alignment to program participants' interests:

- Rewards capability and experience
- Provides a clear structure for earning rewards
- Provides recognition for contribution to the business

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The Board has established a Remuneration and Human Resources Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for senior executives and directors. The Corporate Governance Statement provides further information on the role of this committee.

Executive Pay

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation
- Short-term performance incentives
- Long-term incentives through participation in the Rubicor Senior Executive Share Plan

The combination of these comprises the executive's total remuneration.

Base Pay

Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience, the broad objective being to pitch fixed remuneration at median market levels.

Base pay is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion.

There are no guaranteed base pay increases in any senior executives' employment contracts.

Short-term incentives

The Board believes that well designed and managed short-term plans are important elements of remuneration, providing tangible incentives for executives to strive to improve the Company's performance for the benefit of shareholders.

If the company achieves predetermined earnings targets (based on Earning before Interest, Taxation and Amortisation – EBITA), return on net asset (RONA) and other additional targets, the short-term incentive (STI) is payable to certain executives. Cash incentives are paid in September each year. Using EBITA targets ensures the STI is only available when value is created for shareholders and when profit is consistent with the business plan. The STI is weighted for performance above the threshold to provide an incentive for executive out-performance.

Each executive eligible for an STI has STI targets depending on individual accountabilities and overall organisational performance. The maximum STI target bonus is 40% of the base salary.

Each year, the Remuneration and Human Resources Committee considers the appropriate targets and key performance indicators (KPIs) to link to the STI plan and the level of payout as targets are met. This includes setting the maximum payout under the STI plan, and minimum levels of performance to trigger payment of the STI.

For the year ended 30 June 2008, the KPIs linked to STI plans were based on group objectives. The KPIs require the meeting of EBITA and RONA targets. In addition, targets in relation to working capital performance and acquisition activity are included in the current STI.

The Remuneration and Human Resources Committee is responsible for assessing whether STI KPIs are met. To assist in making this assessment, the committee receives detailed reports.

The STI target annual payment and targets are reviewed annually.

Long-term incentives

Long-term incentives will be provided to certain employees via the Rubicor Group Limited Senior Executive Share Plan. Details of these long-term incentives are given in Section G – Share Based Compensation of this report.

D. Non Executive Director Remuneration

Non-executive directors' fees are reviewed annually and are determined by the Board based on recommendations from the Remuneration and Human Resources Committee. In making its recommendations, the Remuneration and Human Resources Committee takes into account fees paid to other non-executive directors of comparable companies and where necessary will seek external advice.

In accordance with the Constitution, the Directors are entitled to receive fees not exceeding $600,000 per annum in aggregate to be divided amongst the Directors as they may determine. Fees for non executive Directors are not linked to performance. Currently the non-executives receive the following fees per annum:

- Robert Aitken - $140,000
- Malcolm Jackman - $78,000
- Russel Pillemer - $80,000
- John Pettigrew - $86,000

The company does not operate equity plans for non-executive directors.

Non-executive directors are entitled to statutory superannuation. Amounts paid for statutory superannuation are included as part of the directors' fees. There are no other schemes for retirement benefits for non-executive directors.

E. Details of remuneration

Details of remuneration of the directors and the key management personnel of Rubicor Group Limited are set out in the following tables:

The key management personnel of Rubicor Group Limited includes the directors as per page 9 previously and the following executive officers who have authority and responsibility for planning, directing and controlling activities of the company and group.

- Kevin Levine – Chief Financial Officer
- Jane Beaumont – Chief Operating Officer
- Sharad Loomba – General Counsel and Company Secretary

The key management personnel of the Group are the same as for the Company as set out above. In addition, Operations Manager, Mike Page, is a company and group executive whose remuneration must be disclosed under the Corporations Act 2001 as he is one of the 5 highest remunerated executives.

2008	**Short-term employee benefits**		**Post-employment benefits**	**Share-based payment**	
Name	**Cash Salary and Fees $**	**Cash Bonus $ [2]**	**Superannuation $**	**Shares $**	**Total $**
Non-executive directors					
Robert Aitken *Chairman*	131,330	-	8,670	-	140,000
Malcolm Jackman	78,000	-	-	-	78,000
Russel Pillemer	75,046	-	4,954	-	80,000
John Pettigrew	80,674	-	5,326	-	86,000
Executive Director					
Wayman Chapman [1] *Chief Executive Officer*	394,495	-	35,505	62,858	492,858
Other key management personnel					
Kevin Levine [1]	275,229	-	24,771	34,917	334,917
Jane Beaumont [1]	302,752	-	27,248	29,098	359,098
Sharad Loomba [1]	237,314	-	12,686	24,211	274,211
Total key management personnel compensation	**1,574,840**	**-**	**119,160**	**151,084**	**1,845,084**
Other company executives					
Mike Page[1] *Commenced 6 August 2007.*	186,446	-	16,911	86	**203,443**

[1] denotes one of the 5 highest paid executives of the Company and the Group, as required to be disclosed in accordance with Corporations Act 2001.
[2] 100% of bonuses were forfeited by key management personnel as relevant performance criteria were not met.

2007	**Short-term employee benefits**		**Post-employment benefits**	**Share-based payment**	
Name	**Cash Salary and Fees $**	**Cash Bonus $**	**Superannuation $**	**Shares $**	**Total $**
Non-executive directors					
Robert Aitken *Chairman*	97,333	-	-	-	97,333
Malcolm Jackman	34,000	-	-	-	34,000
Russel Pillemer	31,896	-	2,871	-	34,767
John Pettigrew *Appointed 2 March 2007*	18,635	-	1,677	-	20,312
Alan Stringfellow *Resigned 2 March 2007*	22,500	-	-	-	22,500
Executive Director					
Wayman Chapman [1] *Chief Executive Officer*	369,266	85,626	40,940	10,223	506,055
Other key management personnel					
Kevin Levine [1]	231,651	41,847	24,615	28,380	326,493
Jane Beaumont [1] *Commenced 11 Sep 2006*	219,784	29,824	22,465	-	272,073
Sharad Loomba [1] *Commenced 7 May 2007*	37,118	4,903	2,555	-	44,576
Total key management personnel compensation	**1,062,183**	**162,200**	**95,123**	**38,603**	**1,358,109**
Other company executives					
Michael Wilmot [1] *Commenced 1 July 2006. Resigned 20 September 2007*	160,795	-	14,721	-	**175,516**

[1] denotes one of the 5 highest paid executives of the Company and the Group, as required to be disclosed in accordance with Corporations Act 2001.

Other transactions with key management personnel:

Information on share based payments and other transactions with key management personnel are set out in Notes 6 and 25 respectively.

F. Service Agreements

On appointment to the Board, all non-executive directors sign a letter of appointment with the company. The letter summarises the terms including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel & Company Secretary and Operations Manager.

Each of these agreements provide for the payment of performance related cash bonuses and when eligible participation in the Senior Executive Share Plan.

All contracts with executives may be terminated by either party with a notice period of three months, subject to termination payments detailed below. Executives are typically restricted for two years (except the Chief Operating Officer, General Counsel & Company Secretary and Operations Manager who are restricted for six months) after termination from conducting or engaging in competing businesses and from solicitation of clients and employees of the Company.

Wayman Chapman *Chief Executive Officer*

- Term of agreement – unlimited in term but capable of termination on three months notice and the Company retains the right to terminate the contract immediately by making payment in lieu of notice.
- Base salary, inclusive of superannuation of $430,000 per annum, to be reviewed annually by the Remuneration and Human Resources Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to $107,500.

Kevin Levine *Chief Financial Officer*

- Term of agreement – unlimited in term but capable of termination on three months notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
- Base salary, inclusive of superannuation of $300,000 per annum, to be reviewed annually by the Remuneration and Human Resources Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to $75,000.

Jane Beaumont *Chief Operating Officer*

- Term of agreement – unlimited in term but capable of termination on three months notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
- Base salary, inclusive of superannuation of $330,000 per annum, to be reviewed annually by the Remuneration and Human Resources Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals to $82,500.

Sharad Loomba *General Counsel and Company Secretary*

- Term of agreement – unlimited in term but capable of termination on three months notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
- Base salary, inclusive of superannuation of $250,000 per annum for the year ended 30 June 2008, to be reviewed annually by the Remuneration and Human Resources Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals to $62,500.

Mike Page *Operations Manager*

- Term of agreement – unlimited in term but capable of termination on three months notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
- Base salary, inclusive of superannuation of $225,000 for the year ended 30 June 2008, to be reviewed annually by the Remuneration and Human Resources Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the corresponding portion of salary package in lieu of any part of the notice period that the Company does not require the Executive to serve.

G. Share-based compensation

Senior Executive Share Plan

Shares

The Company established the Senior Executive Share Plan on 24 April 2007. The Senior Executive Share Plan is intended to provide incentives to attract retain and motivate key executives whose present and potential contributions are important to the success of the Company and its Subsidiaries by offering them an opportunity to share in the ownership of the Company. The Senior Executive Share Plan is administered by the Board in its discretion. The terms and conditions of the Senior Executive Share Plan are summarised below.

Plan Shares were made available under the Senior Executive Share Plan to the following key executives of the Company in August and November 2007:

Key Executive	Amount
Wayman Chapman	$300,000
Kevin Levine	$180,000
Jane Beaumont	$150,000
Sharad Loomba	$120,000

The Plan Shares were acquired at a price equal to the weighted average market price for Shares for the five trading days prior to issue of the Plan Shares ($0.91). The Company provided a loan to participants under the Share Plan for 100% of the purchase price of the Plan Shares to enable the participant to acquire the Plan Shares (Loan). The Loan has been provided on an interest free basis. The Loan is repayable on the fifth anniversary of the date when the Loan was provided or otherwise in accordance with its terms (although the Board may vary the repayment period). If the performance conditions attaching to Plan Shares issued under the Share Plan have been satisfied, the Board will waive the loan repayment except for the portion equal to the fringe benefits tax payable on the Loan. The Loans from the Company to the above key executives will be repayable and the Plan Shares will become transferable by the key executive upon the satisfaction of certain performance hurdles based on the performance of the Company measured by:

- earnings per share growth over the period 1 July 2007 to 30 June 2010; and
- total shareholder return ranking against the S&P/ASX Small Ordinaries index.

The number of ordinary shares acquired is in relation to the services to be performed for three years up to 30 June 2010:

Key Executive	2008 shares
Wayman Chapman	423,204
Kevin Levine	235,088
Jane Beaumont	195,906
Sharad Loomba	163,003

As required by AASB2 the fair value of the shares issued is determined as the market price at grant date.

$151,000 has been recognised as a share based payments expense on a graded vesting pattern for the financial year ended 30 June 2008 (2007: nil) in relation to the executive senior share plan.

Options

None of the directors of Rubicor Group Limited, other key management personnel or other executives of the Group or the Company are eligible to participate in the company's employee share option plan.

H. Additional Information

Details of remuneration: options and shares.

For each grant of options and shares on pages 12 to 13 of this report, the percentage of the available grant that was vested, in the financial year, and the percentage forfeited because the person did not meet the service and performance criteria is set out below:

	Senior Executive Share Plan Shares					
Name	**Year granted**	**No. granted**	**No. vested**	**% of grant vested**	**% of grant forfeited**	**% of compensation for the year consisting of plan shares**
Wayman Chapman	2008	423,204	0	0%	0%	12.8%
Kevin Levine	2008	235,088	0	0%	0%	10.4%
Jane Beaumont	2008	195,906	0	0%	0%	8.1%
Sharad Loomba	2008	163,003	0	0%	0%	8.8%
Mike Page	n/a	n/a	n/a	n/a	n/a	n/a

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001:

Director

Wayman Chapman

Director Rob Aitken

Robert Aitken

Dated this 29th day of September 2008.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Rubicor Group Limited
Level 16, 1 York Street
SYDNEY NSW 2000

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 audit of the financial statements of Rubicor Group Limited for the financial-year ended 30 June 2008, 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 audit; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountant
Sydney, 29 September 2008

CORPORATE GOVERNANCE STATEMENT

The board of directors of the Company "(Board)" is responsible for the overall corporate governance of the Company and has adopted as a guiding principle that it act honestly, conscientiously and fairly in accordance with the law and in the interests of the Shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board has adopted a suite of governance materials which are available in the corporate governance section of the Company's website (www.rubicor.com.au) (under "About Us"). The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value, and help to engender the confidence of the investment market.

This statement sets out the material governance principles and processes adopted by the Board. The Board supports the Corporate Governance Principles and Recommendations, 2nd edition as released by the ASX Corporate Governance Council in 2007. The Board considers and applies these recommendations to the extent there is sound reason to do so given the circumstances of the Company.

The Board is responsible for the management of the affairs of the Company and its subsidiaries including:

- strategic and financial performance;
- executive management;
- audit and risk management;
- strategic planning;
- corporate governance; and
- performance evaluation

The Board must comprise at least three directors, and will meet no less than six times formally per year. The Board has met 12 times during 2007/08.

Directors' attendance at meetings this year is set out on page 5.

Senior management are invited to attend Board meetings however the initial part of each meeting is independent of management.

Board Composition

The Board comprised five directors as at 30 June 2008 including four independent, non-executive directors:

- Robert Aitken – independent non-executive Chairman;
- Wayman Chapman – Chief Executive Officer;
- Malcolm Jackman – independent non-executive director;
- John Pettigrew – independent non-executive director; and
- Russel Pillemer – independent non-executive director.

A director may not simultaneously hold the positions of Chief Executive Officer and Chairman of the Board. The Chairman is a non-executive independent director and there is a clear division of responsibility between the Chairman and the Chief Executive Officer. The Chairman's role is clearly defined in the Board Charter.

Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationship. It is the approach and attitude of each non-executive director which is critical to determining independence and this must be considered in relation to each director. Other relevant factors to be taken into account are set out in the Board Charter which is available on the Company's corporate governance website.

With the exception of the Chief Executive Officer, no director is entitled to hold office for a period beyond three years from re-election, but directors are eligible for re-election. Of the current directors John Pettigrew will retire and offer himself for re-election at the Company's Annual General Meeting to be held on 25 November 2008 (AGM), and Malcolm Jackman will retire and the Company's AGM.
The Company has a Selection and Appointment of Directors Policy which is an attachment in the Nominations and Corporate Governance Committee Charter on the Company's corporate governance website. The Nomination and Corporate Governance Committee is responsible for:

- periodically assessing the skills required to discharge the Board's duties, having regard to the strategic direction of the Company;
- proposing candidates for directorships for consideration by the Board having regard to the desired composition as stated in the Board Charter; and
- reviewing any retiring director's performance.

As part of the Company's Selection and Appointment Policy, the Committee will consider whether it is necessary and desirable to recruit additional directors bearing in mind:

- the mix of skills and experience of existing directors;
- business and strategic needs of the Company;
- need to replace directors before scheduled retirements; and
- the opportunity to obtain the services of particular persons with desirable skills when they are available.

New directors are provided with formal appointment letters setting out the key terms and conditions of their appointment, including remuneration. In addition all senior executives are provided with executive services contracts, which include expectations of their role, term of appointment, termination entitlements and rights and responsibilities.

Details of the directors, their qualifications, period in office, skills and experiences are detailed on pages 2 –4.

Conflicts of Interests

Directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest.

If a director considers there may be a conflict, the director is required to:

- immediately inform the Board of the potential conflict; and
- abstain from voting on any motion relating to the matter and be absent during all Board deliberations relating to the matter.

The Board Charter, available on the Company's website, provides further detail on managing conflicts of interest.

Board Committees

In order to effectively fulfil its duties the Board has established the following committees:

- the Audit and Risk Management Committee, which is responsible for monitoring and advising the Board on the Company's audit, risk management and regulatory compliance policies and procedures;
- the Remuneration and Human Resources Committee, which is responsible for overseeing the remuneration and human resources policies and practices of the Company; and
- the Nomination and Corporate Governance Committee, which is responsible for advising the Board on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual directors and advising the Board on its corporate governance policies.

Each committee has a formal charter approved by the Board, outlining its composition, role and responsibilities. These charters are available on the Company's corporate governance website.

Audit and Risk Management Committee

The Audit and Risk Management Committee's functions include:

- assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
- determining the scope of the internal audit function and ensuring its resources are sufficient and used appropriately;
- review of internal audit performance and independence;
- assisting the Board with the adoption and application of appropriate ethical standards and management of the Company and the conduct of the Company's business;
- assisting the Board supervise the Company's risk management framework (such framework is described under a separate heading "Risk Management" later in this Statement); and
- reviewing the adequacy of the Company's insurance policies.

External Audit

The Audit and Risk Management Committee also monitors the independence of the Company's external auditor. The Committee must approve in advance the terms of engagement of the external auditor to perform audit and related work. Any non audit work to be performed by the external auditor must be approved by the Committee and, in doing so, the Committee ensures the external auditor's independence and integrity is maintained. The lead engagement audit partners of the Company's external auditor will be rotated from the engagement after five years.

The Audit and Risk Management Committee is responsible for reviewing the performance of the external auditors, and the selection and appointment of the external auditor. The Committee will recommend to the Board the re-appointment of the current external auditor or a tender process to select a new external auditor.

The Committee ensures that it meets with the external auditors, independent of management, and with management independent of the external auditors. The Board has requested that the external auditor attend the 2008 Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Composition

The Committee comprises a minimum of three non-executive directors who are financially literate, one of whom must have expertise in financial reporting. The Board of the Company will nominate the Chairman of the Committee, who must be an independent, non-executive director who is not the Chairman of the Board. The Committee may invite other persons to attend meetings of the Committee including the Chief Executive Officer, the Chief Financial Officer and the Company's external auditors.

The current members of the Committee are John Pettigrew (Chairman of the Committee), Russel Pillemer and Robert Aitken. Each of these members are considered to be independent non-executive directors.

The Committee will meet as often as required to undertake its role effectively. The Committee met four times during 2007/08. Directors' attendance at meetings is set out on page 5.

Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee's functions are to endeavour to ensure:

- that the directors and the executive management team of the Company are remunerated fairly and appropriately;
- that the Company's remuneration policies and outcomes strike an appropriate balance between the interests of the Company's shareholders, and reward and motivate the Company's executives and employees in order to secure the long term benefits of their energy and loyalty; and
- that the human resources policies and practices are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board.

Composition

The Committee will comprise a minimum of two non-executive directors, including if practicable, a majority of independent non-executive directors.

The Board of the Company will nominate the Chairman of the Committee, who must be an independent non-executive director.

The current members of the Committee are Malcolm Jackman (Chairman of the Committee), Russel Pillemer and Robert Aitken. All of these members are considered to be independent non-executive directors.

The Committee will meet as often as required to perform its role effectively. The Committee met four times during 2007/08. Directors' attendance at meetings is set out on page 5.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee's functions are to:

- review and advise the Board on the composition of the Board and its committees (and in so doing, administering the Selection and Appointment of Directors Policy described earlier in this Statement);
- review the performance of the Board as a whole and the individual members of the Board;
- ensure that proper succession plans are in place for consideration by the Board;
- advise the Board on good governance standards and appropriate corporate governance policies for the Company; and
- critically review the Company's performance against its corporate governance policies.

Composition

The Committee comprises a minimum of two non-executive directors, including if practicable, a majority of independent non-executive directors.

The current members of the Committee are Robert Aitken (Chairman of the Committee), Wayman Chapman and John Pettigrew. Of these members both Robert Aitken and John Pettigrew are considered to be independent non-executive directors.

The Board of the Company will nominate the Chairman of the Committee, who must be an independent non-executive director. The Committee will meet as often as required to perform its role effectively. The Committee met three times during 2007/08. Directors' attendance at meetings is set out on page 5.

Performance Review/Evaluation

The Board and Nomination and Corporate Governance Committee Charters outline responsibility for the performance review of the Board, the Chairman of the Board and the individual performance of all directors and senior management.

During 2007/08, the Chairman met with each director and assessed the performance of the Board, Committees, individual directors as well as the four members of the senior management team. The Chairman of the Audit and Risk Management Committee interviewed the Chairman of the Board. The observations from these interviews were communicated to and discussed amongst, the Board.

During 2007/08, the Chief Executive Officer conducted performance reviews with the three members of the executive team. The senior executives' performance was reviewed against performance measures which align with the Company's strategy and feedback from both the Board and the Chief Executive Officer conveyed.

Education and Induction

New directors will undergo an induction process in which they will be given a full briefing on the Company. Where possible, this will include meetings with directors, key executives, tours of the premises, a Board manual and presentations from management.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

Independent Professional Advice and Access to the Company's Information

Each director has the right of access to the Company's information and to the Company's executives. Further, the Board collectively and each director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, with the approval of the Chairman, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Each director also has access to the General Counsel and Company Secretary.

Risk Management

During the year, the Company formalised its risk management framework to allow it to achieve its business objectives whilst assisting management and ideally, providing early warnings of risks. The Risk Management Policy, covering both financial and operating risks, documents this framework.

The objective of this Risk Management Policy is to:

- encourage appropriate tolerance of risks across all Rubicor Businesses;
- establish procedures to analyse risks within agreed parameters across all Rubicor Businesses;
- establish appropriate risk delegations and corresponding frameworks across Rubicor; and
- ensure Rubicor has in place a risk framework which can measurably react should the risk profile change.

Key components of the Risk Management Policy which bring together a number of procedures and controls within the Company are as follows:

- identification and assessment of all risks;
- monitoring and wherever possible, mitigation, of identified risks;
- periodic reporting; and
- assessment of effectiveness of the risk management framework.

An executive Risk Management Committee has been established to assess identified risks as recorded on the risk register and review mitigation strategies. This Committee will meet prior to each Audit and Risk Management Committee meeting and assists in reporting to the Committee.
As suggested by Recommendation 7.2, management has reported to the Board on the effectiveness of the Company's management of its material business risks.

A copy of the Risk Management Policy is available under the Company's corporate governance website.

Remuneration

In relation to remuneration issues the Board (with the assistance of the Remuneration and Human Resources Committee) has established a policy to ensure that it remunerates fairly and responsibly.

The remuneration philosophy is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated directors and employees.

Any equity based executive remuneration will be made in accordance with thresholds set in plans approved by shareholders at the general meeting. As prescribed in the Company's share trading policy, executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

The structure of executive remuneration is distinctly different to that of non-executive directors as detailed in the Remuneration Report.

The Remuneration Report and details about the Remuneration Philosophy of the Company are set out from pages 9–16.

Attestations by Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer and Chief Financial Officer made the declarations required by section 295A of the *Corporations Act* and recommended under Recommendation 7.3 of the *ASX Principles*. In order for the Chief Executive Officer and Chief Financial Officer to make the declarations, appropriate attestations were made by management to the CEO and CFO.

Continuous Disclosure

The Company takes its disclosure obligations seriously and seeks to comply with the spirit as well as the content of the ASX requirements. The Company has adopted a Continuous Disclosure Policy in relation to information disclosures and relevant procedures. The Policy sets out principles that the Company will apply in relation to the disclosure of material information, including that the Company:

- will not give analysts or other select groups of market participants any material price sensitive non-public information at any time;
- will not generally respond to market rumours and speculation except where:
  - the speculation or rumours indicate that the subject matter is no longer confidential and therefore the exception to disclosure set out in the Listing Rules no longer applies;
  - the ASX formally requests disclosure by the Company on the matter; or
  - the Board considers that it is appropriate to make a disclosure in the circumstances; and
- will only allow authorised company spokespersons to make any public statement on behalf of the Company.

A copy of the Continuous Disclosure Policy is available under the Company's corporate governance website.

Share Trading Policy

The Company has adopted a Share Trading Policy to regulate dealings by the Company's executives and non-executive directors, officers, employees, contractors and consultants (employees) in the Company's securities. All employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the employee's personal interests and those of the Company and its clients.

The Company is keen to promote shareholder and general market confidence in the integrity of the Company's internal controls and procedures, and to provide guidance on avoiding any breach of the insider trading laws. A copy of the Share Trading Policy is available under the Company's corporate governance website.

Code of Conduct

The Company has adopted a written Code of Conduct, which applies to all of the Company's executives and non-executive directors, officers, employees, contractors and consultants.

The purpose of the Code of Conduct is to ensure that:

- high standards of corporate and individual behaviour are observed by all employees in the context of their employment with the Company;
- employees are aware of their responsibilities to the Company under their contract of employment and always act in an ethical and professional manner; and
- all persons dealing with the Company, whether it be employees, shareholders, suppliers, clients or competitors, can be guided by the stated values and practices of the Company.

Employees are encouraged to report any potential breaches of the Code and the Company ensures employees are not disadvantaged for any reports made in good faith. The Company will deal with any reports promptly and fairly.

A copy of the Code of Conduct is available under the Company's corporate governance website.

Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company has established a Shareholder Communications Policy to:

- promote effective communications with shareholders of the Company;
- ensure all information relevant to their shareholding is disseminated to shareholders; and
- encourage effective participation by shareholders at the Company General Meetings.

The Policy is available under the Company's corporate governance website.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Rubicor Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Rubicor Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 27 to 93

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report 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 financial report 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of Rubicor Group Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Rubicor Group Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael S Kaplan
Partner
Chartered Accountants
Sydney, 29 September 2008

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 company and the consolidated entity; and

(c) the directors have been given the declarations by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 21 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Director

Wayman Chapman

Rob Aitken

Director

Robert Aitken

Sydney
Dated the 29th day of September 2008.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Income Statement

For the financial year ended 30 June 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Revenue	2	**367,350**	156,457	**15,012**	547
On hired labour costs		**(263,323)**	(92,048)	**-**	-
Employee benefits expense		**(52,283)**	(31,471)	**(3,502)**	(2,228)
Rental expense on operating leases		**(5,038)**	(2,874)	**(115)**	(103)
Other expenses	3	**(22,052)**	(13,582)	**(2,943)**	(2,099)
IPO expenses	3	**-**	(2,139)	**-**	(2,139)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**24,654**	14,343	**8,452**	(6,022)
Depreciation of property, plant and equipment	3	**(1,160)**	(524)	**(28)**	(25)
Amortisation of intangible assets		**(5,972)**	(3,451)	**(134)**	-
Finance costs	3	**(11,653)**	(12,454)	**(9,204)**	(10,971)
Profit/ (Loss) before income tax expense		**5,869**	(2,086)	**(914)**	(17,018)
Income tax (expense)/benefit	5	**(4,022)**	(1,096)	**3,085**	3,849
Profit/ (Loss) for the year		**1,847**	(3,182)	**2,171**	(13,169)
Attributable to:					
Equity holders of the parent		**1,924**	(3,182)	**2,171**	(13,169)
Minority interest		**(77)**	-	**-**	-
		1,847	(3,182)	**2,171**	(13,169)
Basic profit/ (loss) per share (cents)	35	**1.8**	(8.0)		
Diluted profit/ (loss) per share (cents)	35	**1.7**	(8.0)		

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
ASSETS					
Current assets					
Cash and cash equivalents	7	**1,168**	12,717	**8**	10,521
Trade and other receivables	8	**50,750**	27,157	**22,678**	10,982
Current tax receivable	13(a)	**2,275**	-	**91**	-
Other assets	9	**1,321**	472	**455**	63
Total current assets		**55,514**	40,346	**23,232**	21,566
Non-current assets					
Trade and other receivables	8	**129**	144	**8,856**	107
Other financial assets	10	**-**	-	**138,993**	85,815
Property, plant and equipment	12	**4,543**	3,511	**325**	286
Deferred tax assets	13(a)	**2,369**	4,597	**1,225**	1,787
Intangible assets	11	**147,989**	92,234	**265**	-
Other assets	9	**56**	1,141	**-**	987
Total non-current assets		**155,086**	101,627	**149,664**	88,982
TOTAL ASSETS		**210,600**	141,973	**172,896**	110,548
LIABILITIES					
Current liabilities					
Trade and other payables	14	**24,417**	14,305	**1,273**	1,620
Borrowings	15	**21,314**	12,471	**32,439**	24,096
Current tax payable	13(b)	**-**	1,367	**-**	889
Provisions	16	**1,855**	1,210	**133**	81
Total current liabilities		**47,586**	29,353	**33,845**	26,686
Non-current liabilities					
Borrowings	15	**102,297**	51,523	**92,060**	36,756
Provisions	16	**1,495**	736	**32**	-
Total non-current liabilities		**103,792**	52,259	**92,092**	36,756
TOTAL LIABILITIES		**151,378**	81,612	**125,937**	63,442
NET ASSETS		**59,222**	**60,361**	**46,959**	**47,106**

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
EQUITY					
Share capital	17	**64,605**	65,453	**64,605**	65,453
Reserves	18	**88**	559	**400**	203
Accumulated losses	19	**(5,394)**	(5,651)	**(18,046)**	(18,550)
		59,299	60,361	**46,959**	47,106
Equity attributable to equity holders of the parent		**59,299**	60,361	**46,959**	47,106
Minority interest		**(77)**	-	-	-
TOTAL EQUITY		**59,222**	60,361	**46,959**	47,106

The accompanying notes form part of these financial statements

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Statement of Changes in Equity

For the financial year ended 30 June 2008

2008 — **Consolidated**

	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
Equity as at 1 July 2007	203	356	-	65,453	(5,651)	60,361	-	60,361
Translation difference relating to foreign entities	-	(668)	-	-	-	(668)	-	(668)
Loss on cash flow hedges	-	-	(85)	-	-	(85)	-	(85)
Net income recognised directly in equity	-	(668)	(85)	-	-	(753)	-	(753)
Profit/ (loss) for the period	-	-	-	-	1,924	1,924	(77)	1,847
Total recognised income and expense	-	(668)	(85)	-	1,924	1,171	(77)	1,094
Payment of dividends	-	-	-	-	(1,667)	(1,667)	-	(1,667)
Share based payments	282	-	-	-	-	282	-	282
Employee shares acquired	-	-	-	(738)	-	(738)	-	(738)
Transaction costs relating to IPO	-	-	-	(110)	-	(110)	-	(110)
Equity as at 30 June, 2008	485	(312)	(85)	64,605	(5,394)	59,299	(77)	59,222

2007 — **Consolidated**

	Warrant reserve $'000	Equity- settled employee benefit reserve $000	Foreign currency translation reserve $000	Share Capital $000	Accumulated Losses $000	Total $000
Equity as at 1 July 2006	977	48	-	14,839	(2,469)	13,395
Translation difference relating to foreign entities	-	-	356	-	-	356
Net income recognised directly in equity	-	-	356	-	-	356
Loss attributable to members of the parent entity	-	-	-	-	(3,182)	(3,182)
Total recognised income and expense	-	-	356	-	(3,182)	(2,826)
Share based payments	-	155	-	-	-	155
Warrants	(977)	-	-	977	-	-
Issue of Shares	-	-	-	49,822	-	49,822
Transaction costs relating to IPO	-	-	-	(1,978)	-	(1,978)
Contributions of equity	-	-	-	1,793	-	1,793
Equity as at 30 June, 2007	-	203	356	65,453	(5,651)	60,361

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Statement of Changes in Equity

For the financial year ended 30 June 2008

2008

	Parent				
	Equity- settled employee benefit reserve $000	Hedging reserve $'000	Share Capital $000	Accumulated Losses $000	Total $000
Equity as at 1 July 2007	203	-	65,453	(18,550)	47,106
Loss on cash flow hedges	-	(85)	-	-	(85)
Net income recognised directly in equity	-	(85)	-	-	(85)
Profit attributable to members of the parent entity	-	-	-	2,171	2,171
Total recognised income and expense	-	(85)	-	2,171	2,086
Payment of dividends	-	-	-	(1,667)	(1,667)
Share based payments	282	-		-	282
Employee shares acquired	-	-	(738)	-	(738)
Transaction costs relating to IPO	-	-	(110)	-	(110)
Equity as at 30 June, 2008	485	(85)	64,605	(18,046)	46,959

2007

	Parent				
	Equity- settled employee benefit reserve $000	Warrant reserve $'000	Share Capital $000	Accumulated Losses $000	Total $000
Equity as at 1 July 2006	48	977	14,839	(5,381)	10,483
Loss attributable to members of the parent entity	-	-	-	(13,169)	(13,169)
Total recognised income and expense	-	-	-	(13,169)	(13,169)
Share based payments	155	-	-	-	155
Warrants	-	(977)	977	-	-
Issue of shares	-	-	49,822	-	49,822
Transaction costs relating to IPO	-	-	(1,978)	-	(1,978)
Contributions of equity	-	-	1,793	-	1,793
Equity as at 30 June, 2007	203	-	65,453	(18,550)	47,106

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Statement of Cash Flows

For the financial year ended 30 June 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Cash from operating activities:					
Receipts from customers (inclusive of GST)		**399,793**	167,215	-	-
Payments to suppliers and employees (inclusive of GST)		**(378,836)**	(153,155)	**(941)**	(2,739)
Finance costs paid		**(4,213)**	(3,740)	**(3,975)**	(3,188)
Interest received		**175**	190	**380**	14
Income taxes (paid)/refund		**(7,879)**	(3,711)	**(2,770)**	3,316
Total cash inflow/(outflow) from operating activities	20(a)	**9,040**	6,799	**(7,306)**	(2,597)
Cash flows from investing activities:					
Dividends received		**-**	-	**14,630**	-
Amounts advanced to related parties		**(738)**	-	**(18,563)**	(4,605)
Payment for property, plant and equipment		**(1,881)**	(1,485)	**(300)**	(610)
Payment for intangible assets		**(1,054)**	-	**(399)**	-
(Payment for)/ receipt of other financial assets		**(36)**	228	**-**	232
Payment for deferred acquisition costs		**-**	(934)	**-**	(848)
Payment for controlled entities acquired (net of cash acquired):					
- relating to current year	32	**(35,152)**	(26,133)	**(35,152)**	(21,232)
- relating to prior years		**(15,374)**	(7,363)	**(15,374)**	(7,363)
- transaction costs	32	**(2,465)**	(2,875)	**(2,465)**	(1,242)
Dividends paid to vendors – Redeemable preference shares		**(2,160)**	(1,187)	**(2,160)**	(1,187)
Net cash outflow from investing activities		**(58,860)**	(39,749)	**(59,783)**	(36,855)
Cash flows from financing activities:					
Net Proceeds from the issue of share capital		**-**	44,496	**-**	44,496
Repayment of borrowings		**-**	(30,006)	**-**	(30,006)
Proceeds from third party borrowings		**38,988**	28,206	**50,355**	28,407
Proceeds from related party borrowings		**-**	-	**7,888**	7,017
Dividends paid to equity holders of the parent		**(1,667)**	-	**(1,667)**	-
Net cash outflow from financing activities		**37,321**	42,696	**56,576**	49,914
Net cash (decrease)/ increase in cash and cash equivalents		**(12,499)**	9,746	**(10,513)**	10,462
Cash and cash equivalents at beginning of year		**11,743**	1,997	**10,521**	59
Cash and cash equivalents at end of year	7	**(756)**	11,743	**8**	10,521

The accompanying notes form part of these financial statements.

1 Accounting policies

(a) General information

The financial report covers the Group (consolidated entity) of Rubicor Group Limited and its controlled entities ('consolidated financial statements'), and Rubicor Group Limited as an individual parent entity ('parent entity financial statements'). Rubicor Group Limited is a public company listed on the Australian Securities Exchange (trading under the symbol 'RUB'), incorporated and domiciled in Australia.

Rubicor Group Limited's registered office and principal place of business is as follows:

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

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Board of Directors on 29 September 2008.

(c) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs, except for certain financial instruments which are carried at fair value. 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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(d) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

1. Accounting policies (continued)

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assts recognised.

(ii) Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Estimated Useful Lives
Leasehold improvements	4 – 7 years
Leased assets	5 – 10 years
Motor vehicles	5 years
Office equipment	2.5 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Business Combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more

1. Accounting policies (continued)

reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(h). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where a business combination agreement provides for an adjustment to the cost of acquisition that is contingent on future events, the amount of such adjustment is included in the cost of acquisition at the acquisition date if the adjustment is probable and can be measured reliably. If the future events do not occur or the adjustment amount is revised, the cost of the business combination is adjusted accordingly.

(g) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade receivables are non-interest bearing and credit terms are generally 30 days.

(ii) Investments

Investments in subsidiaries have been recognised at cost, less impairment losses, in the parent entity.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

1. Accounting policies (continued)

(v) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(vi) Trade Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(vii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(viii) Derivative financial instruments and hedge accounting

Foreign exchange forward contracts are entered into in order to manage the Group's exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 28 to the financial statements.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges). The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and if it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting:
Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on a ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 28 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedge reserve are also detailed in the statement of changes in equity.

1. Accounting policies (continued)

Cash flow hedge:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.
Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

(h) Intangible assets

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its identifiable net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. Each acquired business operates autonomously, therefore cash-generating units are determined at a subsidiary level.

(ii) Candidate databases

Acquired candidate databases are recorded at fair value as at the effective date of the relevant acquisition and then amortised on a straight line basis over their useful life to the Group of 5 years.

(iii) Preferred Supplier Arrangements
Acquired preferred supplier arrangements are recorded at fair value as at the date of the relevant acquisition and are then amortised on a straight line basis over their useful life to the Group of 5 years.

(iv) Course Material Content

Acquired training content and material is recorded at fair value as at the date of the relevant acquisition and is amortised on a straight line basis over their useful life to the Group of 10 years.

(v) Computer Software

Computer software is measured on the cost basis less amortisation and impairment losses. Computer software is amortised on a straight line basis over its useful life to the Group of 3 years commencing from the time the software is held ready for use.

(vi) Brands

Acquired brands are recorded at fair value as at the date of acquisition. The Group has committed to continually use, invest in and promote acquired brands therefore the Directors' have assessed the brands have an indefinite useful life. Consequentially, brands are not

1. Accounting policies (continued)

amortised but are subject to annual impairment testing.

(i) Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment testing is performed annually for goodwill, and identifiable intangible assets with indefinite useful lives (brands).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income in the income statement. Impairments of goodwill are not reversed.

(j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to have been completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated.

(k) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

<u>Defined contribution plans:</u>
Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

1. Accounting policies (continued)

(l) Provisions

Provisions, including provisions for make good costs, are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured. Where the time value of money is material, these amounts have been discounted using an appropriate discount rate.

(m) Income Tax

Current tax:
The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax:
Deferred tax assets and liabilities are recognised using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items which are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

Tax consolidation:
Rubicor Group Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Rubicor Group Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated group as well as deferred tax assets arising from unused tax losses and other relevant unused tax credits.

Deferred tax assets and liabilities (other than unused tax losses and unused tax credits) are accounted for by each company in the Group measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in it own right. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly owned entities, in case of default by the head entity, Rubicor Group Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Rubicor Group Limited for any current tax payable assumed and are compensated by Rubicor Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Rubicor Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities financial statements. The funding amounts are recognised as intercompany receivables or payables.

(n) Leases

Leases of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Group are classified as finance leases.

1. Accounting policies (continued)

Finance leases are capitalised at the inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

The interest expense is recognised in the income statement so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the income statement on a straight line basis over the lease term. Contingent rentals arising under operating lease are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(o) Revenue Recognition

Revenue from permanent placements is recognised as work is performed in accordance with agreed terms for retainer based appointments, or on candidate appointment as accepted by both the client and candidate for non-retainer based appointments.

Revenue from temporary placements is recognised at the time when the services are performed.

Revenue for the rendering of a service including human capital consulting services is recognised upon the delivery of the service to the customer by reference to the stage of completion of the contract.

Revenue from recharge of expenses incurred in connection with recruitment services is recognised when the related expense is incurred and on-charged to the customer in accordance with agreed contractual terms.

Interest revenue is recognised on an effective interest rate method in relation to the outstanding financial asset.

Revenue from management fees is recognised at the time the service is performed.

Revenue from dividends and distributions from controlled entities is recognised by the parent entity when they are declared or publicly recommended by the controlled entities.

All revenue is stated net of the amount of goods and services tax (GST), returns, trade allowances and other duties and taxes paid.

(p) Foreign currency translation

(i) Functional and presentation currency

The functional currency of each of the Group's entities is identified as the currency of the primary economic environment in which that entity operates, and is used in the recognition of transactions and balances for that entity. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates

1. Accounting policies (continued)

fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed.

(q) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rubicor Group Limited ("parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Rubicor Group Limited and its subsidiaries are referred to in this financial report as the "Group".

A subsidiary is any entity over which Rubicor Group Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

A list of subsidiaries is contained in Note 21 to the financial statements. All subsidiaries have a June financial year-end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Group.

(r) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting estimates may not always equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(i) Estimated impairment of goodwill and brands

The Group annually tests whether goodwill and brands has suffered any impairment. The recoverable amounts of cash generating units have been determined based on the higher of selling price less costs to sell and value in use calculations, the details of which can be found in Note 11 (a). If any of these assumptions were to change, this could have a material impact on the amounts of goodwill recognised.

(ii) Acquired intangible assets

The Group has purchased various entities during the year. In the consolidated financial statements the purchase price has been allocated between identifiable intangible assets, such as preferred supplier agreements, course material content, brands and candidate databases, and goodwill. This allocation has been done based on a valuation of the identifiable assets and liabilities acquired. The valuation is based on estimated expected cash flows attributable to each applicable intangible asset.

1. Accounting policies (continued)

(iii) Cost of business combinations and associated Vendor earn-out liability

As a consequence of the deferred earn-out structure of the business acquisitions, the cost of combination and the associated Vendor earn-out liability has been determined by calculating the present value of estimated future cash-flows associated with the deferred earn-out consideration payments. These cash flows are based amongst other things, on management's assessment as to both the likely period in which the earn-out payments will be made and the operating results of the acquired entities. If any of the assumptions and estimates made in regard to these assessments were to change, this could have a material impact on the cost of combination and the associated Vendor earn-out liability which is disclosed in Note 15 in the financial report.

(iv) Valuation of shares issued as purchase consideration

The valuation of shares has been determined based on an independent valuation. See Note 17 for further details.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(t) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or serves within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Group operates in one business segment (the human resources industry) and three geographical segments Australia, New Zealand and Singapore.

(u) Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 and that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a

1. Accounting policies (continued)

liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

The fair value at grant date of instruments issued are independently determined using the Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Share based compensation benefits are provided to employees via the Key Employee Share Option Plan (KESOP) (Refer Note 34) and Senior Executive Share Plan (Refer Note 33).

(v) New Accounting Standards and Interpretations

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group's and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007)	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the Group and the Company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
• AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
• AASB Interpretation 14 'AASB 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009

1. Accounting policies (continued)

• AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010

The potential effect of the initial application of the following Standards has not yet been determined:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 3 'Business Combinations' and	1 July 2009	30 June 2010
• AASB 127 ' Separate and Consolidated Financial Statements'	1 July 2009	30 June 2010
• AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010

(w) Acquisitions not yet completed

Cost incurred in prospective acquisitions not yet competed at the reporting date are recorded as a non-current asset – "deferred acquisition costs". Upon successful completion of the proposed acquisition the deferred costs are included in the acquisition costs. In the event the acquisition does not proceed, the deferred acquisition costs are written-off to the income statement.

(x) Deficiency of working capital in the parent entity

The parent entity's balance sheet shows a working capital deficit of $10,613,000 (2007: $5,120,000). The Directors have prepared the financial statements on a going concern basis on the basis that the Group has a working capital surplus and generates positive cash-flows and the Directors of the Parent are able to direct their subsidiaries to provide funding required so that it will be able to pay its operating debts as and when they fall due.

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1. Accounting policies (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2 Revenue and Other Income

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Revenue from:				
Recruitment services	**360,463**	149,897	**-**	-
Interest	**328**	190	**380**	547
Dividends from subsidiaries	**-**	-	**14,631**	-
Recharge income	**760**	1,687	**-**	-
Organisational development fees	**4,322**	4,242	**-**	-
Other	**1,477**	441	**1**	-
Total Revenue	**367,350**	156,457	**15,012**	547

3 Expenses

(a) Other Expenses

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Advertising and marketing	**3,067**	1,087	**-**	119
Administration	**16,324**	10,682	**2,760**	1,930
Payroll tax costs	**2,661**	1,813	**183**	50
Total	**22,052**	13,582	**2,943**	2,099

3 Expenses (continued)

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

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Finance Costs:				
Interest expense on Series A loan notes	-	148	-	148
Interest expense on Vendor earn-out liability (refer Note 15)	7,175	5,340	4,963	3,876
Amortisation of borrowing costs	265	3,226	265	3,226
Interest and finance charges on other borrowings	4,213	3,740	3,976	3,721
Total finance costs	11,653	12,454	9,204	10,971
Depreciation:				
Property, plant and equipment	737	213	28	25
Leasehold improvements	423	311	-	-
	1,160	524	28	25
Rental expense on operating leases	5,038	2,874	115	103
Loss on disposal of property, plant and equipment	194	-	-	-
Defined contribution superannuation expense	17,652	5,010	241	115
Share based payment expense	290	194	290	194
Allowance for impairment of trade receivables	325	104	-	-
Other Material Expenses				
Costs of acquisitions that did not proceed	192	366	192	366
IPO expenses relating to equity raised to fund existing shareholder selldown	-	2,139	-	2,139

4. Auditor's Remuneration

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Auditor of the Parent Entity – Deloitte Touche Tohmatsu (2007: DTT NSW)				
Audit or review of financial reports under the Corporations Act 2001	**436,021**	290,000	**436,021**	290,000
Non-statutory audit of financial report and advisory services in connection with the IPO	-	254,043	-	254,043
Tax compliance services	**39,802**	52,594	**39,802**	52,594
Due diligence services	**181,501**	71,720	**181,501**	71,720
Advisory services	**43,874**	68,252	**43,874**	68,252
Total remuneration	**701,198**	736,609	**701,198**	736,609
Related practices of Deloitte Touche Tohmatsu (2007: DTT NSW)				
Audit of financial reports[2]	**48,414**	40,910	**48,414**	40,910
Tax consulting services	-	63,821	-	63,821
Advisory services	**6,746**	-	**6,746**	-
Due diligence services	-	52,169	-	52,169
	55,160	156,900	**55,160**	156,900
Other Auditors				
Tax consulting services[1]	-	40,669	-	40,669
Advisory services[1]	-	26,871	-	26,871
Valuation services[1]	-	389,658	-	389,658
	-	457,198	-	457,198

[1] Relates to services provided by Deloitte Touche Tohmatsu **prior to** the merger of DTT NSW with Deloitte Touche Tohmatsu effective 1 February 2007.

[2] Relates to Deloitte Touche Tohmatsu-New Zealand firm.

5. Income tax expense/(benefit)

(a) Components of tax expense/(benefit)

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Current tax expense	1,663	3,828	(3,767)	(3,093)
Deferred tax – origination and reversal of temporary differences	2,311	(2,849)	645	(756)
Under provision of tax in prior year	48	117	37	-
Income tax expense/ (benefit)	4,022	1,096	(3,085)	(3,849)

(b) Reconciliation of prima facie tax on profit/ (loss) from ordinary activities to income tax expense

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Profit/ (loss) before tax	5,869	(2,086)	(914)	(17,018)
Prima facie tax on profit/ (loss) from ordinary activities before income tax at 30% (2007: 30%)	1,761	(626)	(274)	(5,105)
Add:				
Tax effect of:				
- non assessable dividend income	-	-	(4,390)	-
- non-deductible interest	1,883	1,424	1,489	1,207
- share option expense	87	47	45	46
- other non-allowable items	75	74	8	3
- under provision of tax in prior year	48	117	37	-
- difference in overseas tax rates	168	60	-	-
Income tax expense/(benefit)	4,022	1,096	(3,085)	(3,849)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

5. Income tax expense/(benefit) (continued)

(c) Amounts recognised directly in equity

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Aggregate current and deferred tax arising in the reporting period and not recognised in the income statement but recognised directly in equity				
Deferred tax assets recognised directly in equity (Note 13a)	**36**	850	**36**	850
Total	**36**	850	**36**	850

6. Key management personnel disclosures

(a) Key management personnel compensation for the year was as follows:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	**1,574,840**	1,224,383	**1,574,840**	1,224,383
Post-employment benefits	**119,160**	95,123	**119,160**	95,123
Share-based payments	**151,084**	38,603	**151,084**	38,603
Total	**1,845,084**	1,358,109	**1,845,084**	1,358,109

(b) Individual director and key management personnel disclosures

Detailed remuneration disclosures are included in the director's report. The relevant information can be found in sections A – H of the remuneration report on pages 9-16.

(c) Equity instrument disclosures relating to key management personnel

Share Holdings

The number of shares in the company held during the financial year by each director and other key management personnel of the Group, including their personally related parties are set out below.

6. Key management personnel disclosures (continued)

Ordinary Shares

2008 Name	Balance at the start of the year	Purchased	Granted as remuneration (refer Note 33)	Balance at the end of the year
Directors				
Wayman Chapman	2,544,660	-	423,204	**2,967,864**
Robert Aitken	1,287,397	600,000	-	**1,887,397**
Malcolm Jackman	136,830	-	-	**136,830**
Russel Pillemer	443,085	-	-	**443,085**
John Pettigrew	200,000	110,000	-	**310,000**
Other key management personnel of the group				
Kevin Levine	937,405	-	235,088	**1,172,493**
Jane Beaumont	129,758	-	195,906	**325,664**
Sharad Loomba	-	-	163,003	**163,003**

Ordinary Shares

2007 Name	Balance at the start of the year	Purchased	Changes related to the IPO*	Balance at the end of the year
Directors				
Wayman Chapman	-	267,349	2,277,311	2,544,660
Robert Aitken	-	267,349	1,020,048	1,287,397
Malcolm Jackman	-	110,622	26,208	136,830
Russel Pillemer	-	26,735	416,350	443,085
John Pettigrew	-	200,000	-	200,000
Alan Stringfellow	-	-	-	-
Other key management personnel of the group				
Kevin Levine	-	64,666	872,739	937,405
Jane Beaumont	-	129,758	-	129,758
Sharad Loomba	-	-	-	-

* "Changes related to IPO" represent conversion of Series A Preference shares and Series D shares to ordinary shares at the time of the IPO pursuant to the allocation method prescribed on the Company's constitution.

6. Key management personnel disclosures (continued)

Series A Preference Shares

2008 - Nil

Series A Preference Shares

2007 Name	Balance at the start of the year	Issued as compensation	Changes related to loan note conversion	Balance at the end of the year
Directors				
Wayman Chapman	500,000	-	(500,000)	-
Robert Aitken	500,000	-	(500,000)	-
Malcolm Jackman	200,000	-	(200,000)	-
Russel Pillemer	50,000	-	(50,000)	-
Alan Stringfellow	250,000	-	(250,000)	-
Other key management personnel of the group				
Kevin Levine	133,333	-	(133,333)	-
Jane Beaumont	-	-	-	-
Sharad Loomba	-	-	-	-

Series D Shares

2008 - Nil

Series D Shares

2007 Name	Balance at the start of the year	Issued as compensation	Changes related to the IPO*	Balance at the end of the year
Directors				
Wayman Chapman	1	-	(1)	-
Robert Aitken	-	-	-	-
Malcolm Jackman	-	-	-	-
Russel Pillemer	-	-	-	-
Alan Stringfellow	-	-	-	-
Other key management personnel of the group				
Kevin Levine	1	-	(1)	-
Jane Beaumont	-	-	-	-
Sharad Loomba	-	-	-	-

* "Changes related to IPO" represent conversion of Series A Preference shares and Series D shares to ordinary shares at the time of the IPO pursuant to the allocation method prescribed on the Company's constitution.

Share Options

Options issued over ordinary shares during the year are disclosed in notes 33 and 34. No options over ordinary shares were held by directors and other key management personnel of the group during 2007.

6. Key management personnel disclosures (continued)

(d) Key management personnel transactions with the Company and its controlled entities

Information regarding individual key management personnel's service contracts with the Group is provided in the Remuneration report (Refer page 14).

Loans to key management personnel

Details of loans made to key management personnel of the group, including their personally related parties, are set out below.

2008 Name	Balance at the start of the year $	Loans made $	Interest payable for the year $	Balance at the end of the year $	Highest indebtedness during the year $
Kevin Levine	107,729	-	8,874	116,603	116,603

2007 Name	Balance at the start of the year $	Loans made $	Interest payable for the year $	Balance at the end of the year $	Highest indebtedness during the year $
Kevin Levine	-	100,000	7,729	107,729	107,729

7. Cash and cash equivalents

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Cash on hand	19	12	-	-
Cash at bank	1,149	12,705	8	10,521
Total Cash and Cash Equivalents	1,168	12,717	8	10,521

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	1,168	12,717	8	10,521
Bank overdraft	(1,924)	(974)	-	-
	(756)	11,743	8	10,521

8. Trade and other receivables

	Consolidated		Parent	
	2008	2007	2008	2007
CURRENT	$000	$000	$000	$000
Trade receivables	**46,196**	24,015	**-**	-
Allowance for impairment of receivables	**(253)**	(230)	**-**	-
	45,943	23,785	**-**	-
Other receivables	**4,807**	3,372	**25**	75
Amounts receivable from:				
Wholly-owned subsidiaries	**-**	-	**22,653**	10,907
	50,750	27,157	**22,678**	10,982

The loans to wholly-owned subsidiaries have no fixed repayment terms. Except for loans to overseas entities, the loans are non-interest bearing. The loans to overseas (New Zealand) based entities totaling $5,192,000 at 30 June 2008 (2007: $6,429,000) bear interest at 8.28%.

The aging of past due trade receivables at year end is detailed below:

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Past due 0 -30 days	**9,498**	3,369	**-**	-
Past due 31 -60 days	**2,929**	1,556	**-**	-
Past due 60+ days	**1,855**	573	**-**	-
Total	**14,282**	5,498	**-**	-

The movement in the allowance for doubtful accounts in respect of trade receivables is detailed below:

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Balance at beginning of year	**230**	115	**-**	-
Amounts written off during the year	**(325)**	(104)	**-**	-
Increase in allowance recognised in the profit and loss	**352**	219	**-**	-
Foreign currency exchange differences	**(4)**	-	**-**	-
Balance at end of year	**253**	230	**-**	-

8. Trade and other receivables (continued)

The average credit period on provision of services is 30 days. No interest is charged on trade receivable balances overdue.

The Group has used the following basis to assess the allowance loss for trade receivables and as a result is unable to specifically allocate the allowance to the aging categories shown above:

- a general provision based on historical bad debt experience;
- the general economic conditions;,
- an individual account by account specific risk assessment based on past credit history;
- any prior knowledge of debtor insolvency or other credit risk.

Included in the Group's trade receivable balance are debtors with a carrying amount of $14,029,000 (2007: $5,268,000) which are past due at the reporting date which the Group has not provided for as there has been no significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
NON-CURRENT				
Staff advance	**12**	36	**-**	-
Loan to key management personnel (Note 6(d))	**117**	108	**117**	107
Amounts receivable from:				
- wholly-owned subsidiaries	**-**	-	**8,739**	-
	129	144	**8,856**	107

9. Other Assets

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Prepayments	**1,321**	472	**455**	63
	1,321	472	**455**	63

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
NON-CURRENT				
Prepayments	**-**	184	**-**	139
Rental guarantee deposit	**54**	22	**-**	-
Deferred acquisition costs	**2**	935	**-**	848
	56	1,141	**-**	987

10. Other Financial Assets

	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Shares in controlled entities (at cost) (Note 21)	-	-	**138,993**	85,815
	-	-	**138,993**	85,815

11. Intangible assets

	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Preferred Supplier Agreements				
Cost	**2,014**	1,741	-	-
Accumulated amortisation and impairment	**(906)**	(529)	-	-
Net carrying value	**1,108**	1,212	-	-
Course Material Content				
Cost	**542**	542	-	-
Accumulated amortisation and impairment	**(145)**	(117)	-	-
Net carrying value	**397**	425	-	-
Candidate Databases				
Cost	**22,757**	17,950	-	-
Accumulated amortisation and impairment	**(8,996)**	(5,166)	-	-
Net carrying value	**13,761**	12,784	-	-
Computer software				
Cost	**5,690**	1,175	**399**	-
Accumulated amortisation and impairment	**(2,647)**	(716)	**(134)**	-
Net carrying value	**3,043**	459	**265**	-
Brands				
Cost	**591**	350	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying value	**591**	350	-	-
Goodwill				
Arising on consolidation at cost	**129,089**	77,004	-	-
Accumulated impairment	-	-	-	-
Net carrying value	**129,089**	77,004	-	-
Total Intangible assets	**147,989**	92,234	**265**	-

11. Intangible assets (continued)

(a) Impairment Tests for Goodwill

Goodwill is allocated to recruitment cash-generating units (CGU's), being the autonomously operated businesses acquired by the Group.

The recoverable amount of the CGU's are determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections approved by management over a one-year period, with the period beyond one year extrapolated using an estimated growth rate, which does not exceed the average growth rate for the industry in which the CGU's operate. The present value of the cash flow projections is determined using a discount rate which reflects the risks associated with the CGU segments.

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

- Management has based the value-in-use calculations on the forthcoming financial year budget for recruitment CGU's. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the segments operate. Future cash-flows beyond the one year budget are projected using an average growth rate of 2.6% (2007: 2.6%) which does not exceed the expected industry growth rate. An average pre-tax discount rate of 17.2% (2007: 12.5%), reflecting the assessed risks associated with the CGU segments, has been applied to determine the present value of the future cash flow projections.
- No impairment write offs arose from the recoverable value assessments conducted on each of the CGU's during the current year (2007: Nil).

(b) Intangible assets – Detailed reconciliation

Consolidated

2008	Goodwill $000	Candidate Database $000	Preferred Supplier Agreements $000	Computer Software $000	Course Material Content $000	Brands $000	Total $000
Cost brought forward	77,004	17,950	1,741	1,333	542	350	98,920
Goodwill generated through business combinations	42,911	-	-	-	-	-	42,911
Goodwill and intangibles acquired through business combinations	6,554	4,807	273	3,073	-	241	14,948
Additions relating to prior year business combinations	2,620	-	-	-	-	-	2,620
Additions other than through business combinations	-	-	-	1,054	-	-	1,054
Reallocation from fixed assets	-	-	-	230	-	-	230
	129,089	22,757	2,014	5,690	542	591	160,683
Amortisation brought forward	-	(5,166)	(529)	(874)	(117)	-	(6,686)
Amortisation expense	-	(4,006)	(392)	(1,547)	(27)	-	(5,972)
Net foreign currency exchange differences	-	176	15	(226)	(1)		(36)
	-	(8,996)	(906)	(2,647)	(145)	-	(12,694)
Closing written-down value	129,089	13,761	1,108	3,043	397	591	147,989

11. Intangible assets (continued)

(b) Intangible assets – Detailed reconciliation

2008	Goodwill $000	Candidate Database $000	Preferred Supplier Agreements $000	Computer Software $000	Course Material Content $000	Brands $000	Total $000
	Consolidated						
Cost brought forward	26,231	8,844	1,103	830	542	110	37,660
Goodwill generated through business combinations	43,410	-	-	-	-	-	43,410
Intangibles acquired through business combinations	-	9,106	638	200	-	240	10,184
Additions relating to prior year business combinations	7,363	-	-	-	-	-	7,363
Additions other than through business combinations	-	-	-	303	-	-	303
	77,004	17,950	1,741	1,333	542	350	98,920
Amortisation brought forward	-	(2,589)	(203)	(380)	(63)	-	(3,235)
Amortisation expense	-	(2,577)	(326)	(494)	(54)	-	(3,451)
	-	(5,166)	(529)	(874)	(117)	-	(6,686)
Closing written-down value	77,004	12,784	1,212	459	425	350	92,234

12. Property plant and equipment

2008	Office Equipment $000	Leasehold Improvements $000	Total $000
		Parent	
Cost			
Balance at the beginning of year	314	-	314
Additions	208	92	300
Disposals	-	(3)	(3)
Reallocation to intangibles	(230)	-	(230)
Balance at 30 June 2008	292	89	381
Depreciation and impairment losses			
Balance at the beginning of year	(28)	-	(28)
Depreciation expense	(27)	(1)	(28)
Balance at 30 June 2008	(55)	(1)	(56)
Carrying amount – 30 June 2008	237	88	325

12. Property plant and equipment (continued)

2007

	Parent	
	Office Equipment $000	Total $000
Cost		
Balance at the beginning of year	14	14
Additions	300	300
Balance at 30 June 2007	314	314
Depreciation and impairment losses		
Balance at the beginning of year	(3)	(3)
Depreciation expense	(25)	(25)
Balance at 30 June 2007	(28)	(28)
Carrying amount – 30 June 2007	286	286

2008

	Consolidated				
	Motor Vehicles $000	Office Equipment $000	Leasehold Improvements $000	Leased Assets $000	Total $000
Cost					
Balance at the beginning of the year	41	2,090	2,145	107	4,383
Additions through acquisitions	39	520	167	20	746
Payment for purchase of property plant and equipment	17	1,072	792	-	1,881
Disposals	(44)	(124)	(126)	(75)	(369)
Reallocation to intangibles	-	(230)	-	-	(230)
Net foreign currency exchange differences	-	(119)	(80)	-	(199)
Balance at 30 June 2008	53	3,209	2,898	52	6,212
Depreciation and impairment losses					
Balance at the beginning of the year	(34)	(392)	(426)	(20)	(872)
Disposals	10	111	43	11	175
Depreciation expense	(29)	(703)	(423)	(5)	(1,160)
Net foreign currency exchange differences	-	93	95	-	188
Balance at 30 June 2008	(53)	(891)	(711)	(14)	(1,669)
Carrying amount – 30 June 2008	-	2,318	2,187	38	4,543

Certain assets have been pledged as security – see Note 15 (vi).

12. Property plant and equipment (continued)

2007 — Consolidated

	Motor Vehicles $000	Office Equipment $000	Leasehold Improvements $000	Leased Assets $000	Total $000
Cost					
Balance at the beginning of the year	41	1,161	636	67	1,905
Additions through acquisitions	-	486	481	25	992
Payment for purchase of property plant and equipment	-	443	1,028	15	1,486
Balance at 30 June 2007	41	2,090	2,145	107	4,383
Depreciation and impairment losses					
Balance at the beginning of the year	(31)	(188)	(115)	(14)	(348)
Depreciation expense	(3)	(204)	(311)	(6)	(524)
Balance at 30 June 2007	(34)	(392)	(426)	(20)	(872)
Carrying amount – 30 June 2007	7	1,698	1,719	87	3,511

Certain assets have been pledged as security – see Note 15 (vi).

13. Taxation

(a) Assets

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Income tax receivable	2,275	-	91	-
Net carrying value	2,275	-	91	-
NON-CURRENT				
Deferred tax assets comprise the following temporary differences:				
Cash flow hedges	36	-	36	-
Intangible assets	718	1,587	(39)	-
Make good costs	48	29	-	-
Property, plant and equipment	60	-	-	-
Accrued income	(1,105)	-	-	-
Accrued expenses	164	-	-	-
Accrued rent	129	-	-	-
Doubtful debts	77	70	(76)	-
Employee benefits	999	1,137	45	34
Transaction costs	216	308	216	308
Other provisions	126	278	104	257
Borrowing costs	(38)	-	-	-
IPO costs	939	1,188	939	1,188
	2,369	4,597	1,225	1,787

13. Taxation (continued)

Movements - Consolidated	Cash flow hedges $000	Accrued income $000	Accrued expenses $000	Intangible Assets $000	Make Good Costs $000	Fixed assets $000	Accrued rent $000
At 1 July 2006	-	-	-	317	29	-	-
Credited to the income statement	-	-	-	1,270	-	-	-
Charged directly to equity	-	-	-	-	-	-	-
At 30 June 2007	-	-	-	1,587	29	-	-
(Charged)/ credited to the income statement	-	(1,105)	164	(869)	19	60	129
Charged directly to equity	36	-	-	-	-	-	-
At 30 June 2008	36	(1,105)	164	718	48	60	129

Movements – Consolidated (continued)	Impairment of Trade Receivables $000	Employee Benefits $000	Transaction Costs $000	IPO Costs $000	Borrowing Costs $000	Other Provisions $000	Total $000
At 1 July 2006	35	346	347	-	(228)	51	897
Credited/ (charged) to the income statement	35	791	(39)	338	228	227	2,850
Charged directly to equity	-	-	-	850	-	-	850
At 30 June 2007	70	1,137	308	1,188	-	278	4,597
Credited/ (charged) to the income statement	2	(196)	(92)	(296)	(38)	(89)	(2,311)
Charged directly to equity	-	-	-	47	-	-	83
At 30 June 2008	72	941	216	939	(38)	189	2,369

Movements - Parent	Cash flow hedges $000	Intangible Assets $000	Impairment of Trade Receivables $000	Employee Benefits $000	Transaction Costs $000	IPO Costs $000	Other Provisions $000	Borrowing Costs $000	Total $000
At 1 July 2006	-	-	-	11	347	-	51	(228)	181
Credited/ (charged) to the income statement	-	-	-	22	(39)	338	207	228	756
Charged directly to equity	-	-	-	-	-	850	-	-	850
At 30 June 2007	-	-	-	33	308	1,188	258	-	1,787
(Charged)/credited to the income statement	-	(39)	(76)	12	(92)	(296)	(154)	-	(645)
Charged directly to equity	36	-	-	-	-	47	-	-	83
At 30 June 2008	36	(39)	(76)	45	216	939	104	-	1,225

Deferred tax assets have been recognised on the basis that there will be future taxable profits against which they can be utilised. The future taxable profits are based on management estimations that sufficient suitable taxable profit will be made against which to offset the deductions.

13. Taxation (continued)

(b) Liabilities

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Income tax payable	-	1,367	-	889
	-	1,367	-	889

14. Trade and Other Payables

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Trade payable	**4,031**	2,937	**383**	417
Other creditors and accruals	**20,386**	11,368	**890**	1,203
	24,417	14,305	**1,273**	1,620

The average credit period on purchases of certain products is 30 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. Borrowings

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
CURRENT					
Unsecured liabilities					
Vendor earn-out liability	**(i)**	**19,381**	11,479	**11,409**	10,951
Secured liabilities					
Bank overdraft	**(iii)**	**1,924**	975	**-**	-
Finance lease obligation	**(vi)**	**9**	17	**-**	-
Owing to subsidiaries	**(vii)**	**-**	-	**21,030**	13,145
		1,933	992	**21,030**	13,145
		21,314	12,471	**32,439**	24,096

15. Borrowings (continued)

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
NON-CURRENT					
Unsecured liabilities					
Other loans		-	-	**538**	201
Vendor earn-out liability	(i)	**45,820**	45,139	**35,097**	30,212
		45,820	45,139	**35,635**	30,413
Secured liabilities					
Finance lease obligation	(vi)	**51**	41	**-**	-
Invoice finance debt	(ii)	**19,540**	6,343	**19,540**	6,343
Cash Advance Facility (net of borrowing costs)	(iv)	**14,461**	-	**14,461**	-
Cash Advance Acquisition Facility	(v)	**22,425**	-	**22,424**	-
		56,477	6,384	**56,425**	6,343
		102,297	51,523	**92,060**	36,756

(i) 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.

(ii) Invoice Finance Debt

$27 million invoice financing facility which has a three year term (expiry 31 July 2010) and attracts interest at a margin over the Bank Settlement Rate (BBSY) plus administration fee. The facility is subject to an annual review. Based on the BBSY at 30 June 2008 the effective interest rate would be 9.41% excluding the administration fee.

15. Borrowings (continued)

(iii) 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 payable monthly in arrears.

(iv) Cash Advance Facility

$34 million cash advance facility. This is a three year non-amortising facility (expiry 31 July 2010) that attracts interest at a margin over BBSY. Based on the BBSY at 30 June 2008 the effective rate would be 8.81%.

(v) Cash Advance Acquisition Facility

$41.5 million cash advance acquisition facility. This facility does not have a fixed term and is next subject to review on 15 July 2009. The facility attracts interest at a margin over BBSY. Based on the BBSY at 30 June 2008 the effective interest rate would be 8.56%.

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

Existing Facilities

The finance lease obligation is secured against the underlying finance lease assets with net book value of $38,000 (2007: $87,000).

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 Balance Sheet for value of security).

(vii) Owing to subsidiaries

The loans from wholly-owned subsidiaries represent transfers from subsidiaries to the parent of cash holdings in excess of the subsidiaries working capital requirements. This payable is unsecured, interest free and repayable at call.

15. Borrowings (continued)

(viii) Financing arrangements

	Consolidated		Parent	
Unrestricted access was available at balance date to the following lines of credit:	2008 $000	2007 $000	2008 $000	2007 $000
Loan Facilities				
Cash Advance Facility	**34,000**	40,000	**34,000**	40,000
Cash Advance Acquisition Facility	**41,500**	30,000	**41,500**	30,000
	75,500	70,000	**75,500**	70,000
Used at balance date				
Cash Advance Facility	**15,672**	-	**15,672**	-
Cash Advance Acquisition Facility	**22,425**	-	**22,425**	-
	38,097	-	**38,097**	-
Unused at balance date				
Cash Advance Facility	**18,328**	40,000	**18,328**	40,000
Cash Advance Acquisition Facility	**19,075**	30,000	**19,075**	30,000
	37,403	70,000	**37,403**	70,000
Credit standby arrangements				
Bank overdraft	**7,000**	1,000	**7,000**	1,000
Other facilities	**2,345**	3,860	**2,220**	3,860
Invoice finance	**27,000**	25,000	**25,000**	25,000
	36,345	29,860	**34,220**	29,860
Used at balance date				
Bank overdraft	**1,924**	975	**-**	-
Other facilities	**1,726**	866	**1,541**	866
Invoice finance	**19,540**	7,111	**19,540**	7,111
	23,190	8,952	**21,081**	7,977
Unused at balance date				
Bank overdraft	**5,076**	25	**7,000**	1,000
Other facilities	**619**	2,994	**679**	2,994
Invoice finance	**7,460**	17,889	**5,460**	17,889
	13,155	20,908	**13,139**	21,883

16. Provisions

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Current	**1,855**	1,210	**133**	81
Non-current	**1,495**	736	**32**	-
	3,350	1,946	**165**	81

16. Provisions (continued)

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Employee benefits	**1,855**	1,210	**133**	81
	1,855	1,210	**133**	81

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
NON-CURRENT				
Employee benefits	**584**	408	**12**	-
Make Good	**407**	328	**20**	-
Straight lining of rent provision	**504**	-	**-**	-
	1,495	736	**32**	-

(a) Make good provision

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(a) Straight lining of rent provision

The Company has office space leases that are recorded as operating leases. A few of the lease contracts have rent free periods. The total of rent payments due under the lease is being recognised on a straight-line basis in the income statement. Accordingly, there is a liability recorded for accrued rent equal to the difference between the rent expense charged against income and actual cash payments required under the terms of the lease.

(c) Movement in provisions

Movement in each class of provision during the financial year, other than employee benefits, is set out below:

	Consolidated			
	Straight lining of rent		Make Good Provision	
	2008 $000	2007 $000	2008 $000	2007 $000
Carrying amount at beginning of year	**-**	-	**328**	333
Increase/ (Reduction) in provision	**504**	-	**79**	(5)
Carrying amount at end of year	**504**	-	**407**	328

16. Provisions (continued)

	Parent Make Good Provision 2008 $000	Parent Make Good Provision 2007 $000
Carrying amount at beginning of year	-	-
Increase/ (Reduction) in provision	20	-
Carrying amount at end of year	20	-

17. Contributed Equity

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
105,548,832 (2007: 105,000,000) Ordinary shares of no par value fully paid	(i)	64,402	64,189	64,402	64,189
4,439,756 (2007: 6,245,775) Series C Convertible shares	(ii)	941	1,264	941	1,264
Nil (2007: Nil) Series A Preference Shares	(iii)	-	-	-	-
Treasury shares	34	(738)	-	(738)	-
		64,605	65,453	64,605	65,453

(i) Ordinary shares

2008

	Date	Number of shares	$000
Balance at 1 July 2007		105,000,000	64,189
Conversion of Series C shares into ordinary shares	Sept 2007	746,543	136
Conversion of Series C shares into ordinary shares	Dec 2007	339,254	52
Conversion of Series C shares into ordinary shares	May 2008	480,236	135
Portion of IPO cost eligible for inclusion in equity		-	(110)
Balance at 30 June 2008		106,566,033	64,402
Treasury shares		(1,017,201)	(738)
Balance at 30 June 2008		105,548,832	63,664

2007

	Date	Number of shares	$000
Balance at 1 July 2006		2	-
Share issue	Jan 2007	9,500,480	4,393
Conversion of Series D shares into ordinary shares at IPO	Jun 2007	15,381,117	426
Conversion Series A shares into ordinary shares at IPO	Jun 2007	33,150,311	16,461
Conversion of Series C shares into ordinary shares at IPO	Jun 2007	2,748,061	667
Issue of shares under Initial Public Offer	Jun 2007	44,220,029	44,220
Portion of IPO cost eligible for inclusion in equity	Jun 2007	-	(1,978)
Balance at 30 June 2007		105,000,000	64,189

17. Contributed Equity (continued)

Ordinary shares confer on their holders the right to participate in dividends declared by the Board. Ordinary shares confer on their holders an entitlement to vote at any general meeting of the Company.

(ii) Series C Convertible Shares

2008	Date	Number of shares	$000
Balance at 1 July 2007		6,245,775	1,264
Conversion to ordinary shares	**Sept 2007**	(831,128)	(136)
Conversion to ordinary shares	**Dec 2007**	(339,254)	(52)
Conversion to ordinary shares	**May 2008**	(635,637)	(135)
Balance at 30 June 2008		4,439,756	941

2007	Date	Number of shares	$000
Balance at 1 July 2006		5,452,501	950
Share issue	**Aug 2006**	4,819,675	981
Conversion to ordinary shares at IPO	**Jun 2007**	(4,026,401)	(667)
Balance at 30 June 2007		6,245,775	1,264

Series C Convertible Shares were issued to vendors in connection with the acquisition of their businesses by the company. These are convertible into ordinary shares subject to the attainment of certain performance hurdles linked to the profitability of the acquired business.

The shares vest 2 years after the Completion Date of the acquisitions. The holders of the shares have the same right as Ordinary Shareholders to attend and vote at a general meeting of the Company.

The holders of the Series C Convertible Shares have the same entitlement to dividends as Ordinary Shareholders.

The Company must, in so far as permitted by any applicable law, convert the Series C Convertible Shares into Ordinary Shares on the dates and in the amounts set out in the Relevant Subscription Agreements. The value of the Series C Convertible Shares, being a component of the acquisition consideration forms part of Rubicor's investment in the acquired subsidiaries.

The Series C Convertible shares were independently valued. The fair value at issue dates were independently determined using a Monte Carlo option pricing model. The key model inputs for shares issued included:

- **(a)** The shares vest 2 years after the Completion Date of acquisition.
- **(b)** The shares will convert into ordinary shares on the dates and in the amounts set out in the Relevant Subscription Agreement.
- **(c)** The expected dividend yield is 6%.
- **(d)** The risk free interest rate is 5.4%.
- **(e)** The expected price volatility of the company's shares is 45%.

17. Contributed Equity (continued)

(iii) Series A Preference Shares

2008

Nil

2007	Date	Number of shares	$000
Balance at 1 July 2006		16,187,210	13,532
Share issue	Sep 2006	142,222	160
Conversion of warrants	Jun 2006	1,685,251	977
Conversion to ordinary shares at IPO	Jun 2007	(18,014,683)	(14,669)
Balance at 30 June 2007		-	-

All Series A Preference shares converted into ordinary shares in June 2007 at the time of the IPO pursuant to the allocation method in the Company's constitution.

The rights attaching to the Series A Preference Shares were as follows:

For each Dividend Year, the Series A Preference Shares conferred upon their holders, the right to receive, in priority to any payment by way of dividend and to the holders of any other Shares (other than Series B Redeemable Preference Shares) but subject to the payment of all dividends accrued in arrears on the Series A Preference Shares for any earlier Dividend Year, a preferred fixed rate cumulative dividend on each Series A Preference Share at the rate of 10% per annum on the issue price paid for the Share.

Each Series A Preference Share was also entitled to participate in dividends and other distribution as if it were an ordinary Share.

18. Reserves

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Option reserve (a)	485	203	485	203
Foreign currency translation reserve (b)	(312)	356	-	-
Hedging reserve (c)	(85)	-	(85)	-
	88	**559**	**400**	**203**

(a) Option reserve

This reserve is to recognise the value of options recognised to date.

(b) Foreign currency translation reserve

This reserve is to recognise the value of translation differences of foreign entities.

18. Reserve (continued)

(c) Hedging reserve

This reserve is to recognise the movement in the cash flow hedge value to date.

The movement in each reserve during the financial year is set out below:

Balance 1 July

	Hedging reserve		Option reserve		Foreign currency translation reserve	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Balance 1 July	-	-	203	48	356	-
Loss on cash flow hedges	(85)	-	-	-	-	-
Option expense	-	-	282	155		-
Currency translation differences arising during the year	-	-	-	-	(668)	356
Balance 30 June	(85)	-	485	203	(312)	356

19. Accumulated Losses

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Accumulated losses at the beginning of the period	**(5,651)**	(2,469)	**(18,550)**	(5,381)
Net profit/ (loss) attributable to members of the parent entity	1,924	(3,182)	2,171	(13,169)
Dividends provided for or paid (Note 36)	(1,667)	-	(1,667)	-
Accumulated losses at the end of the period	**(5,394)**	(5,651)	**(18,046)**	(18,550)

20. Cash Flow Information

(a) Reconciliation of Cash Flow from Operations to Loss after Income Tax

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Net profit/ (loss) for the period	1,847	(3,182)	2,171	(13,169)
Dividend received from subsidiaries	-	-	(14,631)	
Non-cash flows in profit/(loss):				
Amortisation of intangible assets	5,972	3,451	134	-
Loss on sale of property, plant and equipment	194	-	-	-
Depreciation/amortisation of property, plant and equipment	1,160	524	28	25
Share based payments expense	290	194	290	194
Amortisation of borrowing costs	265	3,226	265	3,226
Interest on Vendor earn-out liability	7,175	5,340	4,963	3,876
Changes in operating assets and liabilities:				
(Increase)/decrease in trade and term receivables	(6,116)	(7,845)	50	102
(Increase)/decrease in other assets	(793)	(260)	(253)	(149)
Increase/(decrease) in trade payables and accruals	2,929	5,572	(32)	1,485
(Decrease)/increase in income tax payable	(6,701)	621	(981)	889
Decrease/(increase) in deferred taxes	2,681	(3,691)	608	(1,422)
Increase in provisions	137	710	82	207
IPO expenses included in financing activities	-	2,139	-	2,139
Cashflow from operations	9,040	6,799	(7,306)	(2,597)

21. Controlled Entities

Name	Country of incorporation	Percentage Owned 2008	Percentage Owned 2007
Parent Entity:			
Rubicor Group Limited	Australia	**100**	100
Subsidiaries of parent entity:			
Locher & Associates Pty Limited	Australia	**100**	100
Locher Holdings Pty Limited	Australia	**100**	100
Gel Group Pty Limited	Australia	**100**	100
Cadden Crowe Pty Limited	Australia	**100**	100
Apsley Nominees Pty Limited	Australia	**100**	100
JGA Employment Services Pty Limited	Australia	**100**	100
Apsley Recruitment Pty Limited	Australia	**100**	100
Cadden Crowe (Victoria) Pty Limited	Australia	**100**	100
Cadden Crowe (Queensland) Pty Limited	Australia	**100**	100
Skillsearch Contracting Pty Limited	Australia	**100**	100
Careers Unlimited Pty Limited	Australia	**100**	100
SMF Recruitment Pty Limited	Australia	**100**	100
Xpand Group Pty Limited	Australia	**100**	100
CIT Professionals Pty Limited	Australia	**100**	100
Rubicor CRS Pty Limited	Australia	**100**	100
Challenge Recruitment Limited	Australia	**100**	-
Steelweld Personnel Pty Limited	Australia	**100**	-
Rubicor Gemteq Pty Limited	Australia	**100**	-
Orbis Recruitment Pty Limited (v)	Australia	**50.1**	-
Rubicor New Zealand Limited	New Zealand	**100**	100
Wheeler Campbell Consulting Limited (i), (ii)	New Zealand	**83**	67
Health Recruitment NZ Limited (i), (iii)	New Zealand	**83**	67
Gaulter Russell NZ Limited (i)	New Zealand	**85**	67
Numero (NZ) Limited (i)	New Zealand	**87**	67
Powerhouse People Ltd (i)	New Zealand	**80**	67
Wizard Personnel & Office Services Pty Limited	New Zealand	**100**	100
Dolman Pty Limited (iv)	New Zealand	**100**	100
Rubicor Group Pte Limited (Singapore)	Singapore	**100**	-

(i) Rubicor Group Limited has immediate control over 100% of the economic benefits arising from these partly owned entities, by virtue of the fact the minority shareholders interest will be contractually acquired by the Company on a predetermined time and purchase consideration basis, and furthermore the minority interest parties have effectively foregone their rights and benefits of ownership by contractually agreeing in the interim period to vote their interest in accordance with the written instructions of the company. In substance the arrangements represent the acquisition of a 100% interest on a deferred settlement basis and have therefore been accounted for on this basis.

(ii) Includes Wheeler Campbell Management Leasing Limited and Intersearch NZ Limited.

21. Controlled Entities (continued)

(iii) Includes Care Direct Limited.

(iv) Includes subsidiary Dolman F-Lex Pty Limited.

(v) Rubicor Group has immediate control over 50.1% of the economic benefits arising from Orbis Recruitment Pty Limited. Rubicor has control over the strategic running of the company and has consolidated the company in full and disclosed the minority interest.

22. Deed of cross guarantee

Rubicor Parent company and Challenge Recruitment Limited are parties to a deed of cross guarantee under which each company guarantees the debt of others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities & Investments Commission.

(i) Consolidated income statement and a summary of movements in consolidated retained profits

The above companies represent a 'Closed Group' for the purposes of the Class Order.

Set out below is a consolidated income statement for the year ended 30 June 2008 of the Closed Group consisting of Rubicor Parent company and Challenge Recruitment Limited. The deed of cross guarantee was entered into 2 May 2008, therefore the prior year figures only consist of the Parent Company and are included in the primary financial statements.

Income statement

	2008 $000
Revenue	169,687
On hired labour costs	(139,039)
Employee benefits expense	(12,011)
Rental expense on operating leases	(1,374)
Other expenses	(9,089)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	8,174
Depreciation of property, plant and equipment	(266)
Amortisation of intangible assets	(303)
Finance costs	(9,205)
(Loss) before income tax expense	(1,600)
Income tax benefit	3,771
Profit for the year	2,171

22. Deed of cross guarantee (continued)

Balance sheet

(ii) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2008 of the Closed Group consisting of Rubicor Parent company and Challenge Recruitment Limited.

	2008 $000
ASSETS	
Current assets	
Cash and cash equivalents	11
Trade and other receivables	27,969
Current tax receivable	11,592
Other assets	752
Total current assets	40,324
Non-current assets	
Trade and other receivables	8,856
Other financial assets	133,133
Property, plant and equipment	751
Deferred tax assets	3,314
Intangible assets	7,509
Total non-current assets	153,563
TOTAL ASSETS	193,887
LIABILITES	
Current liabilities	
Trade and other payables	7,974
Borrowings	11,987
Provisions	612
Total current liabilities	20,573
Non-current liabilities	
Borrowings	126,087
Provisions	158
Total non-current liabilities	126,245
TOTAL LIABILITIES	146,818
NET ASSETS	47,069
EQUITY	
Share capital	64,715
Reserves	400
Accumulated losses	(18,046)
TOTAL EQUITY	47,069

23. Capital Commitments

The parent entity and the consolidated entity had nil capital commitments at balance date.

24. Segment Information

Business segments

The Consolidated Entity operates in one business segment, the recruitment industry. This is the primary format of segment reporting for the Group.

Geographical segments

Although the consolidated entity is managed on a global basis it is operated in three main geographical areas, namely Australia, New Zealand and Singapore.

The Group's revenue from external customers and information about its segment assets by geographical location is detailed below:

	Segment revenue from sales to external customers		Segment Assets		Acquisitions of segment assets	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Australia	**334,940**	133,412	**184,392**	115,545	**32,900**	14,264
New Zealand	**31,763**	23,045	**25,569**	26,428	-	8,981
Singapore	**647**	-	**592**	-	-	-
Total	**367,350**	**156,457**	**210,553**	**141,973**	**32,900**	**23,245**

25. Related Party Transactions

(a) Group/Company transactions with related parties outside the group:

There have been no transactions with related parties outside the group during financial years ended 30 June 2008 and 30 June 2007.

26. Secured Liabilities

The following security is held by the Parent Company's and consolidated entity's bankers:

- Fixed and floating charge over all assets of the Parent Entity.
- Fixed and floating charge over all assets of the Controlled Entities.
- Mortgage over all the shares held by the Parent Entity in the Controlled Entities.

Security provided in respect of other secured liabilities is disclosed in Note 15 (vi).

27. Contingent Liabilities

The parent entity and Group had contingent liabilities at 30 June 2008 in respect of:
Cross guarantees by and between Rubicor Group Limited and Challenge Recruitment Limited. These are described in Note 22. No deficiencies of assets exist in any of these companies.
Security for borrowings and leases is detailed in Note 15.

(i) Estimates of the potential financial effect of contingent liabilities that may become payable:

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Contingent liabilities				
The parent entity's bank has provided bank guarantees in respect of leased premises totaling:	-	-	1,666	866
	-	-	1,666	866

28. Financial instruments

(i) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(ii) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Notes 17, 18 and 19 respectively.

(iii) Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial management framework. The Board has an established Audit Committee which is responsible for developing and monitoring the Group's financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Audit Committee will oversee how Management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The main risk arising from the Group's financial instruments are market risk (including currency risk, and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Board reviews and approves policies for managing each of these risks.

28. Financial instruments (continued)

Post year end the Board has approved written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Audit Committee oversees how Management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(iv) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- foreign exchange forward contracts to hedge the exchange rate risk arising from transactions not recorded in an entity's functional currency; and
- interest rate swaps to mitigate the risk of rising interest rates.

(v) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currencies of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated assets and liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities within the group is as follows:

	Consolidated			
	Liabilities		Assets	
	2008 $000	2007 $000	2008 $000	2007 $000
British Pound	-	-	**313**	377
Hong Kong Dollar	-	-	**96**	-
US Dollar	-	-	**41**	382
Other	-	-	**148**	252
	-	-	**598**	1,011

(i) Forward foreign exchange contracts

The Parent entity has entered into a contract to hedge the foreign currency exposure it has on certain New Zealand dollar denominated acquisition consideration obligations. The hedge is designated as a cash flow hedge.

The following table details the forward currency contracts outstanding as at the reporting date:

28. Financial instruments (continued)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2008	2007	2008 NZD $000	2007 NZD $000	2008 AUD $000	2007 AUD $000	2008 AUD $000	2007 AUD $000
Buy New Zealand Dollars								
3 to 6 months	1.24	-	10,000	-	8,050	-	122	-

(ii) Foreign currency sensitivity

At 30 June 2008, if the currencies shown below strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, the impact on net profit for the year and equity as at 30 June 2008 (arising from foreign exchange contracts held at balance date and monetary assets and liabilities held at balance date in a currency different to the functional currency of the respective entities holding the assets or liabilities) would be as follows:

	New Zealand dollar impact		US dollar impact		British Pound impact		Hong Kong dollar impact		Other currency impact	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Net profit	-	-	4	38	31	38	10	-	15	25
Equity	12	-	-	-	-	-	-	-	-	-
Change in currency (i) – 10%										

(i) This has been based on the change in the exchange rate against the Australian dollar in the financial years ended 30 June 2008 and 30 June 2007.

The sensitivity analysis has been based on the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates based on historical volatility.

In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

The Group includes certain entities whose functional currencies are different to the Group's presentation currency, being the Australian dollar. The main operating entities outside of Australia are based in New Zealand. These entities transact primarily in their functional currency and do not have significant foreign currency exposures due to outstanding foreign currency denominated items.

As stated in the Group's Accounting Policies per Note 1(p(i)), on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing at the balance sheet date. The income and expenses of these entities are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange reserve. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian and New Zealand dollar.

28. Financial instruments (continued)

(vi) Interest rate risk management

The Parent and the Group are exposed to interest rate risk associated with borrowed funds at floating interest rates. During the financial year risks associated with interest rate movements were monitored by the Board however no hedging instruments were considered necessary to manage this risk.

The Parent's and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(i) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit before tax would increase/ decrease by $215,000 (2007: loss increase/ decrease by $73,000) and the Parent's profit before tax would increase/decrease by $195,000 (2007: loss increase/ decrease by $63,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Parent's and Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

(vii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying value of trade receivables recorded in the financial statements, net of any impairment allowances, represents the Group's maximum exposure to credit risks.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The maximum credit risk exposure of financial assets is their carrying amount in the financial statements.

28. Financial instruments (continued)

(viii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the CFO and board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously forecasting and comparing actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 15(viii) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the Parent's and Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

Financial liabilities - consolidated

Consolidated 2008	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
		$'000	$'000	$'000	$'000	$000
Trade and other payables	-	**12,906**	-	-	-	**12,906**
Bank overdraft	12.75%	**1,924**	-	-	-	**1,924**
Finance lease liability	11.8%	**2**	**7**	**51**	-	**60**
Invoice finance debt	9.41%	**460**	**1,379**	**19,712**	-	**21,551**
Cash advance facility	8.81%	**319**	**956**	**14,573**	-	**15,848**
Cash advance acquisition facility	8.56%	**480**	**1,440**	**22,589**	-	**24,509**
Vendor earn out liability*	12.26%	-	**19,755**	-	-	**19,755**
Total		**16,091**	**23,537**	**56,925**	-	**96,553**

Consolidated 2007	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
		$'000	$'000	$'000	$'000	$000
Trade and other payables	-	8,738	-	-	-	8,738
Bank overdraft	8.2%	975	-	-	-	975
Finance lease liability	11.8%	6	11	41	-	58
Invoice finance debt	8.7%	125	376	6,382	-	6,883
Vendor earn out liability*	12.5%	-	17,815	-	-	17,815
Total		9,844	18,202	6,423	-	34,469

* This disclosure relates only to that portion of the vendor earn out liability which has crystallised at balance date. The remaining contingent consideration has not been shown.

28. Financial instruments (continued)

Financial liabilities - parent

Parent	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
2008						
		$'000	$'000	$'000	$'000	$000
Trade and other payables	-	**1,005**	-	-	-	**1,005**
Invoice finance debt	9.41%	**460**	**1,379**	**19,712**	-	**21,551**
Cash advance facility	8.81%	**319**	**956**	**14,573**	-	**15,848**
Cash advance acquisition facility	8.56%	**480**	**1,440**	**22,589**	-	**24,509**
Other bank borrowings	3.88%	**134**	**404**	-	-	**538**
Vendor earn out liability*	12.08%	-	**11,627**	-	-	**11,627**
Payable to subsidiaries	-	**21,033**	-	-	-	**21,033**
Total		**23,431**	**15,806**	**56,874**	-	**96,111**
2007						
		$'000	$'000	$'000	$'000	$000
Trade and other payables	-	1,564	-	-	-	1,564
Invoice finance debt	8.7%	125	376	6,382	-	6,883
Other bank borrowings	3.2%	4	70	-	-	74
Vendor earn out liability*	12.5%	-	15,449	-	-	15,449
Payable to subsidiaries	-	13,145	-	-	-	13,145
Total		14,838	15,895	6,382	-	37,115

* This disclosure relates only to that portion of the vendor earn out liability which has crystallised at balance date. The remaining contingent consideration has not been shown.

The following table details the Parent's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/ (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/ (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Consolidated and Parent 2008	0 – 6 months	Total
	$'000	**$'000**
Forward exchange contracts	**124**	**124**

(ix) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

28. Financial instruments (continued)

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

29. Operating lease arrangements

(a) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Leases as lessee				
Less than one year	**4,361**	2,693	**242**	-
Between one and five years	**7,114**	3,727	**985**	-
More than five years	**0**	265	**-**	-
Total	**11,475**	6,685	**1,227**	-

The Group leases a number of offices under operating leases. The leases run over varying periods, some with option periods. Some of the leases have fixed rate rental periods, and some have market rate rental adjustment.

30. Finance and hire purchase leases

(a) The present value of finance lease liabilities is as follows:

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Less than one year	**14**	23	-	-
Between one and five years	**57**	46	-	-
Minimum future lease payments*	**71**	69	-	-
Less future finance charges	**(11)**	(11)		
Present value of minimum lease payments	**60**	58	-	-
Recognised in the Financial Statements as:				
Borrowings:				
Current (Note 15)	**9**	17	-	-
Non-current (Note 15)	**51**	41	-	-
Total	**60**	58	-	-

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

The finance and hire purchase leases are secured against the underlying assets, with a net book value of $38,000 (2007: $87,000) (Note 12).

31. Events After the Balance Sheet Date

(i) There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32. Business Combinations

(i) Details of acquired businesses and contribution to Revenue and Net Profit of the Group by the acquired entities from their acquisition dates are as follows:

2008

Name of Business Acquired	**Challenge**	**Steelweld**	**Orbis**	**Gemteq**
Principal activity	Recruitment	Recruitment	Recruitment	Recruitment
Date of acquisition	4 July 2007	30 Sept 2007	1 Feb 2008	8 Feb 2008
Proportion of shares acquired %	100	100	50.5	100
	$000	$000	$000	$000
Revenue contribution	154,675	6,350	183	8,306
EBITA	2,572	1,132	(219)	2,684
Less: amortisation of intangibles	(1,383)	(36)	-	(223)
Less: parent notional interest (non-cash) on vendor liabilities	(692)	-	-	(601)
Less: parent bank interest	-	(129)	-	(602)
Profit/ (loss) before tax	**497**	**967**	**(219)**	**1,258**
Income tax (expense)/ benefit	(382)	(290)	66	(561)
Profit/ (loss) after tax	**115**	**677**	**(153)**	**697**
Minority interest	**-**	**-**	**(77)**	**-**

Had the above business combinations been effected at 1 July 2007 the Revenue for the Group would have been $376,987,000 and the Net Profit After Tax $2,276,000 for the year ended 30 June 2008.

2007

Name of Business Acquired	**CIT Professional Pty Ltd**	**Rubicor CRS Pty Limited**	**Rubicor New Zealand Limited**	**Wheeler Campbell Consulting Limited**	**Health Recruitment NZ Limited**
Principal activity	Recruitment	Recruitment	Recruitment	Recruitment	Recruitment
Date of acquisition	31 Aug 2006	1 Sep 2006	3 Jul 2006	25 Aug 2006	25 Aug 2006
Proportion of shares acquired %	100	100	100	67	67
	$000	$000	$000	$000	$000
Revenue contribution	19,490	8,861	-	5,797	2,679
EBITA	2,555	984	-	567	212
Less: amortisation of intangibles	(308)	(209)	-	(77)	(57)
Less: parent notional interest (non-cash) on vendor liabilities	(835)	(313)	-	(155)	(41)
Profit before tax	**1,412**	**462**	-	**335**	**114**
Income tax (expense)/ benefit	(582)	(179)	-	(144)	(33)
Profit/ (loss) after tax	**830**	**283**	-	**191**	**81**

32. Business Combinations (continued)

2007 (continued)

Name of Business Acquired	Gaulter Russell NZ Limited	Numero (NZ) Limited	Powerhouse People Ltd	Wizard Personnel & Office Services Pty Limited	Dolman Pty Limited
Principal activity	Recruitment	Recruitment	Recruitment	Recruitment	Recruitment
Date of acquisition	18 Aug 2006	18 Aug 2006	15 Aug 2006	2 Jan 2007	1 Feb 2007
Proportion of shares acquired %	67	67	67	100	100
	$000	$000	$000	$000	$000
Revenue contribution	3,452	1,749	9,368	4,556	3,397
EBITA	1,178	540	2,602	461	1,182
Less: amortisation of intangibles	(100)	(77)	(423)	(77)	(197)
Less: parent notional interest (non-cash) on vendor liabilities	(336)	(83)	(850)	(123)	(456)
Profit before tax	**742**	**380**	**1,329**	**261**	**529**
Income tax (expense)/ benefit	(315)	(125)	(500)	(93)	(160)
Profit/ (loss) after tax	**427**	**255**	**829**	**168**	**369**

Had the above business combinations been effected at 1 July 2006 the Revenue for the Group would have been $171,191,000 and the Net Loss After Tax $2,207,000 for the year ended 30 June 2007.

(ii) Allocation of purchase consideration

	2008 $000	2007 $000
The purchase price was allocated as follows:		
Cash	35,575	29,232
Transaction costs	2,465	2,875
Series B Redeemable Preference Shares (Vendor earn-out and exit liability)	18,920	24,249
Series C and Series D Convertible Shares	-	1,407
Total purchase consideration	56,960	57,763
Fair value of net identifiable tangible assets acquired	(899)	4,169
Fair value of identifiable intangible assets acquired	14,948	10,184
Goodwill	42,911	43,410
	56,960	57,763
Cash consideration	35,575	29,232
Less: cash acquired	(423)	(3,099)
Cash consideration net of cash acquired	35,152	26,133

32. Business Combinations (continued)

(iii) Net assets acquired - 2008

Net Assets Acquired	Challenge Recruitment Ltd		Steelweld Personnel Pty Ltd		Gemteq Executive		Orbis Recruitment		
	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Fair Value on Acquisition $000
Cash	423	423	-	-	-	-	-	-	423
Receivables	16,201	16,201	-	-	26	26	150	150	16,377
Plant & Equipment	534	534	11	11	201	201	-	-	746
Identifiable intangibles	245	5,575	-	248	42	2,571	-	-	8,394
Goodwill	6,554	6,554	-	-	-	-	-	-	6,554
Deferred tax assets	395	395	-	-	11	11	-	-	406
Current tax liabilities	(402)	(402)	-	-	-	-	-	-	(402)
Payables	(6,856)	(6,856)	-	-	-	-	-	-	(6,856)
Provisions	(763)	(763)	-	-	-	-	-	-	(763)
Current and non current loans	(10,830)	(10,830)	-	-	-	-	-	-	(10,830)
Total net assets	5,501	10,831	11	259	280	2,809	150	150	14,049
Goodwill on acquisition									42,911
Total									56,960

The goodwill attributable to Challenge and Gemteq acquisitions is considered to be a significant percentage of the total Group goodwill and as such has been disclosed. Goodwill relating to the Challenge and Gemteq acquisitions totalled $8,967,000 and $30,384,000 respectively.

The consideration paid for Challenge and Gemteq acquisition is considered to be material to the Group and as such has been disclosed. The total estimated consideration relating to the Challenge and Gemteq acquisitions totalled $18,988,000 and $31,902,000 respectively.

The factors that contributed to the cost that resulted in the recognition of goodwill were synergies, future growth and employees.

Refer to Note 1 (f) and Note 11 for details of intangibles recognised on consolidation.

32. Business Combinations (continued)

(iv) Net assets acquired - 2007

Net Assets Acquired	CIT Professionals Pty Ltd		Rubicor CRS Pty Ltd		Wheeler Campbell Consulting Limited and controlled entities		Health Recruitment NZ Limited and controlled entities		Gaulter Russelll NZ Limited	
	Book Value $000	Fair Value on Acquisitio n $000	Book Value $000	Fair Value on Acquisitio n $000	Book Value $000	Fair Value on Acquisitio n $000	Book Value $000	Fair Value on Acquisitio n $000	Book Value $000	Fair Value on Acquisitio n $000
Cash	-	-	-	-	278	278	47	47	275	275
Receivables	2,706	2,706	-	-	892	892	243	243	681	681
Plant & Equipment	25	25	-	-	73	73	22	22	146	146
Identifiable intangibles	-	1,820	-	1,233	-	444	-	337		585
Deferred tax assets	5	5	-	-	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	(30)	(30)	(33)	(33)	(33)	(33)
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Payables	(183)	(183)	-	-	(666)	(666)	(110)	(110)	(106)	(106)
Provisions	(1,933)	(1,933)	-	-	(376)	(376)	(126)	(126)	(485)	(485)
Total net assets	620	2,440	-	1,233	171	615	43	380	478	1,063

(iv) Net assets acquired – 2007 (continued)

Net Assets Acquired	Numero (NZ) Limited		Powerhouse People Limited		Wizard Personnel & Office Services Pty Limited		Dolman Group Pty Limited and controlled entities		
	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Book Value $000	Fair Value on Acquisition $000	Total Fair Value on Acquisition $000
Cash	46	46	514	514	1,889	1,889	50	50	3,099
Receivables	249	249	662	662	1,105	1,105	1,006	2,479	9,017
Plant & Equipment	12	12	564	564	12	12	83	83	937
Identifiable intangibles	-	458	2	2,452	-	730	-	2,125	10,184
Deferred tax assets	-	-	-	-	-	-	-	-	5
Current tax liabilities	(27)	(27)	(71)	(71)	(193)	(193)	(439)	(877)	(1,264)
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Payables	(70)	(70)	(493)	(493)	(121)	(121)	(199)	(199)	(1,948)
Provisions	(97)	(97)	(133)	(133)	(2,308)	(2,308)	(222)	(219)	(5,677)
Total net assets	113	571	1,045	3,495	384	1,114	279	3,442	14,353
Goodwill on acquisition									43,410
Total									57,763

Refer to Note 1 (f) and Note 11 for details of intangibles recognised on consolidation.

33. Senior Executive Share Plan

The Company established the Senior Executive Share Plan on 24 April 2007. The Senior Executive Share Plan is intended to provide incentives to attract retain and motivate key executives whose present and potential contributions are important to the success of the Company and its Subsidiaries by offering them an opportunity to share in the ownership of the Company. The Senior Executive Share Plan is administered by the Board in its discretion. The terms and conditions of the Senior Executive Share Plan are summarised below.

Plan Shares were made available under the Senior Executive Share Plan to the following key executives of the Company in August and November 2007:

Key Executive	Amount
Wayman Chapman	$300,000
Kevin Levine	$180,000
Jane Beaumont	$150,000
Sharad Loomba	$120,000

The Plan Shares were acquired at a price equal to the weighted average market price for Shares for the five trading days prior to acquire of the Plan Shares. The Company provided a loan to participants under the Share Plan for 100% of the purchase price of the Plan Shares to enable the participant to acquire the Plan Shares (Loan). The Loan has been provided on an interest free basis. The Loan is repayable on the fifth anniversary of the date when the Loan was provided or otherwise in accordance with its terms (although the Board may vary the repayment period). If the performance conditions attaching to Plan Shares issued under the Share Plan have been satisfied, the Board will waive the loan repayment except for the portion equal to the fringe benefits tax payable on the Loan. The Loans from the Company to the above key executives will be repayable and the Plan Shares will become transferable by the key executive upon the satisfaction of certain performance hurdles based on the performance of the Company measured by:

- earnings per share growth over the period 1 July 2007 to 30 June 2010; and
- total shareholder return ranking against the S&P/ASX Small Ordinaries index.

The number of ordinary shares acquired is in relation to the services to be performed for three years up to 30 June 2010:

Key Executive	2008 shares
Wayman Chapman	423,204
Kevin Levine	235,088
Jane Beaumont	195,906
Sharad Loomba	163,003

As required by AASB2 the fair value of the shares issued is determined as the market price at grant date.

$151,000 has been recognised as a share based payment expense on a graded vesting pattern for the year ended 30 June 2008 (2007: nil) in relation to the senior executive share plan (Refer Note 18).

34. Share-based Payments

Key Employee Share Option Plan

In the 2006 financial year Rubicor Group Limited established the Key Employee Share Option Plan ("The Plan"). The Plan was established to retain and motivate eligible persons whose present and potential contributions are important to the success of the Parent and its Controlled Entities by offering them an opportunity to participate in the Group's future performance through the awarding share options. Eligible persons are full or part-time employees of the Consolidated Entity or other such persons as approved by the Board of Directors.

Vesting of the share options awarded takes place over a five year period, with 40% of the options vesting after two years and the rest vesting thereafter in three equal tranches. The options cannot be exercised until the occurrence of a specified liquidity event.

On exercise, each share option entitles the eligible person holding that option to one ordinary share in the Parent Entity, ranking equally with all other shares. The exercise price of an option will be determined by the Board of Directors and set out in the Award Invitation.

The maximum number of shares to be issued to eligible persons on exercise of the share options is 5% of the issued share capital of the Parent Entity on a diluted basis at the Valuation Date.

The expiry date of the options is the earlier of:

- **(a)** Five years following the five year vesting period.
- **(b)** The expiration date set out in the relevant Award Invitation.
- **(c)** The date on which any condition relating to the exercise of the options can no longer be satisfied.
- **(d)** The date that the relevant Participant ceased to be employed or engaged by the Consolidated entity.

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 11 cents (granted 28 April 2008) and 4 cents (granted 27 May 2008) (2007: 58 cents). The fair value at grant date is independently determined using a Monte Carlo option pricing model. The key model inputs for options granted include:

- **(a)** Options are granted for no consideration, will vest over a five year period, with 40% vesting after two years and the rest vesting equally in three equal tranches.
- **(b)** The grant dates were 27 May 2008, 28 April 2008, 31 August 2006 and 31 October 2005.
- **(c)** The expected dividend yield is 6%.
- **(d)** The risk free interest rate varied between 5.34% - 5.48%.
- **(e)** The expected price volatility of the company's shares is 45%, based on historical experience of similar companies

$139,000 has been recognised as a share based payment expense on a graded vesting pattern for the year-ended 30 June 2008 (2007: $155,000) and $8,000 has been exercised during the year (2007: nil) (Refer Note 18).

34. Share-based Payments (continued)

The following share based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Issued October 2005	1,847,459	31 October 2005	See above	Nil	0.37
Issued August 2006	1,028,843	31 August 2006	See above	Nil	0.58
Issued April 2008	957,415	28 April 2008	See above	0.37	0.11
Issued May 2008	170,000	27 May 2008	See above	0.26	0.04

The following table reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2008		2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	2,876,302	Nil	1,028,843	Nil
Granted during the year	1,127,415	0.35	1,847,459	Nil
Exercised during the financial year (i)	(47,317)	0.17	-	-
Expired during the financial year	(282,816)	Nil	-	-
Balance at end of the financial year (ii)	3,673,584	0.11	2,876,302	Nil
Exercisable at end of the financial year	305,357	Nil	-	-

(i) Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

	Number exercised	Exercise date	Share price at exercise date $
Issued October 2005	47,317	23/06/08	0.17

34. Share-based Payments (continued)

(ii) Balance at the end of the financial year

The share options outstanding at the end of the financial year had an exercise price of 0.11 (2007: nil), and a weighted average remaining contractual life of 8.8 years (2007: 8.4 years).

35. Profit /(Loss) Per Share

		Consolidated	
		2008 cents	2007 cents
(a)	Basic profit/ (loss) per share Loss attributable to the ordinary equity holders of the company	1.8	(8.0)
(b)	Diluted profit/ (loss) per share		
	Profit/ (Loss) attributable to the ordinary equity holders of the company	1.7	(8.0)
		2008 number	2007 number
(c)	Weighted average number of shares used as the denominator		
	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	105,026,309	39,616,888
	Adjustments for calculation of diluted earnings per share	6,466,499	-
	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	111,492,808	39,616,888

35. Profit/ (Loss) per Share (continued)

Information concerning the classification of securities

(i) *Series A Preference Shares*

In 2007, Series A preference shares were classified as equity and were a separate category of ordinary shares for the purposes of determining earnings per share, rather than potential ordinary shares. These converted into ordinary shares at the time of the IPO. Accordingly, these have been treated as ordinary shares at the number of ordinary shares they converted into, weighted on a time basis from issue date of the Preference Shares.

(ii) *Options*

Options granted to employees under the Employee Share Option Plan, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they dilute. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 34.

The options on issue during 2008 and 2007 have been included in the calculation of diluted earnings per share.

(iii) *Series C Shares*

The Series C shares are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The Series C Convertible Shares vest at different times and are subject to performance hurdles. During the year, 1,806,019 C shares converted to ordinary shares. None of the remaining shares had vested at 30 June 2008. The shares have not been included in the determination of basic earnings per share.

The Series C Shares on issue during 2007 and 2008 have been included in the calculation of diluted earnings per share.

36. Dividends

(a) Ordinary Shares

	2008 Cents per Share	Total $'000	2007 Cents per Share	Total $'000
Ordinary shares				
Interim dividend: Franked to 100%	1.5	1,667	-	-

(b) Series B redeemable preference shares

Dividends totaling $2,160,000 (2007: $1,187,000) paid in October 2007 and August 2006 have been applied against the Vendor earn-out liability as the liability includes the present value of future dividend payments. (Refer Note 15(i)). The dividends paid were franked.

36. Dividends (continued)

(c) Franked credits

	Parent	
	2008 $000	2007 $000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007: 30%)	9,815	5,511