



ANNUAL REPORT 2007



BUSINESS PEOPLE
PEOPLE BUSINESS



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RUBICOR

Rubicor, founded in 2005 provides permanent, contract and temporary recruitment services to employers and candidates, primarily in Australia and New Zealand, across a diverse range of industry sectors, candidate types and geographies. It also provides human capital solutions to employers in both countries.

Rubicor's operations combine the benefits enjoyed by small specialist recruitment companies with the advantages of a larger, diversified recruitment company. Consistent with its strategy of creating a diversified group, each Operating Business focuses on a particular specialty, while the Executive Management team focuses head office resources to ensure that each Operating Business receives the strategic and financial benefits available to larger recruitment companies.

A YEAR OF PROGRESS

2007 has been a milestone year for Rubicor and a year that has seen the company make strong progress in all areas.

In June 2007 Rubicor completed its successful IPO and listing on the Australian Securities Exchange. We now have many new shareholders in the company from a broad and diverse base. I extend a warm welcome to all new shareholders and look forward to a long and profitable association.

Rubicor has continued to drive organic growth throughout the year and the company's financial performance since listing has been strong. Despite operating as a listed entity for only a short time in the 2007 financial year, Rubicor's overall financial performance has exceeded forecasts contained in the IPO prospectus.

Rubicor has a proven business model which is well positioned for both organic and acquisitive growth into the future. An important element of Rubicor's strategy is the selective acquisition of small to medium sized businesses and driving organic growth in those businesses.

During the 2007 financial year Rubicor continued to execute this strategy and acquired a further nine operating companies. All of these acquisitions increase Rubicor's business depth, breadth and scale. Rubicor will continue to consider acquisition opportunities in all categories, geographies and sectors, and we expect to make further acquisitions in 2008 and beyond.

A highlight for the company was the acquisition of Challenge Recruitment, a national HR business focused on the industrial, administrative, clerical, and customer service sectors. Challenge is Rubicor's largest acquisition to date.

Rubicor has an extremely strong senior executive team, led by Wayman Chapman, with founders and senior principles in place across Rubicor's operating companies. The senior management group at Rubicor has a vast amount of combined experience in the recruitment and HR solutions industry which offers invaluable benefits to the Rubicor business.

Throughout the year Rubicor has expanded head-office expertise to enhance the support it provides to operating companies, hired additional senior executives and created Group-wide training and development programs. These programs include two exciting new initiatives: the Candidate Attraction and Retention program and the Client Optimisation program.

The recruitment and HR solutions sector is set for continued long-term expansion, both in Australia and New Zealand and globally. The sector is now viewed as a core service provider to firms requiring human capital and is no longer optional. The shortage of skilled professionals is acute across the economy and the need for businesses to secure the right people is likely to intensify.

Rubicor is well positioned to capitalise on these industry trends and continue to profitably assist clients in the 'war for talent'. Rubicor will continue to leverage its industry position and broaden its capabilities in the recruitment and HR solutions sector.

As a listed company Rubicor is now better able to execute its business strategy and fund its future growth, with the ability to access debt and equity finance more easily.

The Board is committed to providing increasing returns to shareholders and is confident Rubicor will be in a position to commence dividend payments to ordinary shareholders in the 2008 financial year.

In closing, I would like to thank you for your support as shareholders of Rubicor and to once again welcome new shareholders to the company. I would also like to thank my fellow Directors, staff and management for their commitment and support during the year. The 2007 year has been an exciting and challenging time for the Company and I look forward to updating you on further progress during the year ahead.



Robert Aitken
Chairman

BUSINESS, PEOPLE: DELIVERING AS PROMISED

The past year has been very productive for our company and a number of important milestones have been achieved.

Rubicor has successfully transitioned from a privately owned business to a listed company. Throughout this process, management has remained focused on leveraging the benefits of the business model to deliver profitable growth and provide long term returns to shareholders. Our successes now and into the future will come from our ability to deliver on the strategy to grow the existing businesses organically, and to continue expanding the Rubicor Group through tactical acquisitions.

Our strategy

Rubicor has a defined and proven strategy focused on driving profitable growth across the organisation. This strategy has three main elements.

ORGANIC GROWTH

The first element of our strategy is to continue driving organic growth in Rubicor's operating companies. The companies that form Rubicor are all established and profitable. Our decentralised business model encourages operating companies to grow by exploiting their distinct styles and allowing them to maintain their business cultures and identities. Rubicor provides the support and backing of a larger corporation, along with corporate functions such as accounting, insurance, corporate governance, legal and banking support.

Organic growth opportunities for operating companies are enhanced through access to management expertise across the entire Rubicor network. Group-wide leadership training and development programs have been introduced to encourage best practice approach and methodologies at individual operating companies.

Operating companies also have the chance to expand their client bases and leverage business opportunities through the wider Rubicor Group network. Being part of the Rubicor Group also facilitates access to a greater pool of candidates.

Two important initiatives we have recently introduced to help drive organic growth in operating companies are the Candidate Attraction and Retention strategy and the Client Optimisation strategy. Both functions are centralised at Rubicor Group head office and are tailored to maximise the organic growth opportunities for each individual operating company.

Rubicor has formed an alliance with international recruitment company TAC Worldwide. It is anticipated the alliance with TAC Worldwide will provide opportunities for Rubicor operating companies to assist more clients, particularly multi-national organisations with subsidiary operations in Australia and New Zealand.

2007 saw a number of important milestones in the organic growth of Rubicor operating companies, with several opening new offices throughout Australia and two companies opening Asian headquarters in Singapore.

ACQUISITIONS

The second element of our strategy is to continue to acquire profitable small to medium sized recruitment and HR solutions businesses. The success of our acquisition strategy within the recruitment and HR solutions industry has provided the foundation for ongoing acquisitions into new sectors and geographies.

Since Rubicor was founded in April 2005 we have acquired a total of 19 businesses which operate across a range of sectors, industries, candidate types and geographies. In the 2007 financial year we completed nine acquisitions in Australia and New Zealand which



REVENUE 140%

EBITDA⁽ⁱ⁾ 110%EBIT⁽ⁱⁱ⁾ 181%

UP

UP

UP

FINANCIAL SUMMARY	PRO FORMA 2007	ACTUAL 2007	VS IPO FORECAST	ACTUAL 2006
REVENUE (\$m)	325.5	156.5	In line with forecast	65.1
EBITDA (\$m)	25.0	14.3 ⁽ⁱ⁾	up 4.4%	6.8
EBIT (\$m)	19.2	10.4 ⁽ⁱ⁾	up 9.5%	3.7
NET PROFIT/(LOSS) AFTER TAX (\$m)	5.0	(3.2)	down 17.4%	(2.2)
ADJUSTED NET PROFIT AFTER TAX (\$m) ⁽ⁱⁱ⁾	13.4	2.1	up 4.0%	N/A
ADJUSTED EARNINGS PER SHARE (cents) ⁽ⁱⁱⁱ⁾	12.8	2.0	up 4.1%	N/A

Notes (i) includes IPO costs of \$2.1m

(ii) adjusted NPAT means NPAT excluding the after tax cost of amortisation and interest on vendor liabilities and including the dividend on Series B Redeemable Preference Shares

(iii) based on 105 million shares

have all been successfully integrated into the Group and contributed \$60 million to Group revenue and \$10 million to the EBITDA result for the 2007 financial year.

In July 2007 Rubicor completed the acquisition of Challenge Recruitment, which is the largest acquisition Rubicor has made to date. The high-volume orientation of Challenge Recruitment provides a vital new addition to Rubicor's diversified business operations.

Rubicor will continue to seek opportunities to grow through acquisition. The company has established strict criteria when evaluating opportunities based on creating long term value for our shareholders. Rubicor's Board and senior management are experienced in assessing acquisition opportunities. The resources, infrastructure and IT sectors look particularly attractive in the medium term and we are currently investigating several possible acquisitions in these areas. We are also looking to continue to expand our geographic footprint into Asia as well as across Australia and New Zealand.

SPECIALISATION

The third element of our strategy is to continue to maintain the specialisation, individual branding, culture and entrepreneurial spirit of our operating companies. Specialisation is at the heart of the Rubicor business. A specialised, niche recruitment and HR solutions business has the ability to more effectively target particular market segments, which in turn brings knowledge and advantages to both clients and candidates. Rubicor's business model preserves the focused nature of operating companies.

By maintaining separate specialised operating companies Rubicor differentiates itself from the large one-brand, homogeneous recruitment businesses we compete against. Our specialised operating companies also provide important advantages in terms of identifying and understanding candidate groups. The Candidate Attraction and Retention strategy will help further exploit this core organisational advantage as well as develop further cohesion between the operating companies.

Our people

Rubicor key executives, business principals and senior managers are among the best and most experienced people in the industry. Rubicor's acquisition approach ensures the retention of the former owners and their leadership group. This ensures the maintenance of each operating company's culture and specialisation. It also provides Rubicor with considerable breadth and depth of senior management expertise, with a team of more than 50 principal founders actively engaged across operating companies.

As a listed company, Rubicor now has more options to incentivise its business principals to organically grow the operating companies, and share in the success of that growth.

Outlook

2007 has been an important year for Rubicor. The company has made good progress in executing its defined business growth strategies. As a listed company Rubicor now has more financial flexibility to continue this successful strategy.

The outlook for 2008 is positive and Rubicor will continue to expand through both organic and acquisitive growth.

In closing, I would like to thank shareholders, staff, management, clients and candidates for their ongoing support throughout the year. I look forward to the year ahead.



Wayman Chapman
Chief Executive Officer

OPERATIONAL PERFORMANCE

OUR BRANDS, OUR MODEL

Rubicor provides operational and management support and coaching to operating companies and business managers to assist them in developing their businesses to their full potential. Rubicor's approach is based on a disciplined corporate methodology which harnesses the entrepreneurial spirit of each operating company whilst enhancing the core success factors of each business.

To ensure that operating companies achieve their financial targets, the executive management team utilises a number of management analysis tools including key performance indicators specific to each company. Rubicor also instills productivity and efficiency disciplines, looks at process, market and business strategies, and new business opportunities. The goal is to work with the business managers to excel in today's and tomorrow's business environment in each candidate, client, industry and geographic sector in which Rubicor operates.

The executive management team at Rubicor has considerable industry experience which benefits operating companies, through individual coaching and mentoring and formal company-wide programs. Through access to Rubicor's knowledge and management support, operating companies are able to achieve business and growth objectives. Three of Rubicor's most recent and innovative programs designed to position the Group ahead of its competitors are outlined below.

CANDIDATE ATTRACTION AND RETENTION

Rubicor provides permanent, temporary and contract candidates to clients to fulfill their recruitment requirements. In the current robust economic climate, with an expanding economy and record unemployment, there is a global shortage of skilled professionals. The 'war for talent' has become a critical factor and is increasingly influencing the future success of all Australasian and global businesses.



SMF Recruitment Sydney, Melbourne, Singapore

Based in Sydney and Melbourne, SMF specialises in Banking and Finance, Insurance and Accounting. Responding to demand from its existing clients for Singapore-based recruitment services, SMF has also opened in Singapore.

These skills shortages represent a challenge for the recruitment and HR solutions industry and a great opportunity for Rubicor. To make the most of this opportunity, Rubicor has introduced a Candidate Attraction and Retention strategy, aimed at changing the thinking and practice of Rubicor operating companies. This covers the full candidate cycle, from candidate sourcing and acquisition, through to candidate life cycle management.

The customised Rubicor strategy introduces new methods to improve the processes, systems and operational practices of our consultants. It also includes methodologies to improve Rubicor's international partners program and global sourcing and repatriation programs.

These programs will contribute to revenue through improved candidate access and utilisation. A dedicated senior operational resource reporting to Rubicor's Chief Operating Officer has responsibility for developing, implementing and managing the programs across the operating companies.

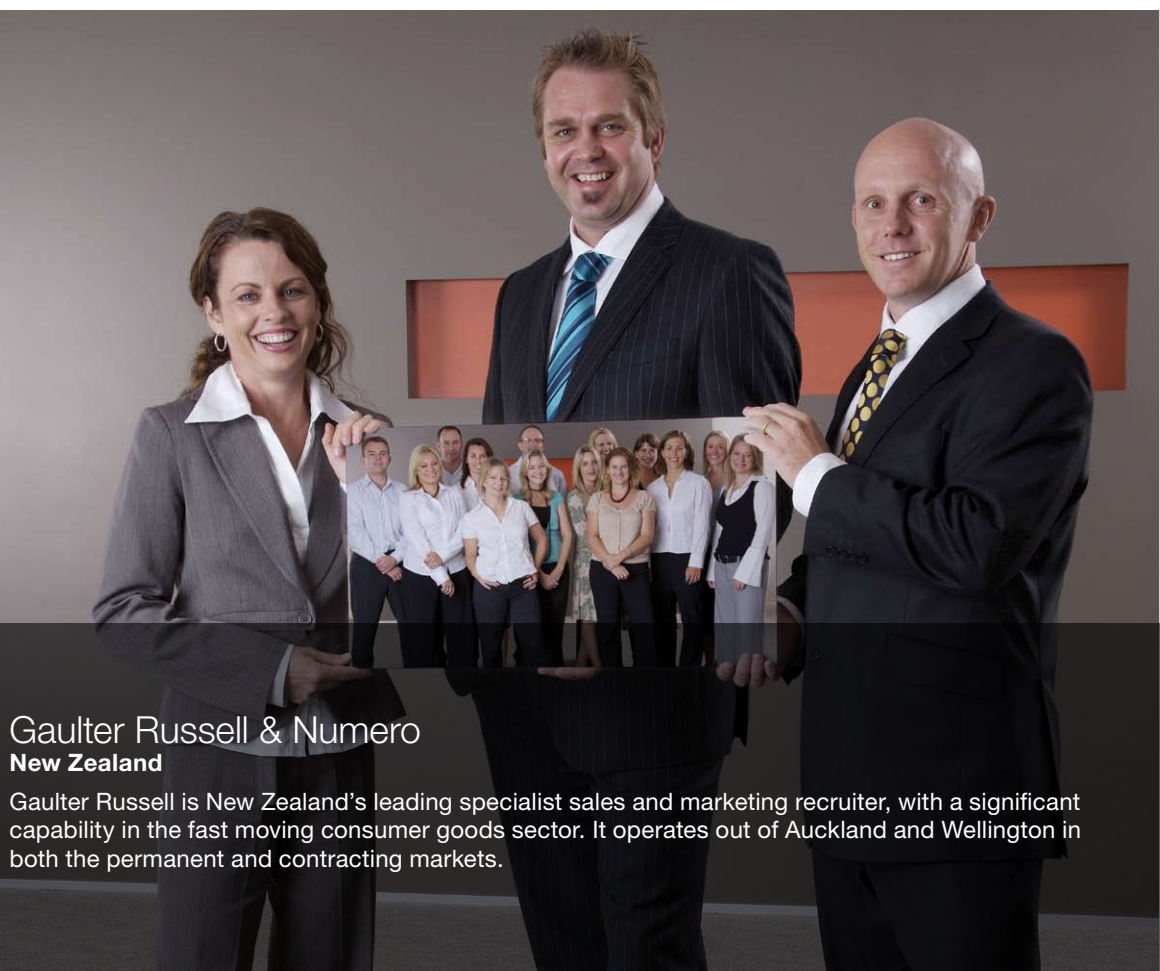
By devoting the resources and senior management attention to drive the Candidate Attraction and Retention strategy, Rubicor will develop clear competitive advantages in the industry for the benefit of all stakeholders.

CLIENT OPTIMISATION

Modern companies have a broad range of recruitment and HR requirements. Likewise, Rubicor operating companies span a wide range of disciplines, industries, sectors and geographies.

Rubicor has implemented a "Client Optimisation" program to ensure that operating companies have the opportunity to leverage clients and their specialist services across client organisations.

For example consider a large organisation which employs professionals across a range of disciplines: accounting, IT, finance, HR, legal, insurance, sales and marketing, administration and so forth. Rubicor consists of specialist operating companies that can meet many of these requirements. The Client Optimisation program has been introduced to ensure Rubicor more fully mobilises its operating companies



Gaulter Russell & Numero New Zealand

Gaulter Russell is New Zealand's leading specialist sales and marketing recruiter, with a significant capability in the fast moving consumer goods sector. It operates out of Auckland and Wellington in both the permanent and contracting markets.

to service client's requirements and maximise the business opportunities presented. The program promotes broader client relationships and allows Rubicor to present, where appropriate, whole-of-business recruitment and HR consulting solutions to client organisations.

When appropriate Rubicor operating companies can act in the same way as a large one-brand recruitment and HR solutions organisation. This strategy equips Rubicor to provide whole-of-business solutions to clients with broadly based multi-locations and multi-discipline business activities. It also allows Rubicor to effectively compete with larger competitors when required. Importantly, this go-to-market strategy maintains the strengths inherent in Rubicor's unique, specialised model, providing Rubicor with a distinct advantage over other larger competitors.

Rubicor is supporting operating companies by providing internal programs to train, coach and educate business managers and consultants on its Client Optimisation program and how to identify and secure ongoing opportunities for other Group companies as part of normal day-to-day activities and responsibilities. A dedicated senior operations resource reporting to Rubicor's Chief Operating Officer has responsibility for developing, implementing and managing these programs across the operating companies.

BUILDING EXCEPTIONAL LEADERSHIP

Rubicor has recently introduced a company-wide leadership development program for current and next generation business leaders which is designed to support, develop and assist them to become best practice leaders equipped to manage a changing workplace and lead the Rubicor Group forward.



Dolman Legal Search and Recruitment Sydney

Dolman recruits lawyers of all levels. Clients include top Australian, UK and US law firms, as well as large corporations, and revenues from international clients have grown strongly in recent years. Dolman's consultants have over 40 years experience between them in legal practice and recruitment fields.

The program is also designed to support strong, proactive succession planning and development for the 'future leaders' of the business. Rubicor's acquisition model ensures current leaders provide 12 months notice (post their initial 2 year minimum commitment) of intent to leave, thereby ensuring successors are identified early and participate in the program as part of their succession development. It is crucial to Rubicor that as the operating companies grow and open new locations, the business invests in the development of future leaders who will have responsibility for these new locations and take on key roles in the leadership of the company.

Leaders today face challenges in sourcing talent in a candidate short market, increasing demands for sound and consistent financial returns to the business, increased customer and candidate expectations, and increased market place competition. The program equips Rubicor's people to face these business challenges.

The program combines a range of leadership methodologies, drawing on the knowledge of Rubicor and the recruitment and HR solutions industry to develop a unique leadership model.

Rubicor recognises that its future lies in the development of its human capital and is placing significant emphasis on nurturing and growing its people. Rubicor has an extremely talented and diverse professional team and by working to develop its leadership group, Rubicor is building the people to take the Company forward into the future and create long term value.



Xpand Sydney, Melbourne, Singapore

A specialist IT recruiter, Xpand has achieved significant growth in recent years. Xpand's reputation is endorsed by the fact that it has won Seek's Annual Recruitment Awards (Australia's Favourite IT Recruiter) in 2003, 2004, 2005 and 2006.

OUR BRANDS

As well as being an established recruitment operation, **Locher** is a specialist in human capital solutions and organisational development, with tailored executive leadership and coaching capabilities. It is also a nationally registered training organisation.



Operating for 15 years in search and selection, **James Gall and Associates**' core expertise is in the Engineering, Manufacturing Construction and Technical/IT sectors across South Australia.



Careers Unlimited has Commonwealth Government endorsed supplier status, and a significant portion of its business involves servicing Government clients. These activities are complemented by an established and successful legal recruitment practice.



CiTP focuses on providing teams of business and technical contractors to large scale enterprises deploying a broad range of technologies including client server, mainframe, web and enterprise resource planning applications.



Credit Recruitment has been providing services to credit control, collections and accounts receivable professionals for 12 years. Long term clients include some of the largest telecommunications, banking, finance and manufacturing companies in Sydney and Brisbane.



With a focus on recruiting mid-level roles in financial services, and located in the heart of the Sydney CBD, **Apsley** is well positioned to service clients in Australia's largest financial services market.



Based in Sydney and Melbourne, **SMF** specialises in Banking and Finance, Insurance and Accounting. Responding to demand from its existing clients for Singapore-based recruitment services, SMF has also opened an office in Singapore.



Located in Wellington, **Health Recruitment** places health professionals in permanent, contract and locum positions. Candidates are placed in clinical roles in medical, nursing, mental health, allied health and management across New Zealand.



A specialist IT recruiter, **Xpand** has achieved significant growth in recent years. Xpand's reputation is endorsed by the fact that it has won Seek's Annual Recruitment Awards (Australia's Favourite IT Recruiter) in 2003, 2004, 2005 and 2006.



Gaulter Russell is New Zealand's leading specialist sales and marketing recruiter, with a significant capability in the fast moving consumer goods sector. It operates out of Auckland and Wellington in both the permanent and contracting markets.



Building on the significant success of Gaulter Russell, **Numero** was established by the founders of that business to provide accounting and finance recruitment services to the Auckland market. Numero has extended its capabilities into supply chain logistics recruitment and it is currently expanding its business into Wellington.



With a national network of offices including a team servicing Pacific and Asian countries, **Cadden Crowe** operates via a segmented industry model rather than by candidate discipline. Cadden Crowe has an extensive capability within the resources sector.



Servicing both private sector and Government clients in Australia's fastest growing state, **Gel**'s revenue has benefited from the strong performance of Western Australia's economy over recent years.



Powerhouse People was established by seven partners with a combined Recruitment Industry experience in Wellington of over 100 years. The business specialises in the recruitment and contracting of executives and professionals for private, public and not-for-profit organisations.



Dolman recruits lawyers of all levels. Clients include top Australian, UK and US law firms, as well as large corporations, and revenues from international clients have grown strongly in recent years. Dolman's consultants have over 40 years experience between them in legal practice and recruitment fields.



Skillsearch fills technical roles such as software developers and architects, team leaders, project managers, and business, test and technical support analysts. It has a specialist consulting services team delivering highly experienced software testers across Australia.



Challenge Recruitment's business model is attuned to large volume outsourcing requirements in manufacturing, warehousing, logistics, call centres, administration and civil construction. The majority of Challenge Recruitment's client base is serviced via Preferred Supplier Agreements with major blue chip Australian companies and public sector departments.



Based in Wellington, **Wheeler Campbell** specialises in providing mid to senior level candidates to clients across the public and private sector in policy, senior management, sport and recreation and Maori recruitment services.



With a history of 21 years in the Canberra market, **Wizard** has a particular strength in the Government sector. The business supplies a broad range of positions including clerical, high level secretarial, program and contract management roles.





Engineering

Executive and
Professional

Financial services,
including banking
and insurance

Government

Health

Energy

Business
support

Accounting

A BUSINESS MODEL THAT WORKS

Rubicor's business model allows it to combine the specialist expertise and entrepreneurial management style of smaller recruitment businesses with the scale and diversity available to a large recruitment organisation.

Each of the Operating Businesses has developed specialty expertise in its chosen market segment. Some businesses focus on providing clients with specific types of employees while others target particular client industries or concentrate on particular geographic territories.

Each Operating Business aims to be the "preferred provider" in its chosen market segment, bringing management expertise, in-depth candidate, client and industry knowledge, and a brand and market position that is associated with that segment.

By specialising in this way, the Operating Businesses aim to remain close to their chosen markets, enabling them to provide outstanding service to their clients and candidates.

Human
Resources

IT

Trades
and
blue collar

Sales
and Marketing

New media

Mining
and Resources

Manufacturing
and construction

Logistics

Legal

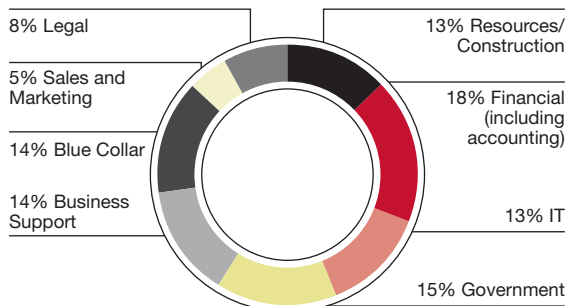
Scale

With over 40 offices Rubicor is able to provide clients with permanent, temporary and contract recruitment services and human capital solutions across multiple candidate disciplines and industry sectors. Rubicor is also able to provide candidates with employment opportunities with clients across a wide range of industries in all states in Australia, in New Zealand and across many international geographies.

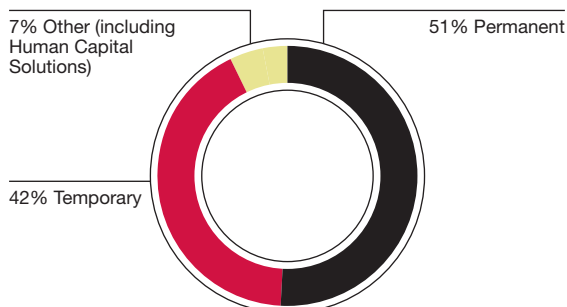
Diversity

Rubicor's operations are diversified across industry sectors, service types, candidate types and geographies.

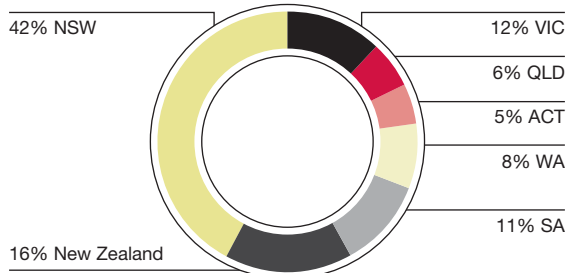
BY INDUSTRY¹



BY SERVICE¹



BY GEOGRAPHY¹



Note 1 Assuming all FY07 acquisitions, based on net revenue and including Challenge Recruitment completed with effect from 1 July 2006.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2007.

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/RESIGNED
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
Alan Stringfellow	Resigned 2 March 2007

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 57 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 and Chairman of API Securities Holdings Pty Ltd and Formit Services Pty Ltd.

Interests in shares and options:
1,287,397 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 56 years old.

Wayman has 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. After the merger of Morgan & Banks and TMP worldwide, Wayman became deputy chief executive of the Australian recruitment division. In 2000 Wayman moved to TMP Worldwide as 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:
2,544,660 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

MALCOLM JACKMAN BSC, BCOM, FAICD

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 55 years old.

Malcolm Jackman 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 Services. 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 2003. He is currently the Chief Executive 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

DIRECTORS' REPORT

RUSSEL PILLEMER CA, B COM (HONS)

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 41 years old.

He is currently the Managing Director of Apex Capital Partners, a boutique private equity and financial advisory firm that he co-founded in 2002. He is also Executive Chairman of Pengana Capital Limited and Chairman of Centric Wealth Limited.

Russel has 16 years experience in the investment banking industry. 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 asset managers until 2002.

Interests in shares and options:
443,085 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

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 61 years old.

John has extensive experience in senior finance and commercial roles in a number of corporations and industry sectors. Joining Stockland Property 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:
200,000 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

(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.

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 14 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 & 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 Aiken	20	19	1	1	2	2	1	1
Wayman Chapman	20	19	1	1	2	2	1	1
Malcolm Jackman	20	20	–	–	2	2	–	–
Russel Pillemer	20	17	1	1	2	2	–	–
John Pettigrew	9	9	1	1	–	–	1	1
Alan Stringfellow	12	11	–	–	–	–	–	–

2. Business review

(A) OPERATING RESULTS

The consolidated loss of the Group after providing for income tax amounted to \$3,181,687 (2006: 2,176,431).

(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 this annual report.

(C) SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group's total equity increased by \$46,965,884 from \$13,395,538 to \$60,361,422 mainly as a result of capital raisings during the year totalling \$49,822,433. Of this amount, \$44,220,029 was raised via an IPO. Capital raising proceeds were used to fund business acquisition costs and repay acquisition related bank debt. At year end, the Company had cash totalling \$12,717,477.

The company completed its IPO on 15 June 2007 and is now listed on the Australian Stock Exchange.

During the year the following entities were acquired. The details of the acquisitions are set out in Note 33 of the financial statements accompanying this report.

CIT Professionals Pty Limited
Rubicor CRS Pty Ltd
Gaulter Russell (New Zealand) Limited
Numero (New Zealand) Limited
Wheeler Campbell Consulting Limited
Health Recruitment New Zealand Limited
Powerhouse People Limited
Wizard Personnel & Office Services Pty Limited
Dolman Pty Limited

(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 this 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

- (i) Subsequent to 30 June 2007, Rubicor completed the business acquisition of Challenge Recruitment Limited. The purchase was satisfied by an initial cash payment of \$12,950,000 plus deferred compensation payments. The deferred compensation payments include payments based on a multiple of earnings before interest and tax over a 12 to 36 month period after completion, and subsequent payments in the 2 year period after notice of exit is provided. The assets and liabilities arising from the acquisition will be recognised at fair value. At the date of this report, the financial impact has not been quantified.
- (ii) The Company has entered into an arrangement with US based TAC Worldwide where the Company will become an authorised supplier of recruitment and staffing services to multi-national clients of TAC operating in Australia and New Zealand. TAC will become an authorised supplier to Rubicor clients requiring recruitment support in areas of the world where Rubicor does not have a business presence. At the date of this report, the financial impact has not been quantified.
- (iii) Two of the companies in the Group, SMF Recruitment and Xpand Group have set up operations in Singapore. At the date of this report, the financial impact has not been quantified.
- (iv) On 4 September 2007, Rubicor executed the business acquisition of Steelweld Personnel Pty Limited. The purchase will be satisfied by an initial cash payment of \$1,925,000 plus \$525,000 per quarter for three consecutive quarters following completion. Completion is expected to take place in October 2007. The assets and liabilities arising from the acquisition will be recognised at fair value. At the date of this report, the financial impact has not been quantified.

DIRECTORS' REPORT

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	1,028,843
August 2006	December 2015	NIL	1,847,459

No option holder has any right under the options to participate in any other share issue of the company or any other entity. No options were capable of being exercised during the year ended 30 June 2007. All options expire five years after they become exercisable. 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 (DTT NSW) for audit and non audit services provided during the year are set out below.

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 and Risk Management 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.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

\$

Auditor of the Parent Entity – DTT NSW (formerly named Horwath Sydney Partnership)

Audit of financial reports under the Corporations Act 2001	290,000
Non-statutory audit of financial report and advisory services in connection with the IPO	254,043
Tax compliance services	52,594
Due diligence services	71,720
Advisory services	68,252
Total remuneration	736,609

Related practices of DTT NSW¹

Tax consulting services	63,821
Due diligence services	52,169
	115,990

Other Auditors

Audit of financial reports ³	40,910
Tax consulting services ²	40,669
Advisory services ²	26,871
Valuation services ²	389,658
	498,108

¹ Related practices of DTT NSW includes Deloitte Touche Tohmatsu **post** the merger of DTT NSW with Deloitte Touche Tohmatsu effective 1 February 2007

² Relates to services provided by Deloitte Touche Tohmatsu **prior** to the merger of DTT NSW with Deloitte Touche Tohmatsu effective 1 February 2007

³ Relates to Deloitte Touche Tohmatsu-New Zealand firm

(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 25.

(E) AUDITOR

DTT NSW continues in office in accordance with section 327 of the Corporations Act 2001.

(F) DIVIDENDS

No dividends were provided or paid during the financial year on any class of share, other than on redeemable preference shares totalling \$1,186,537 (2006 \$1,096,214). Refer Note 15 (i).

(G) 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.

(H) INDEMNIFYING OFFICERS OR AUDITORS**INSURANCE OF OFFICERS**

During the financial year, Rubicor Group Limited paid a premium of \$212,352 (including \$162,500 relating to prospectus cover) 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.

(I) 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.

4. Remuneration report

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

- A Principles used to determine the nature and amount of remuneration
- B Non executive Director remuneration
- C Details of remuneration
- D Executive service agreements
- E Share-based compensation
- F Additional information

The information provided under headings A-E include remuneration disclosure required under AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited. The disclosures in section F are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

(A) PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION [AUDITED]

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

DIRECTORS' REPORT

ALIGNMENT TO PROGRAM PARTICIPANTS' INTERESTS

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

The framework provides a mix of fixed and variable pay, and 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 2007, the KPIs linked to STI plans were based on group objectives. These targets were based on the 9 months to 30 June 2007. 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 E – Share Based Compensation of this report.

(B) NON EXECUTIVE DIRECTOR REMUNERATION [AUDITED]

Non-executive directors' fees are reviewed annually and are determined by the Board based on recommendations from the Board Remuneration and Human Resources Committee. In making its recommendations, the Board 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.

(C) DETAILS OF REMUNERATION [AUDITED]

Details of remuneration of the directors and the key management personnel (as defined in AASB 124 "Related Party Disclosures" 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 13 above 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, the General Manager Finance, Michael Wilmot, 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.

DIRECTORS' REPORT

NAME	SHORT-TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE- BASED PAYMENT	TOTAL \$
	CASH SALARY AND FEES \$	CASH BONUS \$	SUPER- ANNUATION \$	
2007				
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	506,055
Other key management personnel				
Kevin Levine ¹	231,651	41,847	24,615	326,493
Jane Beaumont ¹				
Commenced 11 September 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	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.

NAME	SHORT-TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE- BASED PAYMENT	TOTAL \$	
	CASH SALARY AND FEES \$	CASH BONUS \$	SUPER- ANNUATION \$		SHARES \$
2006					
Non-executive directors					
Robert Aitken					
Chairman	50,000	–	–	–	50,000
Malcolm Jackman	30,000	–	–	–	30,000
Russel Pillemer	27,523	–	2,477	–	30,000
Alan Stringfellow	26,055	–	1,445	–	27,500
Executive Director					
Wayman Chapman					
Chief Executive Officer	321,101	–	28,899	9,227	359,227
Other key management personnel					
Kevin Levine	208,007	–	18,721	12,528	239,256
Total key management personnel compensation	662,686	–	51,542	21,755	735,983

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK – SHORT-TERM INCENTIVES		AT RISK – SHARE-BASED PAYMENT	
	2007 %	2006 %	2007 %	2006 %	2007 %	2006 %
Executive directors						
Wayman Chapman	81	97	17	n/a	2	3
Other key management personnel of the Company and the Group						
Kevin Levine	78	95	13	n/a	9	5
Jane Beaumont	89	n/a	11	n/a	n/a	n/a
Sharad Loomba	89	n/a	11	n/a	n/a	n/a
Other company executives of the Company and the Group						
Michael Wilmot	100	n/a	0	n/a	n/a	n/a

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.

Series D shares:

For details refer to Note 18 (ii).

DIRECTORS' REPORT

(D) SERVICE AGREEMENTS [AUDITED]

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. 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 General Manager Finance.

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 and General Counsel & Company Secretary who are both 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 a payment in lieu of notice.
- Base salary, inclusive of superannuation of \$420,000 per annum, effective 1 October 2006, 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 \$105,000.

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 \$260,000 per annum, effective 1 October 2006, 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 \$65,000.

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 \$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 \$68,750.

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 2007, 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 \$62,500.

MICHAEL WILMOT GENERAL MANAGER FINANCE

- 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 \$170,000 for the year ended 30 June 2007, 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 \$42,500.

(E) SHARE-BASED COMPENSATION [AUDITED] 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 post year end in August 2007:

KEY EXECUTIVE	AMOUNT
Wayman Chapman	\$300,000
Kevin Levine	\$120,000
Jane Beaumont	\$100,000
Sharad Loomba	\$100,000

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. 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.

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.

(F) ADDITIONAL INFORMATION [UNAUDITED]

Details of remuneration: cash bonus, options and shares

For each cash bonus and grant of options and shares on page 20 of this report, the percentage of the available bonus or grant that was paid or vested, in the financial year, and the percentage forfeited because the person did not meet the service and performance criteria is set out below.

NAME	CASH BONUS		OPTIONS AND SHARES					
	PAID %	FORFEITED %	YEAR GRANTED %	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST
Wayman Chapman	32	68	D Shares 2005	100	0	n/a	n/a	n/a
Kevin Levine	36	64	D Shares 2006	100	0	n/a	n/a	n/a
Jane Beaumont	36	64	n/a	n/a	n/a	n/a	n/a	n/a
Sharad Loomba	48	52	n/a	n/a	n/a	n/a	n/a	n/a
Michael Wilmot	n/a	n/a	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:



Wayman Chapman
Director



Robert Aitken
Director

Dated this 27th day of September 2007.

AUDITOR'S INDEPENDENCE DECLARATION

The Board of Directors
Rubicor Group Limited
Level 15, 1 Pacific Highway
North Sydney NSW 2060

DTT NSW

DTT NSW has changed its name from Horwath Sydney Partnership and is a continuation of that partnership.
The partners of DTT NSW have also joined the Australian partnership of Deloitte Touche Tohmatsu.
All changes with effect from 1 February 2007.

27 September 2007

DTT NSW
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Dear Board Members

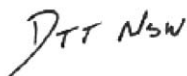
Rubicor Group Limited

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 2007, 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 audit.

Yours sincerely,



DTT NSW



Michael S Kaplan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

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 adopted a suite of governance materials during the year which are available in the corporate governance section of the Company’s website (www.rubicor.com.au). 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 ASX Principles of Good Corporate Governance and Good Practice Recommendations as released by the ASX Corporate Governance Council. 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 20 times during 2006/07. Directors’ attendance at meetings this year is set out on page 14.

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 2007 including three 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 – non-executive director.

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 website.

Mr Pillemer is the Managing Director of Apex Capital Partners (“Apex”) which has been a material consultant to the Company in its recent past. The services performed by Apex are in the normal course of business and on an arms-length basis. Having regard to the services, scope and materiality of the services the Board has concluded that Russel Pillemer maintains an independent attitude to his role.

One third of the directors is required to retire from office at each Annual General Meeting but is eligible for re-election at that meeting. Of the current directors Robert Aitken and Russel Pillemer have or will retire and offer themselves for re-election at the Company’s Annual General Meeting to be held on 27 November 2007. Further, John Pettigrew was appointed to the Board during the financial year end 30 June 2007 and retires in accordance with clause 19.5 of the Company’s constitution and, being eligible, offer himself for re-election as a 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.

Details of the directors, their qualifications, skills and experiences are detailed on pages 13–14.

Conflicts of interests

Entities connected with Malcolm Jackman and Russel Pillemer have business dealings with the Company. In accordance with Board policy, the directors declared their interest and took no part in discussions and decisions relating to these companies.

Board committees

In order to effectively fulfill 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 under "Corporate Governance" in the Investor Information section of the Company's 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;
- implementing and supervising the Company's risk management framework; 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 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 2007 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.

CORPORATE GOVERNANCE STATEMENT

Risk management

Through the Audit and Risk Management Committee, the Board is responsible for ensuring appropriate policies in relation to risk management, compliance and internal control systems are implemented. These policies are detailed on the Company's website.

The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, monitored and managed in an appropriate manner.

Compliance with risk management policies is reviewed within the scope of the internal audit review function. Internal audit reporting to the Audit Committee includes comments on compliance with risk management systems together with comments on their adequacy.

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. Of these members both Robert Aitken and John Pettigrew are considered to be independent non-executive directors.

Russel Pillemer is a non-executive director however he is not considered independent by the Board. As stated above, in all matters he brings an independent judgment to bear in Board and Committee deliberations.

The Committee will meet not less than four times per year. The Committee has met once since the Company listed on the ASX. Directors' attendance at meetings is set out on page 14.

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, other than Russel Pillemer, are considered to be independent non-executive directors.

Russel Pillemer is a non-executive director however he is not considered independent by the Board. As stated above, in all matters he brings an independent judgment to bear in Board and Committee deliberations.

The Committee will meet not less than three times per year. The Committee has met twice since the Company listed on the ASX. Directors' attendance at meetings is set out on page 14.

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;
- 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 not less than three times per year. The Committee has met once since the Company listed on the ASX. Directors' attendance at meetings is set out on page 14.

Performance review/evaluation

The Board Charter 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. Given the recent listing of the Company, to date the Board, directors and committees have not undergone performance reviews. The Nomination and Corporate Governance Committee are however in the process of determining the most effective methods of review which will be implemented later in the year.

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.

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.

The Remuneration Report and details about the Remuneration Philosophy of the Company are set out from pages 17–24.

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 4.1 and Recommendation 7.2 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 up 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 “Corporate Governance” on the Investor Information section of the Company’s 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 “Corporate Governance” on the Investor Information section of the Company’s 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.

A copy of the Code of Conduct is available under “Corporate Governance” in the Investor Information section of the Company’s 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 which is available under “Corporate Governance” in the Investor Information section of the Company’s website.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RUBICOR GROUP LIMITED

DTT NSW

DTT NSW has changed its name from Horwath Sydney Partnership and is a continuation of that partnership.
The partners of DTT NSW have also joined the Australian partnership of Deloitte Touche Tohmatsu.
All changes with effect from 1 February 2007.

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Report on the financial report and AASB 124 compensation disclosures in the directors' report

We have audited the accompanying financial report of Rubicor Group Limited, which comprises the balance sheet as at 30 June 2007, 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 33 to 89.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124"), under the heading "remuneration report" on pages [17–23] of the directors' report, and not in the financial report. These compensation disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures Contained in the Directors' 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. The directors are also responsible for the compensation disclosures contained in the directors' report. In Note 1(b), 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 consolidated financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' 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 and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' 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 and the compensation disclosures contained in the directors' 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

INDEPENDENT AUDITOR'S REPORT

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 and the compensation disclosures contained in the directors' 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*.

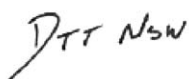
Auditor's Opinion on the Financial Report

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 2007 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*;
- (b) the consolidated financial statement and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b).

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 17 to 23 under the heading "remuneration report" of the directors' report and identified as being subject to audit, comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*.



DTT NSW



Michael S Kaplan
Partner
Chartered Accountants

Sydney, 27 September 2007

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes for the financial year ended 30 June 2007 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 17–23 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by s.295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors pursuant to s.295(5) of the Corporations Act 2001 and is signed for and on behalf of the directors by:



Wayman Chapman
Director



Robert Aitken
Director

Sydney
Dated the 27th day of September 2007.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	2	156,457,182	65,075,788	546,703	2,576,947
On hired labour costs		(92,047,605)	(33,427,566)	–	(25,280)
Employee benefits expense		(31,470,577)	(17,069,894)	(2,227,754)	(910,434)
Rental expense on operating leases		(2,874,405)	(1,199,189)	(102,804)	(81,158)
Other expenses	3	(13,582,466)	(6,548,274)	(2,098,617)	(1,449,971)
IPO expenses	3	(2,139,423)	–	(2,139,423)	–
Earnings before interest, tax, depreciation and amortisation (EBITDA)		14,342,706	6,830,865	(6,021,895)	110,104
Depreciation of property, plant and equipment	3	(524,152)	(316,871)	(24,631)	(2,956)
Amortisation of intangible assets		(3,450,894)	(2,759,880)	–	–
Finance costs	3	(12,453,724)	(5,093,096)	(10,971,494)	(5,059,354)
Loss before income tax expense		(2,086,064)	(1,338,982)	(17,018,020)	(4,952,206)
Income tax (expense)/benefit	5	(1,095,623)	(837,449)	3,848,878	241,761
Loss attributable to members of the parent entity		(3,181,687)	(2,176,431)	(13,169,142)	(4,710,445)
Basic loss per share (cents)	35	(8.0)	(47.9)		
Diluted loss per share (cents)	35	(8.0)	(47.9)		

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2007

	NOTE	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	12,717,477	1,997,178	10,520,706	58,619
Trade and other receivables	8	27,156,573	10,562,914	10,982,166	605,155
Current tax receivable	13(a)	–	182,693	–	182,693
Other assets	9	472,123	347,765	62,828	52,554
Total current assets		40,346,173	13,090,550	21,565,700	899,021
Non current assets					
Trade and other receivables	8	143,746	12,124	107,729	–
Other financial assets	10	–	–	85,505,331	43,809,381
Property, plant and equipment	12	3,510,931	1,557,186	595,871	10,458
Deferred tax assets	13(a)	4,596,618	897,252	1,786,518	181,061
Intangible assets	11	92,234,021	34,424,470	–	–
Other assets	9	1,142,041	1,829,710	987,405	1,761,809
Total non current assets		101,627,357	38,720,742	88,982,854	45,762,709
TOTAL ASSETS		141,973,530	51,811,292	110,548,554	46,661,730
LIABILITIES					
Current liabilities					
Trade and other payables	14	14,305,094	7,768,765	1,619,613	1,318,528
Borrowings	15	12,470,786	9,162,435	24,095,598	15,273,102
Current tax payable	13(b)	1,366,624	541,900	889,436	–
Provisions	16	1,210,417	753,678	81,322	21,722
Other liabilities	17	–	1,789,754	–	1,652,619
Total current liabilities		29,352,921	20,016,532	26,685,969	18,265,971
Non current liabilities					
Borrowings	15	51,523,187	17,946,395	36,756,311	17,912,139
Provisions	16	736,000	452,827	–	–
Total non current liabilities		52,259,187	18,399,222	36,756,311	36,178,110
TOTAL LIABILITIES		81,612,108	38,415,754	63,442,280	36,178,110
NET ASSETS		60,361,422	13,395,538	47,106,274	10,483,620
EQUITY					
Share capital	18	65,453,401	14,839,430	65,453,401	14,839,430
Reserves	19	558,944	1,025,344	203,169	1,025,344
Accumulated losses	20	(5,650,923)	(2,469,236)	(18,550,296)	(5,381,154)
TOTAL EQUITY		60,361,422	13,395,538	47,106,274	10,483,620

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED			
	RESERVES	SHARE CAPITAL	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
2007				
Equity as at 1 July 2006	1,025,344	14,839,430	(2,469,236)	13,395,538
Translation difference relating to foreign entities	355,775	–	–	355,775
Net income recognised directly in equity	355,775	–	–	355,775
Loss attributable to members of the parent entity	–	–	(3,181,687)	(3,181,687)
Total recognised income and expense	355,775	–	(3,181,687)	(2,825,912)
Transactions with equity holders in their capacity as equity holders	–	–	–	–
Employee share options	155,125	–	–	155,125
Warrants	(977,300)	977,300	–	–
Issue of shares	–	49,822,433	–	49,822,433
Transaction costs relating to IPO	–	(1,977,747)	–	(1,977,747)
Contributions of equity	–	1,791,985	–	1,791,985
Equity as at 30 June, 2007	558,944	65,453,401	(5,650,923)	60,361,422
2006				
Equity as at 1 July 2005	–	840,853	(292,805)	548,048
Net income recognised directly in equity	–	–	–	–
Loss attributable to members of the parent entity	–	–	(2,176,431)	(2,176,431)
Total recognised income and expense	–	–	(2,176,431)	(2,176,431)
Transactions with equity holders in their capacity as equity holders	–	–	–	–
Employee share options	48,044	–	–	48,044
Warrants	977,300	–	–	977,300
Contributions of equity	–	13,998,577	–	13,998,577
Equity as at 30 June, 2006	1,025,344	14,839,430	(2,469,236)	13,395,538

The accompanying notes form part of these financial statements.

	PARENT			
	RESERVES	SHARE CAPITAL	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
2007				
Equity as at 1 July 2006	1,025,344	14,839,430	(5,381,154)	10,483,620
Net income recognised directly in equity	–	–	–	–
Loss attributable to members of the parent entity	–	–	(13,169,142)	(13,169,142)
Total recognised income and expense	–	–	(13,169,142)	13,169,142
Transactions with equity holders in their capacity as equity holders	–	–	–	–
Employee share options	155,125	–	–	155,125
Warrants	(977,300)	977,300	–	–
Issue of shares	–	49,822,433	–	49,822,433
Transaction costs relating to IPO	–	(1,977,747)	–	(1,977,747)
Contributions of equity	–	1,791,985	–	1,791,985
Equity as at 30 June, 2007	203,169	65,453,401	(18,550,296)	47,106,274
2006				
Equity as at 1 July 2005	–	840,853	(670,709)	170,144
Net income recognised directly in equity	–	–	–	–
Loss attributable to members of the parent entity	–	–	(4,710,445)	(4,710,445)
Total recognised income and expense	–	–	(4,710,445)	(4,710,445)
Transactions with equity holders in their capacity as equity holders	–	–	–	–
Employee share options	48,044	–	–	48,044
Warrants	977,300	–	–	977,300
Contributions of equity	–	13,998,577	–	13,998,577
Equity as at 30 June, 2006	1,025,344	14,839,430	(5,381,154)	10,483,620

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash from operating activities:					
Receipts from customers (inclusive of GST)		167,215,053	70,669,340	–	–
Payments to suppliers and employees (inclusive of GST)		(153,155,451)	(62,005,924)	(2,738,465)	(208,392)
Finance costs paid		(3,739,695)	(1,050,046)	(3,188,277)	(1,016,304)
Interest received		190,403	131,339	13,947	16,245
Income taxes (paid)/refunded		(3,711,207)	(2,040,037)	3,315,550	38,895
Total cash inflow/(outflow) from operating activities	21(a)	6,799,103	5,704,672	(2,597,245)	(1,169,556)
Cash flows from investing activities:					
Loans to related parties – payments made		–	–	(4,604,907)	–
Payment for property, plant and equipment		(1,485,848)	(654,624)	(610,044)	(9,506)
Payment for intangible assets		–	(156,655)	–	–
Receipt of/(payment for) other financial assets		228,320	(143,880)	231,803	(231,803)
Payment for deferred acquisition costs		(934,540)	(1,220,006)	(848,068)	(1,220,006)
Payment for controlled entities acquired (net of cash acquired)		(36,370,861)	(12,162,178)	(29,837,115)	(14,716,193)
Net cash outflow from investing activities		(38,562,929)	(14,337,343)	(35,668,331)	(16,177,508)
Cash flows from financing activities:					
Net Proceeds from the issue of share capital		44,495,980	–	44,495,980	–
Repayment of borrowings		(30,005,897)	–	(30,005,897)	–
Proceeds from third party borrowings		28,205,620	9,087,606	28,407,001	9,183,142
Proceeds from related party borrowings		–	–	7,017,116	9,516,609
Preference share dividend paid to vendors		(1,186,537)	(1,096,214)	(1,186,537)	(1,096,214)
Net cash inflow from financing activities		41,509,166	7,991,392	48,727,663	17,603,537
Net cash increase/(decrease) in cash and cash equivalents		9,745,340	(641,279)	10,462,087	256,473
Cash and cash equivalents at beginning of year		1,997,178	2,638,457	58,619	(197,854)
Cash and cash equivalents at end of year	7	11,742,518	1,997,178	10,520,706	58,619

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 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 listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Board of Directors on 27 September 2007.

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) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS), Interpretations, and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs.

(I) COMPLIANCE WITH IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Rubicor Group Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS, except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 "Financial Instruments: Presentation and Disclosure".

(C) 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 assets 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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(f)). 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.

(E) 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 between generally 7 and 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.

(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.

(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.

(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

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign exchange rates. The Group currently does not use derivative financial instruments to hedge its risks associated with interest rate or foreign exchange rate fluctuations.

(F) 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 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.

(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 amortised but are subject to annual impairment testing.

(G) 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.

(H) 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.

(I) EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds which are of the defined contribution type. Contributions to these defined contribution superannuation schemes are recognised as an expense in the period that they are payable.

(J) 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.

NOTES TO THE FINANCIAL STATEMENTS

(K) INCOME 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 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.

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 its 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.

(L) 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.

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 leases 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.

(M) 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 from 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.

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

(N) FOREIGN CURRENCY TRANSLATION

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.

(O) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rubicor Group Limited ("parent entity") as at 30 June 2007 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.

A list of subsidiaries is contained in Note 22 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.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are de-consolidated from the date control ceases.

(P) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(IV) VALUATION OF SHARES ISSUED AS PURCHASE CONSIDERATION

The valuation of shares has been determined based on an independent valuation. See Note 18 for further details.

(V) VALUATION OF WARRANTS

The valuation of warrants has been determined based on an independent valuation. See Note 19 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 services 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 two geographical segments Australia and New Zealand.

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

Share based compensation benefits are provided to employees via the Key Employee Share Option Plan (KESOP).

The fair value at grant date of instruments issued under the KESOP is 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, and are credited to share capital.

Under the Key Employee Share Option Plan, shares issued to employees for no cash consideration vest over a five year period, with 40% of the options vesting after two years and the rest thereafter in equal tranches.

(W) 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 may 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 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
• AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
• AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
• AASB 8 'Operating Segments' Consequent on amendments to other standards resulting from its issue	1 January 2009	30 June 2010
• AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008

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 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
• AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
• AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
• AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
• AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	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
• AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
• AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010

NOTES TO THE FINANCIAL STATEMENTS

Further, in September 2007, the IASB issued a revised IAS1 'presentation of financial statements', effective for annual periods beginning 1 January 2009. An equivalent Australian standard has not yet been issued. The new standard is expected to change the presentation and disclosure in the financial statements, but the directors do not anticipate that there will be a material financial impact arising on its adoption.

(X) ACQUISITIONS NOT YET COMPLETED

Cost incurred in prospective acquisitions not yet completed 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.

(Y) DEFICIENCY OF WORKING CAPITAL IN THE PARENT ENTITY

The parent entity's balance sheet shows a working capital deficit of \$5,120,269, (2006: \$17,366,950). 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 are confident that the Group will continue to be able to pay its operating debts as and when they fall due.

(Z) 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.

(AA) 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.

(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 tax 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.

Note 2. Revenue and other income

Revenue

Revenue from:

Recruitment services
Management fees
Interest
Recharge income
Human capital consulting services
Other

Total Revenue

CONSOLIDATED		PARENT	
2007	2006	2007	2006
\$	\$	\$	\$
149,896,832	62,418,608	–	–
–	–	–	2,560,702
190,403	131,339	546,703	16,245
1,686,895	326,772	–	–
4,241,778	2,199,069	–	–
441,274	–	–	–
156,457,182	65,075,788	546,703	2,576,947

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 3. Expenses				
(a) Other Expenses				
Advertising and marketing	1,087,166	598,824	118,775	8,250
Administration	12,495,300	5,949,450	1,979,842	1,441,721
Total	13,582,466	6,548,274	2,098,617	1,449,971
(b) Loss before income tax includes the following specific expenses:				
Finance Costs:				
Interest expense on Series A loan notes (refer Note 15)	147,634	1,283,878	147,634	1,283,878
Interest expense on Vendor earn-out liability (refer Note 15)	5,339,880	2,640,371	3,876,312	2,640,371
Amortisation of borrowing costs	3,226,515	435,779	3,226,515	435,779
Interest and finance charges on other borrowings	3,739,695	733,068	3,721,033	699,326
Total finance costs	12,453,724	5,093,096	10,971,494	5,059,354
Depreciation				
Property, plant and equipment	213,070	271,141	24,631	2,956
Leasehold improvements	311,082	45,730	–	–
	524,152	316,871	24,631	2,956
Rental expense on operating leases	2,874,405	1,199,189	102,804	81,158
Defined contribution superannuation expense	5,009,640	3,410,250	115,153	54,872
Share option expense	155,125	48,044	155,125	48,044
Series D share expense	38,603	26,223	38,603	26,223
	193,728	74,267	193,728	74,267
Provision for impairment of trade receivables	206,134	115,449	–	–
Other Material Expenses				
Costs of acquisitions that did not proceed	365,636	410,161	365,636	410,161
IPO expenses relating to equity raised to fund existing shareholder sell-down	2,139,423	–	2,139,423	–

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 4. Auditor's remuneration				
Auditor of the Parent Entity – DTT NSW				
Audit of financial reports under the Corporations Act 2001	290,000	134,500	290,000	134,500
Non-statutory audit of financial report and advisory services in connection with the IPO	254,043	–	254,043	–
Tax compliance services	52,594	88,960	52,594	79,985
Due diligence services	71,720	266,405	71,720	266,405
Advisory services	68,252	–	68,252	–
Total remuneration	736,609	489,865	736,609	480,890
Related practices of DTT NSW¹				
Tax consulting services	63,821	–	63,821	–
Due diligence services	52,169	–	52,169	–
	115,990	–	115,990	–
Other Auditors				
Audit of financial reports ³	40,910	–	–	–
Tax consulting services ²	40,669	–	40,669	–
Advisory services ²	26,871	–	26,871	–
Valuation services ²	389,658	77,078	389,658	77,078
	498,108	77,078	457,198	77,078

¹ Related practices of DTT NSW includes Deloitte Touche Tohmatsu **post** the merger of DTT NSW with Deloitte Touche Tohmatsu effective 1 February 2007.

² Relates to services provided by Deloitte Touche Tohmatsu **prior to** the merger of DTT NSW with Deloitte Touche Tohmatsu effective 1 February 2007.

³ Relates to Deloitte Touche Tohmatsu-New Zealand firm.

Note 5. Income tax expense/(benefit)

(a) Components of tax expense/(benefit)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current tax expense	3,828,191	1,813,329	(3,093,219)	(111,249)
Deferred tax – origination and reversal of temporary differences	(2,849,568)	(919,541)	(755,659)	(130,512)
Under/(over) provision of tax in prior year	117,000	(56,339)	–	–
	1,095,623	837,449	(3,848,878)	(241,761)

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

Loss before tax	(2,086,064)	(1,338,982)	(17,018,020)	(4,952,206)
Prima facie tax on loss from ordinary activities before income tax at 30% (2006: 30%)	(625,819)	(401,695)	(5,105,406)	(1,485,662)
Add:				
Tax effect of:				
– non deductible interest	1,424,180	1,239,478	1,207,184	1,239,478
– share option expense	46,538	14,413	46,538	14,413
– other non allowable items	73,899	60,018	2,806	8,436
– under/(over) provision of tax in prior year	117,000	(56,339)	–	–
– difference in overseas tax rates	59,825	–	–	–
Less:				
Tax effect of:				
– other items treated as deductible	–	(18,426)	–	(18,426)
Income tax expense/(benefit)	1,095,623	837,449	(3,848,878)	(241,761)

(c) Amounts recognised directly in equity

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)

	849,798	–	849,798	–
Total	849,798	–	849,798	–

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Key management personnel disclosures

(a) Directors

The following were key management personnel of Rubicor Group Limited during the financial year and unless otherwise indicated were key management personnel for the entire period:

Executive Directors

Wayne Chapman – Chief Executive Officer

Non Executive Directors

Robert Aitken – Chairman

Malcolm Jackman

Russel Pillemer

John Pettigrew – appointed 2 March 2007

Alan Stringfellow – resigned 2 March 2007

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the year:

Kevin Levine – Chief Financial Officer

Jane Beaumont – Chief Operating Officer- commenced 11 September 2006

Sharad Loomba – General Counsel and Company Secretary – appointed 7 May 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
(c) Key management personnel compensation for the year was as follows:				
Short-term employee benefits	1,224,383	662,686	1,224,383	662,686
Post-employment benefits	95,123	51,542	95,123	51,542
Long-term benefits	–	–	–	–
Share-based payments	38,603	21,755	38,603	21,755
Total	1,358,109	735,983	1,358,109	735,983

(d) Individual director and key management personnel disclosures

The Group has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A – E of the remuneration report on pages 17–23.

Note 6. Key management personnel disclosures (continued)

(e) 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.

There were no shares granted during the year as compensation.

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	–	–	–	–
2006 – Nil				

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Key management personnel disclosures (continued)

(e) Equity instrument disclosures relating to key management personnel

Series A Preference 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	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	—	—	—	—

2006

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	5	—	499,995	500,000
Robert Aitken	5	—	499,995	500,000
Malcolm Jackman	—	—	200,000	200,000
Russel Pillemer	1	—	49,999	50,000
Alan Stringfellow	—	—	250,000	250,000
Other key management personnel of the Group				
Kevin Levine	—	—	133,333	133,333
Jane Beaumont	—	—	—	—

Note 6. Key management personnel disclosures (continued)

(e) Equity instrument disclosures relating to key management personnel

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	—	—	—	—

2006

NAME	BALANCE AT THE START OF THE YEAR	ISSUED AS COMPENSATION	OTHER CHANGES	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	—	—	—	—

* "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

No options over ordinary shares were issued during the year or were held by directors and other key management personnel of the group throughout the year. (2006: Nil)

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Key management personnel disclosures (continued)

(f) 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 on page 22.

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.

2007

NAME	BALANCE AT THE START OF THE YEAR	LOANS MADE	INTEREST PAYABLE FOR THE YEAR	INTEREST NOT CHARGED	BALANCE AT THE END OF THE YEAR	HIGHEST INDEBTEDNESS DURING THE YEAR
Kevin Levine	–	100,000	7,729	–	107,729	107,729

In 2006, there were no loans to individuals that exceeded \$100,000 at any time.

The above loan relates to purchase of shares and is repayable after 3 years and interest is capitalised at the Group's average borrowing rate of 10% and is secured by a personal guarantee. No write-downs or allowances for doubtful receivables have been recognised in relation to this loan.

Aggregate loans to key management personnel in 2007 is \$107,729 (2006: \$Nil).

Note 7. Cash and cash equivalents

Cash on hand

Cash at bank

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

Bank overdraft

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash on hand	11,925	7,381	200	–
Cash at bank	12,705,552	1,989,797	10,520,506	58,619
	12,717,477	1,997,178	10,520,706	58,619
Cash and cash equivalents	12,717,477	1,997,178	10,520,706	58,619
Bank overdraft	(974,959)	–	–	–
	11,742,518	1,997,178	10,520,706	58,619

Note 8. Trade and other receivables

CURRENT

Trade receivables
Allowance for impairment of receivables

Other receivables

Amounts receivable from:

– wholly owned subsidiaries

The loans from wholly-owned subsidiaries have no fixed repayment terms. Except for loans to overseas entities, the loans are non interest bearing.

Impaired trade receivables

The Group has recognised a loss of \$206,134 (2006 \$115,449) in respect of impaired trade receivables during the year ended 30 June 2007. The loss has been included in Other expenses in the income statement.

NON CURRENT

Staff advance
Loan to key management personnel (Note 6)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade receivables	24,014,528	10,025,290	–	–
Allowance for impairment of receivables	(229,827)	(115,449)	–	–
	23,784,701	9,909,841	–	–
Other receivables	3,371,872	653,073	75,000	176,573
Amounts receivable from:				
– wholly owned subsidiaries	–	–	10,907,166	428,582
	27,156,573	10,562,914	10,982,166	605,155
Impaired trade receivables				
Staff advance	36,017	12,124	–	–
Loan to key management personnel (Note 6)	107,729	–	107,729	–
	143,746	12,124	107,729	–

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 9. Other assets				
CURRENT				
Prepayments	472,123	347,765	62,828	52,554
	472,123	347,765	62,828	52,554
NON CURRENT				
Prepayments	185,138	49,021	139,337	–
Rental guarantee deposit	22,362	250,683	–	231,803
Deferred acquisition costs	934,541	1,530,006	848,068	1,530,006
	1,142,041	1,829,710	987,405	1,761,809
Note 10. Other financial assets				
Shares in controlled entities (at cost) (Note 22)	–	–	85,505,331	43,809,381
	–	–	85,505,331	43,809,381
Note 11. Intangible assets				
Preferred Supplier Agreements				
Cost	1,741,301	1,103,000	–	–
Accumulated amortisation and impairment	(528,506)	(202,900)	–	–
Net carrying value	1,212,795	900,100	–	–
Course Material Content				
Cost	542,000	542,000	–	–
Accumulated amortisation and impairment	(117,433)	(63,230)	–	–
Net carrying value	424,567	478,770	–	–
Candidate Databases				
Cost	17,950,194	8,844,000	–	–
Accumulated amortisation and impairment	(5,166,120)	(2,588,870)	–	–
Net carrying value	12,784,074	6,255,130	–	–
Computer software				
Cost	1,175,510	830,262	–	–
Accumulated amortisation and impairment	(716,473)	(380,219)	–	–
Net carrying value	459,037	450,043	–	–

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 11. Intangible assets (continued)				
Brands				
Cost	350,000	110,000	—	—
Accumulated amortisation and impairment	—	—	—	—
Net carrying value	350,000	110,000	—	—
Goodwill				
Arising on consolidation at cost	77,003,548	26,230,427	—	—
Accumulated impairment	—	—	—	—
Net carrying value	77,003,548	26,230,427	—	—
Total Intangible assets	92,234,021	34,424,470	—	—

(a) Impairment Tests for Goodwill

Goodwill is allocated to businesses within the recruitment cash generating unit (CGU), being the primary reporting segment of the Group.

The recoverable amount of the recruitment CGU is 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 segment.

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% which does not exceed the expected industry growth rate. A pre tax discount rate of 12.5%, reflecting the assessed risks associated with the CGU segment, 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 (2006: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Note 11. Intangible assets (continued)

(b) Intangible assets – Detailed reconciliation

2007

	CONSOLIDATED						
	GOODWILL \$	CANDIDATE DATABASE \$	PREFERRED SUPPLIER AGREEMENTS \$	COMPUTER SOFTWARE \$	COURSE MATERIAL CONTENT \$	BRANDS \$	TOTAL \$
Cost brought forward	26,230,427	8,844,000	1,103,000	830,262	542,000	110,000	37,659,689
Additions through business combinations	50,773,121	9,106,194	638,301	200,000	–	240,000	60,957,216
Additions other than through business combinations	–	–	–	302,829	–	–	302,829
	77,003,548	17,950,194	1,741,301	1,333,091	542,000	350,000	98,920,134
Amortisation brought forward	–	(2,588,870)	(202,900)	(380,219)	(63,230)	–	(3,235,219)
Amortisation expense	–	(2,577,250)	(325,606)	(493,835)	(54,203)	–	(3,450,894)
	–	(5,166,120)	(528,506)	(874,054)	(117,433)	–	(6,686,113)
Closing written-down value	77,003,548	12,784,074	1,212,795	459,037	424,567	350,000	92,234,021
2006							
Cost brought forward	20,186,876	5,396,000	805,000	572,607	542,000	–	27,502,483
Additions through business combinations	6,043,551	3,448,000	298,000	101,000	–	110,000	10,000,551
Additions other than through business combinations	–	–	–	156,655	–	–	156,655
	26,230,427	8,844,000	1,103,000	830,262	542,000	110,000	37,659,689
Amortisation brought forward	–	(213,100)	(22,320)	(230,889)	(9,030)	–	(475,339)
Amortisation expense	–	(2,375,770)	(180,580)	(149,330)	(54,200)	–	(2,759,880)
	–	(2,588,870)	(202,900)	(380,219)	(63,230)	–	(3,235,219)
Closing written-down value	26,230,427	6,255,130	900,100	450,043	478,770	110,000	34,424,470

Note 12. Property plant and equipment

30 June 2007

Cost

Balance at the beginning of year

Additions

Balance at 30 June 2007

Depreciation and impairment losses

Balance at the beginning of year

Depreciation expense

Balance at 30 June 2007

Carrying amount 30 June 2007

30 June 2006

Cost

Balance at the beginning of year

Additions

Balance at 30 June 2006

Depreciation and impairment losses

Balance at the beginning of year

Depreciation expense

Balance at 30 June 2006

Carrying amount 30 June 2006

	OFFICE EQUIPMENT \$	PARENT TOTAL \$
	13,584	13,584
	610,043	610,043
Balance at 30 June 2007	623,627	623,627
	(3,126)	(3,126)
	(24,630)	(24,630)
Balance at 30 June 2007	(27,756)	(27,756)
Carrying amount 30 June 2007	595,871	595,871
	4,077	4,077
	9,507	9,507
Balance at 30 June 2006	13,584	13,584
	(170)	(170)
	(2,956)	(2,956)
Balance at 30 June 2006	(3,126)	(3,126)
Carrying amount 30 June 2006	10,458	10,458

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Property plant and equipment (continued)

2007

	CONSOLIDATED				
	MOTOR VEHICLES \$	OFFICE EQUIPMENT \$	LEASEHOLD IMPROVEMENTS \$	LEASED ASSETS \$	TOTAL \$
Cost					
Balance at the beginning of year	41,477	1,160,658	635,506	67,361	1,905,002
Additions through acquisitions	–	486,241	480,639	25,169	992,049
Payment for purchase of property plant and equipment	–	442,699	1,028,447	14,702	1,485,848
Balance at 30 June 2007	41,477	2,089,598	2,144,592	107,232	4,382,899
Depreciation and impairment losses					
Balance at the beginning of year	(30,994)	(187,937)	(114,548)	(14,337)	(347,816)
Depreciation expense	(3,591)	(203,606)	(311,083)	(5,872)	(524,152)
Balance at 30 June 2007	(34,585)	(391,543)	(425,631)	(20,209)	(871,967)
Carrying amount 30 June 2007	6,892	1,698,055	1,718,961	87,023	3,510,931
2006					
Cost					
Balance at the beginning of year	2,000	457,476	82,859	–	542,335
Additions through acquisitions	5,431	239,867	110,650	–	355,948
Payment for purchase of property plant and equipment	34,046	463,315	441,997	67,361	1,006,719
Balance at 30 June 2006	41,477	1,160,658	635,506	67,361	1,905,002
Depreciation and impairment losses					
Balance at the beginning of year	–	(25,611)	(5,334)	–	(30,945)
Depreciation expense	(30,994)	(162,326)	(109,214)	(14,337)	(316,871)
Balance at 30 June 2006	(30,994)	(187,937)	(114,548)	(14,337)	(347,816)
Carrying amount 30 June 2006	10,483	972,721	520,958	53,024	1,557,186

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

Note 13. Taxation

(a) Assets

CURRENT

Income tax receivable

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Income tax receivable	–	182,693	–	182,693
	–	182,693	–	182,693
NON CURRENT				
Deferred tax assets comprise:				
Difference between book and tax value of intangible assets	1,587,375	317,773	–	–
Difference between book and tax value of make good costs	28,565	28,704	–	–
Doubtful debts	70,096	34,635	–	–
Employee benefits	1,136,580	346,128	32,891	11,049
Transaction costs	308,147	347,309	308,147	347,309
Other provisions	277,690	51,192	257,315	51,192
Borrowing costs	–	(228,489)	–	(228,489)
IPO costs	1,188,165	–	1,188,165	–
	4,596,618	897,252	1,786,518	181,061

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Taxation (continued)

Movements – Consolidated

	INTANGIBLE ASSETS	MAKE GOOD COSTS	IMPAIRMENT OF TRADE RECEIVABLES	EMPLOYEE BENEFITS	TRANS- ACTION COSTS	IPO COSTS	BORROWING COSTS	OTHER PROVISIONS	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2005	(278,813)	6,296	9,376	273,611	–	–	–	11,819	22,289
Credited/ (Charged) to the income statement	596,586	22,408	25,259	72,517	347,309	–	(228,489)	39,373	874,963
Charged directly to equity	–	–	–	–	–	–	–	–	–
At 30 June 2006	317,773	28,704	34,635	346,128	347,309	–	(228,489)	51,192	897,252
Credited/ (Charged) to the income statement	1,269,602	(139)	35,461	790,452	(39,162)	338,367	228,489	226,498	2,849,568
Credited directly to equity	–	–	–	–	–	849,798	–	–	849,798
At 30 June 2007	1,587,375	28,565	70,096	1,136,580	308,147	1,188,165	–	277,690	4,596,618

Note 13. Taxation (continued)

Movements – Parent

	INTANGIBLE ASSETS	MAKE GOOD COSTS	IMPAIRMENT OF TRADE RECEIVABLES	EMPLOYEE BENEFITS	TRANS- ACTION COSTS	IPO COSTS	OTHER PROVISIONS	BORROWING COSTS	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2005	–	–	–	–	–	–	(50,549)	–	(50,549)
Credited/ (Charged) to the income statement	–	–	–	11,049	347,309	–	101,741	(228,489)	231,610
Credited directly to equity	–	–	–	–	–	–	–	–	–
At 30 June 2006	–	–	–	11,049	347,309	–	51,192	(228,489)	181,061
Credited/ (Charged) to the income statement	–	–	–	21,842	(39,162)	338,367	206,123	228,489	755,659
Credited directly to equity	–	–	–	–	–	849,798	–	–	849,798
At 30 June 2007	–	–	–	32,891	308,147	1,188,165	257,315	–	1,786,518

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Taxation (continued)

(b) Liabilities

CURRENT

Income tax payable

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Income tax payable	1,366,624	541,900	889,436	–
	1,366,624	541,900	889,436	–
Trade payables	2,937,047	1,224,460	417,106	326,147
Other creditors and accruals	11,368,047	6,544,305	1,202,507	992,381
	14,305,094	7,768,765	1,619,613	1,318,528
Unsecured liabilities				
Vendor earn-out liability – note (i)	11,478,863	3,150,000	10,950,671	3,150,000
Secured liabilities				
Bank overdraft – note (v)	974,959	–	–	–
Finance lease obligation – note (viii)	16,964	17,145	–	–
Invoice finance debt – note (ii)	–	934,009	–	934,009
Senior debt – note (iii)	–	1,153,000	–	1,153,000
Mezzanine debt – note (iv)	–	3,908,281	–	3,908,282
Owing to subsidiaries – note (ix)	–	–	13,144,927	6,127,811
	991,923	6,012,435	13,144,927	5,995,291
	12,470,786	9,162,435	24,095,598	15,273,102

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 15. Borrowings (continued)				
NON CURRENT				
Unsecured liabilities				
Other loans	–	–	201,381	–
Vendor earn-out liability – note (i)	45,139,505	14,789,600	30,212,337	14,789,600
Other financial liabilities	–	9,797	–	–
	45,139,505	14,799,397	30,413,718	14,789,600
Secured liabilities				
Finance lease obligation – note (viii)	41,089	24,459	–	–
Invoice finance debt – note (ii)	6,342,593	–	6,342,593	–
Senior debt – note (iii)	–	3,122,539	–	3,122,539
Cash advance facility – note (vi)	–	–	–	–
Cash advance acquisition facility – note (vii)	–	–	–	–
	6,383,682	3,146,998	6,342,593	3,122,539
	51,523,187	17,946,395	36,756,311	17,912,139

(i) Vendor earn-out liability

The Vendor earn-out liability, comprises the fair value of estimated initial consideration payments which are payable to vendors on fixed dates 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 initial and exit earn-out payments, including the associated preference dividend and additional share consideration payments. The cash flows have been discounted at 12.5% representing the assessed risk-adjusted rate of return.

NOTES TO THE FINANCIAL STATEMENTS

Note 15. Borrowings (continued)

(ii) Invoice Finance Debt

\$25 million invoice financing facility which has a 3 year term and attracts interest at a margin over the Bank Settlement Rate (BBSY) plus administration fee. Based on the applicable BBSY the effective interest rate would be 7.8% excluding the administration fee.

(iii) Senior Debt

The senior debt in the prior year was repaid in June 2007 at the time of the IPO.

(iv) Mezzanine Debt

The mezzanine debt in the prior year was repaid in June 2007 at the time of the IPO.

(v) Bank Overdraft Facility

This is a cash overdraft facility to assist with ongoing working capital requirements. The facility commitment is the lesser of \$1m and 20% of the face value of approved debts. This facility attracts interest at a margin of 1% above the bank bill rate. Interest is calculated daily and payable monthly in arrears.

(vi) Cash Advance Facility

\$40 million cash advance facility. This is a three year non-amortising facility that attracts interest at a margin over BBSY. Based on current BBSY, the effective rate would be 8.1%.

(vii) Cash Advance Acquisition Facility

\$30 million cash advance acquisition facility to accommodate further acquisitions. This is a three year non-amortising facility that is subject to annual review and attracts interest at a margin over BBSY plus a line. Based on the current BBSY the effective interest rate would be 7.8%.

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

Existing Facilities

The finance lease obligation is secured against the underlying finance lease assets with a net book value of \$87,023 (2006: \$53,024) (Note 12).

The Invoice Finance facility is secured against the value of the consolidated entity's trade receivables, totalling \$24,014,528 (2006: \$10,025,290) (Note 8).

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).

Terminated Facilities

The Senior Debt facility was secured until it was repaid in June 2007 by a fixed and floating charge over all 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).

The Mezzanine Debt facility was secured until it was repaid in June 2007 by a fixed and floating charge over all 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).

(ix) Owing to subsidiaries

The loans from wholly-owned subsidiaries have no fixed repayment terms. Except for loans to overseas entities, the loans are non interest bearing.

Note 15. Borrowings (continued)

(x) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Loan Facilities

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash advance facility	40,000,000	–	40,000,000	–
Cash advance acquisition facility	30,000,000	–	30,000,000	–
Senior debt	–	15,000,000	–	15,000,000
Mezzanine debt	–	10,000,000	–	10,000,000
	70,000,000	25,000,000	70,000,000	25,000,000

Used at balance date

Cash advance facility	–	–	–	–
Cash advance acquisition facility	–	–	–	–
Senior debt	–	5,050,692	–	5,050,692
Mezzanine debt	–	5,182,000	–	5,182,000
	–	10,232,692	–	10,232,692

Unused at balance date

Cash advance facility	40,000,000	–	40,000,000	–
Cash advance acquisition facility	30,000,000	–	30,000,000	–
Senior debt	–	9,949,308	–	9,949,308
Mezzanine debt	–	4,818,000	–	4,818,000
	70,000,000	14,767,308	70,000,000	14,767,308

Credit standby arrangements

Bank overdraft	1,000,000	1,000,000	1,000,000	1,000,000
Other facilities	3,860,000	–	3,860,000	–
Invoice finance	25,000,000	8,000,000	25,000,000	8,000,000
	29,860,000	9,000,000	29,860,000	9,000,000

Used at balance date

Bank overdraft	974,959	–	–	–
Other facilities	865,914	–	865,914	–
Invoice finance	7,111,031	934,009	7,111,031	934,009
	8,951,904	934,009	7,976,945	934,009

Unused at balance date

Bank overdraft	25,041	1,000,000	1,000,000	1,000,000
Other facilities	2,994,086	–	2,994,086	–
Invoice finance	17,888,969	7,065,991	17,888,969	7,065,991
	20,908,096	8,065,991	21,883,055	8,065,991

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 16. Provisions				
Current	1,210,417	753,678	81,322	21,722
Non current	736,000	452,827	–	–
	1,946,417	1,206,505	81,322	21,722
CURRENT				
Employee benefits	1,210,417	753,678	81,322	21,722
	1,210,417	753,678	81,322	21,722
NON CURRENT				
Employee benefits	407,994	120,092	–	–
Make good	328,006	332,735	–	–
	736,000	452,827	–	–

(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.

(b) Movement in provisions

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

	CONSOLIDATED	
	MAKE GOOD PROVISION 2007	TOTAL 2007
	\$	\$
Carrying amount at beginning of year	332,735	332,735
Reduction in provision	(4,729)	(4,729)
Carrying amount at end of year	328,006	328,006

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 17. Other liabilities				
Current				
Deferred income	–	137,135	–	–
Series A preference share dividend obligation accrual	–	1,652,619	–	1,652,619
	–	1,789,754	–	1,652,619
Note 18. Contributed equity				
105,000,000 (2006: 2) Ordinary shares of no par value fully paid – note (i)	64,189,364	2	64,189,364	2
Nil (2006: 42) Series D convertible shares – note (ii)	–	357,745	–	357,745
6,245,775 (2006: 2,101,020) Series C convertible shares – note (iii)	1,264,037	949,911	1,264,037	949,911
Nil (2006: 16,187,210) Series A preference shares – note (iv)	–	13,531,772	–	13,531,772
	65,453,401	14,839,430	65,453,401	14,839,430

	DATE	CONSOLIDATED	
		NUMBER OF SHARES	\$
(i) Ordinary shares			
Balance at 1 July 2005		2	2
Share issue	Jan 2007	9,500,480	4,392,941
Conversion of Series D shares into ordinary shares at IPO	Jun 2007	15,381,117	425,938
Conversion Series A shares into ordinary shares at IPO	Jun 2007	33,150,311	16,461,057
Conversion of Series C shares into ordinary shares at IPO	Jun 2007	2,748,061	667,144
Issue of shares under Initial Public Offer	Jun 2007	44,220,029	44,220,029
Portion of IPO cost eligible for inclusion in equity	Jun 2007	–	(1,977,747)
Balance at 30 June 2007		105,000,000	64,189,364

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 18. Contributed equity (continued)

(ii) Series D Convertible shares

	DATE	CONSOLIDATED	
		NUMBER OF SHARES	\$
Balance at 1 July 2005		28	150,689
Share issue	Sep 2005	8	118,316
Share issue	Dec 2005	3	44,370
Share issue	May 2006	3	44,370
Share issue	Aug 2006	21	68,193
Conversion to ordinary shares at IPO	Jun 2007	(63)	(425,938)
Balance at 30 June 2007		–	–

The Series D Convertible 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 Series D Convertible shares were issued free of charge to the promoters and certain executive management personnel of the Group and to vendors of the acquired entities.

Series D Convertible shares did not confer on their holders any entitlement to participate in the profits or the assets of the Company.

Series D Convertible shares conferred on their holders the right to receive notice of and attend any general meeting of the Company but they do not confer any right to vote.

The fair value at issue dates were independently determined using a Monte Carlo option pricing model. The key model inputs for the shares issued are:

- (a) The expected dividend yield is 6%.
- (b) The risk free interest rate is 5.4%.
- (c) The expected price volatility of the company's shares is 45%.
- (d) The probability of a liquidity event occurring during the life of the shares is 90%.

	DATE	CONSOLIDATED	
		NUMBER OF SHARES	\$
(iii) Series C Convertible Shares			
Balance at 1 July 2005		2,522,431	690,035
Share issue	Sep 2005	805,359	71,429
Share issue	Dec 2005	880,419	78,087
Share issue	May 2006	1,244,292	110,360
Share issue	Aug 2006	4,819,675	981,270
Conversion to ordinary shares at IPO	Jun 2007	(4,026,401)	(667,144)
Balance at 30 June 2007		6,245,775	1,264,037

Note 18. Contributed equity (continued)

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 businesses.

The shares vest 2 years after the Completion Date of the acquisitions. The holders of the shares have the same rights 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%.

	DATE	CONSOLIDATED	
		NUMBER OF SHARES	\$
(iv) Series A Preference Shares			
Balance at 1 July 2005		127	127
Conversion of loan notes	May 2006	16,187,083	13,531,645
Share issue	Sep 2006	142,222	160,000
Conversion of warrants	Jun 2007	1,685,251	977,300
Conversion to ordinary shares at IPO	Jun 2007	(18,014,683)	(14,669,072)
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 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 fix 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 distributions as if it were an Ordinary Share.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 19. Reserves				
Warrant reserve (a)	–	977,300	–	977,300
Option reserve (b)	203,169	48,044	203,169	48,044
Foreign currency translation reserve (c)	355,775	–	–	–
	558,944	1,025,344	203,169	1,025,344

(a) Warrant reserve

In accordance with a mezzanine debt facility signed with Investec Bank (Australia) Limited on 15 December 2005, Investec was granted the right to subscribe for warrant shares. These were converted into ordinary shares in June 2007 at the time of the IPO, pursuant to the allocation method in the Company's constitution.

(b) Option reserve

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

(c) Foreign currency translation reserve

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

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

	WARRANT RESERVE		OPTION RESERVE		FOREIGN CURRENCY TRANSLATION RESERVE	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Balance 1 July	977,300	–	48,044	–	–	–
Issue of warrants	–	977,300	–	–	–	–
Conversion to ordinary shares at IPO	(977,300)	–	–	–	–	–
Option expense	–	–	155,125	48,044	–	–
Currency translation differences arising during the year	–	–	–	–	355,775	–
Balance 30 June	–	977,300	203,169	48,044	355,775	–

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 20. Accumulated losses				
Accumulated losses at the beginning of the period	(2,469,236)	(292,805)	(5,381,154)	(670,709)
Net loss for the period	(3,181,687)	(2,176,431)	(13,169,142)	(4,710,445)
Accumulated losses at the end of the period	(5,650,923)	(2,469,236)	(18,550,296)	(5,381,154)
Note 21. Cash flow information				
(a) Reconciliation of Cash Flow from Operations to Loss after Income Tax				
Net loss for the period	(3,181,687)	(2,176,431)	(13,169,142)	(4,710,445)
Non cash flows in profit/(loss):				
Amortisation of intangible assets	3,450,894	2,759,880	–	–
Depreciation/amortisation of property, plant and equipment	524,152	316,871	24,631	2,956
Share options expense	155,545	48,044	155,545	48,044
Vendor dividend payment	1,186,537	1,096,214	1,186,537	1,096,214
Share based payments expense	38,603	26,223	38,603	26,223
Amortisation of borrowing costs	3,226,515	435,779	3,226,515	435,779
Interest on Series A loan notes included in equity	–	1,283,878	–	1,283,878
Interest on Vendor earn-out liability (net of preference dividend payments)	5,339,880	1,544,157	3,876,312	1,544,157
Changes in operating assets and liabilities:				
(Increase)/decrease in trade and term receivables	(7,845,414)	(631,069)	101,573	222,563
(Increase)/decrease in other assets	(260,475)	(55,310)	(149,611)	218,391
Increase/(decrease) in trade payables and accruals	4,385,328	1,635,248	298,463	(1,148,947)
(Decrease)/increase in income tax payable	(620,694)	(401,639)	889,436	(182,693)
(Increase)/decrease in deferred taxes	(3,690,791)	(334,889)	(1,422,764)	(20,173)
Increase in provisions	709,899	157,716	207,234	14,497
IPO expenses included in financing activities	2,139,423	–	2,139,423	–
Cash flow from operations	6,799,103	5,704,672	(2,597,245)	(1,169,556)

NOTES TO THE FINANCIAL STATEMENTS

Note 22. Controlled entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		2007	2006
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	–
Rubicor CRS Pty Limited	Australia	100	–
Rubicor New Zealand Limited	New Zealand	100	–
Wheeler Campbell Consulting Limited (i), (ii)	New Zealand	67	–
Health Recruitment NZ Limited (i), (iii)	New Zealand	67	–
Gaulter Russell NZ Limited (i)	New Zealand	67	–
Numero (NZ) Limited (i)	New Zealand	67	–
Powerhouse People Ltd (i)	New Zealand	67	–
Wizard Personnel & Office Services Pty Limited	Australia	100	–
Dolman Pty Limited (iv)	Australia	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 forgone 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.

(iii) Includes Care Direct Limited.

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

Note 23. Capital commitments

Other than as shown in Note 32 in respect of the post year end acquisition of Challenge Recruitment Limited, the parent entity and the consolidated entity had nil capital commitments at balance date.

Note 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 two main geographical areas, namely Australia and New Zealand.

	SEGMENT REVENUE FROM SALES TO EXTERNAL CUSTOMERS		SEGMENT ASSETS		ACQUISITIONS OF NON-CURRENT SEGMENT ASSETS	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Australia	133,412,145	65,075,788	115,545,092	51,811,292	14,264,289	7,939,445
New Zealand	23,045,037	–	26,428,438	–	8,980,733	–
Total	156,457,182	65,075,788	141,973,530	51,811,292	23,245,022	7,939,445

NOTES TO THE FINANCIAL STATEMENTS

Note 25. Related party transactions

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

Apex Capital Partners Pty Limited ("Apex") is a related party of the company as Russel Pillemer is a director of the Company and a director of and holds a shareholding interest in Apex. Under the Shareholders' Deed entered into on 6 May 2005 between the shareholders of the Company, the Company agreed to pay Apex a fee of \$500,000 plus GST. This was paid in two tranches in May 2005 and December 2005.

Under a consultancy agreement between the Company and Apex, dated 12 January 2006, Apex agreed to provide strategic advice and guidance to the Company including in respect of acquisitions to be made by the Company, co-ordinating and carrying out the necessary negotiations and the work of other parties. In the course of the past two years, the Company has paid Apex approximately \$688,750 plus GST in fees. A further \$195,000 plus GST was paid in July 2007 after successful completion of the IPO.

The consultancy arrangement referred to above terminated at the end of May 2007. Rubicor and Apex propose to enter into an advisory relationship following the Offer under which any fees payable to Apex would be success-based and contingent on completion of a relevant acquisition or disposition.

In 2005, RC Pillemer Family Trust, a trust in which Russel Pillemer, a company director has a beneficial interest, provided a loan of \$50,000 to the consolidated entity, which was unsecured, and carried interest at 10% per annum. This loan was repaid on 1 November 2005.

Coates Hire Limited is a related party of the Company as Malcolm Jackman is a director of the Company and a director of Coates Hire Limited. An Operating Business, Credit Recruitment, provides recruitment services to Coates Hire Limited on normal commercial terms.

(b) Company transactions with subsidiaries:

During the year, the Company advanced \$9,175,048 to a subsidiary, Rubicor New Zealand Limited, of which \$3,603,541 was repaid during the year. The interest charged on this loan during the year was equivalent to the underlying borrowing rate incurred by the Company and amounted to \$532,756. There were no transactions with Rubicor New Zealand Limited in 2006.

During the year the Company paid certain expenses and receipted certain income on behalf of its subsidiaries, which amounts were charged against inter-company receivables/payables. The outstanding inter-company balances at year end are shown in Notes 8 and 15.

Note 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.

The bankers of one of the subsidiaries have a debt and interest guarantee provided by the management of that subsidiary.

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

Note 27. Company details

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

Rubicor Group Limited
Level 15, 1 Pacific Highway
North Sydney NSW 2060

Note 28. Contingent liabilities

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

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Contingent Liabilities				
The parent entity's bank has provided bank guarantees totalling:	—	—	865,914	231,803
	—	—	865,914	231,803

Note 29. Financial instruments

(i) Financial Risk Management

The Group's activities expose it mainly to financial risk arising from liquidity risk and interest rate exposure. The overall risk management policy focuses on providing sufficient funding to be able to expand operations and carry on existing operations. The Group is not exposed to price risk.

(ii) Credit Risk Exposures

The Group has no significant concentrations of credit risk. Ongoing credit evaluation is performed on the financial condition of trade receivables. The Group minimises its concentration risk in relation to trade receivables by undertaking transactions with a large number of customers in diverse industries.

The carrying value of trade receivables recorded in the financial statements, net of any impairment provisions, represents the Groups maximum exposure to credit risks.

(iii) Foreign exchange risk

The Group is exposed to foreign currency risk arising in connection with its New Zealand operations. The Group presently does not hedge this risk.

(iv) Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

Note 29. Financial instruments (continued)

(v) Interest rate risk

Interest rate risk arises from interest bearing liabilities. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group presently does not hedge this risk.

The weighted average interest rates attaching to each category of financial asset and financial liability are set out below:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN 1 YEAR OR LESS	FIXED INTEREST MATURING IN OVER 1 TO 5 YEARS	FIXED INTEREST MATURING IN GREATER THAN 5 YEARS	NON INTEREST BEARING	TOTAL
		\$	\$	\$	\$	\$	\$
Consolidated – 2007							
Financial assets							
Cash and cash equivalents	5.1%	12,717,477	–	–	–	–	12,717,477
Trade and other receivables		–	–	–	–	27,156,573	27,156,573
Rental guarantee deposits	4.9%	22,362	–	–	–	–	22,362
		12,739,839	–	–	–	27,156,573	39,896,412
Financial liabilities							
Trade and other payables		–	–	–	–	(14,305,095)	(14,305,095)
Current tax liability		–	–	–	–	(1,366,624)	(1,366,624)
Vendor earn-out liability	12.5%	–	(11,478,863)	(42,578,030)	(2,561,475)	–	(56,618,368)
Finance lease obligation	10.2%	–	(16,964)	(41,089)	–	–	(58,053)
Invoice finance account	7.9%	(7,111,031)	–	–	–	–	(7,111,031)
		(7,111,031)	(11,495,827)	(42,619,119)	(2,561,475)	(15,671,719)	(79,459,171)
Net financial assets/ (liabilities)		5,628,808	(11,495,827)	(42,619,119)	(2,561,475)	11,484,854	(39,562,759)

Note 29. Financial instruments (continued)

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN 1 YEAR OR LESS	FIXED INTEREST MATURING IN OVER 1 TO 5 YEARS	FIXED INTEREST MATURING IN GREATER THAN 5 YEARS	NON INTEREST BEARING	TOTAL
		\$	\$	\$	\$	\$	\$
Consolidated – 2006							
Financial assets							
Cash and cash equivalents	4.8%	1,997,178	–	–	–	–	1,997,178
Trade and other receivables		–	–	–	–	10,575,038	10,575,038
Current tax receivable		–	–	–	–	182,693	182,693
Rental guarantee deposits	4.9%	250,683	–	–	–	–	250,683
		2,247,861	–	–	–	10,757,731	13,005,592
Financial liabilities							
Trade and other payables		–	–	–	–	(7,768,765)	(7,768,765)
Current tax liability		–	–	–	–	(541,900)	(541,900)
Vendor earn-out liability	12.5%	–	(3,150,000)	(13,270,606)	(1,518,994)	–	(17,939,600)
Finance lease obligation	10.0%	–	(17,145)	(24,459)	–	–	(41,604)
Invoice finance account	7.4%	(934,009)	–	–	–	–	(934,009)
Senior debt	7.2%	–	(1,153,000)	(3,122,539)	–	–	(4,275,539)
Mezzanine debt	13.3%	–	(3,908,281)	–	–	–	(3,908,281)
Other financial liabilities	13.3%	–	–	(9,797)	–	–	(9,797)
		(934,009)	(8,228,426)	(16,427,401)	(1,518,994)	(8,310,665)	(35,419,495)
Net financial assets/ (liabilities)		1,313,852	(8,228,426)	(16,427,401)	(1,518,994)	2,447,066	(22,413,903)

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 30. Operating lease arrangements				
(a) Leases as lessee				
Non cancellable operating lease rentals are payable as follows:				
Leases as lessee				
Less than one year	2,693,247	1,224,763	—	—
Between one and five years	3,726,935	4,349,081	—	—
More than five years	264,986	673,483	—	—
Total	6,685,168	6,247,327	—	—

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 adjustments.

Note 31. Finance and hire purchase leases

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

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Less than one year	18,691	18,175	—	—
Between one and five years	39,705	26,675	—	—
Minimum lease payments	58,396	44,850	—	—
Future finance charges	(343)	(3,246)	—	—
Recognised as a liability	58,053	41,604	—	—
Recognised in the Financial Statements as:				
Borrowings:				
Current (Note 15)	16,964	17,145	—	—
Non-current (Note 15)	41,089	24,459	—	—
Total	58,053	41,604	—	—

The finance and hire purchase leases are secured against the underlying assets, with a net book value of \$87,023 (2006: \$48,904) (Note 12).

Note 32. Events after the balance sheet date

- (i) Subsequent to 30 June 2007, Rubicor completed the business acquisition of Challenge Recruitment Limited. The purchase was satisfied by an initial cash payment of \$12,950,000 plus deferred compensation payments. The deferred compensation payments include payments based on a multiple of earnings before interest and tax over a 12 to 36 month period after completion, and subsequent payments in the 2 year period after notice of exit is provided. The assets and liabilities arising from the acquisition will be recognised at fair value. At the date of this report, the financial impact has not been quantified.
- (ii) The Company has entered into an arrangement with US based TAC Worldwide where the Company will become an authorised supplier of recruitment and staffing services to multi-national clients of TAC operating in Australia and New Zealand. TAC will become an authorised supplier to Rubicor clients requiring recruitment support in areas of the world where Rubicor does not have a business presence. At the date of this report, the financial impact has not been quantified.
- (iii) Two of the companies in the Group, SMF Recruitment and Xpand Group have set up operations in Singapore. At the date of this report, the financial impact has not been quantified.
- (iv) On 4 September 2007, Rubicor executed the business acquisition of Steelweld Personnel Pty Limited. The purchase will be satisfied by an initial cash payment of \$1,925,000 plus \$525,000 per quarter for three consecutive quarters following completion. Completion is expected to take place at the end of September 2007. The assets and liabilities arising from the acquisition will be recognised at fair value. At the date of this report, the financial impact has not been quantified.

Note 33. 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.

NAMES OF BUSINESSES ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION OF SHARES ACQUIRED	REVENUE CONTRIBUTION	NET PROFIT BEFORE TAX CONTRIBUTION
2007			%		
CIT Professionals Pty Limited	Recruitment	31 Aug 2006	100	19,489,605	1,412,131
Rubicor CRS Pty Limited	Recruitment	1 Sep 2006	100	8,860,924	462,256
Rubicor New Zealand Limited	Investment	3 Jul 2006	100	–	–
Wheeler Campbell Consulting Limited	Recruitment	25 Aug 2006	100	5,796,901	334,706
Health Recruitment NZ Limited	Recruitment	25 Aug 2006	67*	2,678,566	114,101
Gaulter Russell NZ Limited	Recruitment	18 Aug 2006	67*	3,452,357	742,014
Numero (NZ) Limited	Recruitment	18 Aug 2006	67*	1,749,040	380,282
Powerhouse People Ltd	Recruitment	15 Aug 2006	67*	9,368,172	1,328,830
Wizard Personnel & Office Services Pty Limited	Recruitment	2 Jan 2007	100	4,556,355	260,726
Dolman Pty Limited	Recruitment	1 Feb 2007	100	3,397,095	529,359

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 Profit \$1,525,000 for the year ended 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS

Note 33. Business combinations (continued)

NAMES OF BUSINESSES ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION OF SHARES ACQUIRED	REVENUE CONTRIBUTION	NET PROFIT CONTRIBUTION
			%		
2006					
SMF Recruitment Pty Ltd	Recruitment	9 Sep 2005	100	7,891,177	962,402
Xpand Group Pty Ltd	Recruitment	6 Dec 2005	100	2,854,509	323,561
Careers Unlimited Pty Ltd	Recruitment	3 May 2006	100	1,319,856	129,277
Skillsearch Contracting Pty Ltd	Recruitment	3 May 2006	100	2,574,452	44,268

Had the above business combinations been effected at 1 July 2005 the Revenue for the Group would have been \$86,135,991 and the Net Loss \$810,241 for the year ended 30 June 2006.

	2007	2006
	\$	\$
(ii) Allocation of purchase consideration		
The purchase price was allocated as follows:		
Cash	36,595,083	15,332,178
Transaction costs	2,874,777	1,106,357
Series B redeemable preference shares (Vendor earn-out and exit liability)	24,249,361	12,855,750
Series C and Series D convertible shares	1,406,900	277,093
Total purchase consideration	65,126,121	29,571,378
Fair value of net identifiable tangible assets acquired	4,168,505	3,632,000
Fair value of net identifiable intangible assets acquired	10,184,495	3,906,000
Goodwill	50,773,121	22,033,378
	65,126,121	29,571,378
Cash consideration	36,595,083	15,332,178
Less: cash acquired	(3,099,000)	(3,170,000)
Cash consideration net of cash acquired	33,496,083	12,162,178

Note 33. Business combinations (continued)

(iii) Net assets acquired – 2007

	CIT PROFESSIONALS PTY LTD		RUBICOR CRS PTY LTD		WHEELER CAMPBELL CONSULTING LIMITED AND CONTROLLED ENTITIES		HEALTH RECRUITMENT NZ LIMITED AND CONTROLLED ENTITIES		GAULTER RUSSELL NZ LIMITED	
	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	–	–	–	–	278,000	278,000	47,000	47,000	275,000	275,000
Receivables	2,706,000	2,706,000	–	–	892,000	892,000	243,000	243,000	681,000	681,000
Plant & Equipment	25,000	25,000	–	–	73,000	73,000	22,000	22,000	146,000	146,000
Identifiable intangibles	–	1,820,000	–	1,233,000	–	444,000	–	337,000	–	585,000
Deferred tax assets	5,000	5,000	–	–	–	–	–	–	–	–
Current tax liabilities	–	–	–	–	(30,000)	(30,000)	(33,000)	(33,000)	(33,000)	(33,000)
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Payables	(183,000)	(183,000)	–	–	(666,000)	(666,000)	(110,000)	(110,000)	(106,000)	(106,000)
Provisions	(1,933,000)	(1,933,000)	–	–	(376,000)	(376,000)	(126,000)	(126,000)	(485,000)	(485,000)
Total net assets	620,000	2,440,000	–	1,233,000	171,000	615,000	43,000	380,000	478,000	1,063,000

NOTES TO THE FINANCIAL STATEMENTS

Note 33. Business combinations (continued)

(iii) Net assets acquired – 2007 (continued)

	NUMERO (NZ) LIMITED		POWERHOUSE PEOPLE		WIZARD PERSONNEL & OFFICE SERVICES PTY LIMITED		DOLMAN GROUP PTY LIMITED AND CONTROLLED ENTITIES		TOTAL FAIR
	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	VALUE ON ACQUISITION
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	46,000	46,000	514,000	514,000	1,889,000	1,889,000	50,000	50,000	3,099,000
Receivables	249,000	249,000	662,000	662,000	1,105,000	1,105,000	1,006,000	2,479,000	9,017,000
Plant & Equipment	12,000	12,000	564,000	564,000	12,000	12,000	83,000	83,000	937,000
Identifiable intangibles	–	458,000	2,000	2,452,000	–	730,000	–	2,125,495	10,184,495
Deferred tax assets	–	–	–	–	–	–	–	–	5,000
Current tax liabilities	(27,000)	(27,000)	(71,000)	(71,000)	(193,000)	(193,000)	(439,000)	(877,000)	(1,264,000)
Deferred tax liabilities	–	–	–	–	–	–	–	–	–
Payables	(70,000)	(70,000)	(493,000)	(493,000)	(121,000)	(121,000)	(199,000)	(199,000)	(1,948,000)
Provisions	(97,000)	(97,000)	(133,000)	(133,000)	(2,308,000)	(2,308,000)	(222,000)	(219,495)	(5,677,495)
Total net assets	113,000	571,000	1,045,000	3,495,000	384,000	1,114,000	279,000	3,442,000	14,353,000
Goodwill on acquisition									50,773,121
Total									65,126,121

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

Note 33. Business combinations (continued)

(i) Net assets acquired – 2006

	SMF PTY LIMITED		XPAND GROUP PTY LIMITED		CAREERS UNLIMITED PTY LIMITED		SKILLSEARCH CONTRACTING PTY LIMITED		TOTAL FAIR VALUE ON
	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	BOOK VALUE	FAIR VALUE ON ACQUISITION	ACQUISITION
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	732,000	732,000	398,000	398,000	652,000	652,000	1,388,000	1,388,000	3,170,000
Receivables	803,000	803,000	535,000	535,000	400,000	400,000	2,044,000	2,044,000	3,782,000
Plant & Equipment	129,000	129,000	234,000	234,000	27,000	27,000	–	–	390,000
Identifiable intangibles	11,000	1,558,000	–	544,000	–	967,000	–	848,000	3,917,000
Deferred tax assets	–	–	–	–	–	–	–	–	–
Current tax liabilities	(18,000)	(18,000)	(87,000)	(87,000)	(67,000)	(67,000)	(269,000)	(269,000)	(441,000)
Deferred tax liabilities	–	–	–	–	–	–	–	–	–
Payables	(494,000)	(494,000)	(157,000)	(157,000)	(226,000)	(226,000)	(158,000)	(158,000)	(1,035,000)
Provisions	(192,000)	(192,000)	(207,000)	(207,000)	(85,000)	(85,000)	(1,761,000)	(1,761,000)	(2,245,000)
Total net assets	971,000	2,518,000	716,000	1,260,000	701,000	1,668,000	1,244,000	2,092,000	7,538,000
Goodwill on acquisition									22,033,378
Total									29,571,378

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

NOTES TO THE FINANCIAL STATEMENTS

Note 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 award of 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) 2015
- (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 2007 was 58 cents (2006: 37 cents). The fair value at grant date is independently determined using a Monte Carlo option pricing model. The key model inputs for options granted during the year included:

- (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 31 August 2006 and 31 October 2005.
- (c) The expected dividend yield is 6%.
- (d) The risk free interest rate varied between 5.34% and 5.48%
- (e) The expected price volatility of the company's shares is 45%, based on historical experience of similar companies.

\$155,545 has been recognised as a share based payments expense on a graded vesting pattern for the year ended 30 June 2007 (2006: \$48,044). (Refer Note 19.)

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	1,028,843	31 October 2005	See above	Nil	0.58
Issued August 2006	1,847,459	31 August 2006	See above	Nil	0.37

Note 34. Share based payments (continued)

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

	2007		2006	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance at beginning of the financial year	1,028,843	Nil	–	Nil
Granted during the year	1,847,459	Nil	1,028,843	Nil
Balance at end of the financial year	2,876,302	Nil	1,028,843	Nil
Exercisable at end of the financial year	Nil		Nil	

No options have been exercised or have expired during the year. No options have been issued, exercised or expired subsequent to the year end.

Series D Convertible Shares

Of the Series D Convertible Shares referred to in Note 18(ii), 2 shares were issued to key executives. These shares were issued on 31 March 2005 and 4 July 2005 and the assessed fair value as at issue date of the shares was \$29,000 and \$81,817 respectively. The fair value at issue date was independently determined using a Monte Carlo option pricing model (refer Note 18 (ii) for further details). These shares were converted into ordinary shares in June 2007 at the time of the IPO, pursuant to the allocation method in the Company's constitution. \$38,603 has been recognised as a share based payments expense in respect of these shares for the year ended 30 June 2007 (2006: \$25,082).

	CONSOLIDATED	
	2007	2006
	CENTS	CENTS
(a) Basic loss per share		
Loss attributable to the ordinary equity holders of the company	(8.0)	(47.9)
(b) Diluted loss per share		
Loss attributable to the ordinary equity holders of the company	(8.0)	(47.9)
	2007	2006
(c) Weighted average number of shares used as the denominator	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	39,616,888	4,541,135
Adjustments for calculation of diluted earnings per share	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	39,616,888	4,541,135

NOTES TO THE FINANCIAL STATEMENTS

Note 35. Loss per share (continued)

Information concerning the classification of securities

(i) Series A Preference Shares

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 2006 and 2007 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for these years. These options could potentially dilute basic earnings per share in the future.

(iii) Series C & D Convertible Shares

The Series C and Series D convertible 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, 2,748,061 C shares converted to ordinary shares. None of the remaining shares had vested at 30 June 2007. The shares have not been included in the determination of basic earnings per share.

The Series C & D Convertible Shares on issue during 2006 and 2007 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for these years. These Convertible Shares could potentially dilute basic earnings per share in the future.

(iv) Warrants

Warrants 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 warrants have not been included in the determination of basic earnings per share. Details relating to the warrants are set out in Note 19.

The warrants on issue during 2006 and 2007 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for these years.

Note 36. Dividends

(a) Ordinary shares

No ordinary dividend was declared for the years ended 30 June 2007 and 2006.

(b) Series B redeemable preference shares

Dividends totalling \$1,186,537 (2006: \$1,096,214) paid in 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 dividend paid in August 2006 was franked.

(c) Franked credits

Franking credits available for subsequent financial years based on a tax rate of 30% (2006: 30%)

PARENT	
2007	2006
\$	\$
5,510,968	4,174,598

SHAREHOLDER INFORMATION

AS AT 19 SEPTEMBER 2007

Number of security holders and securities on issue

Rubicor has issued 105,000,000 Fully Paid Ordinary Shares which are held by 1,153 shareholders. 12,002,158 of these shares are under voluntary escrow and are held by 55 shareholders.

Rubicor has issued 278 Series B Redeemable Preference Shares which are held by 39 shareholders.

Rubicor has issued 6,245,775 Series C Shares which are held by 33 shareholders.

Voting rights

The voting rights attached to Fully Paid Ordinary Shares provide that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

There are no voting rights attached to Series B Redeemable Preference Shares.

The voting rights attached to and imposed on Series C Shares are the same as for Fully Paid Ordinary Shares issued in Rubicor. Holders of Series C Shares are entitled to vote at general meetings of Rubicor as if the Series C Shares had been converted to ordinary shares on a 1:1 basis.

Distribution of security holders

QUOTED ORDINARY FULLY PAID ORDINARY SHARES AND ESCROWED SECURITIES#

HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 – 1,000	4	3,350	0
1,000 – 5,000	202	772,420	0.74
5,001 – 10,000	252	2,329,378	2.22
10,001 – 100,000	615	19,716,199	18.78
100,001 and over	80	82,178,653	78.26
Total	1,153	105,000,000	100
# These totals are comprised from the following:			
FULLY PAID ORDINARY SHARES			
HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 – 1,000	4	3,350	0
1,000 – 5,000	201	770,181	0.83
5,001 – 10,000	248	2,307,598	2.48
10,001 – 100,000	583	18,183,806	19.55
100,001 and over	62	71,732,907	77.13
Total	1,098	92,997,842	100
ESCROWED FULLY PAID ORDINARY SHARES			
HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 – 1,000	0	0	0
1,000 – 5,000	1	2,239	0.02
5,001 – 10,000	4	21,780	0.18
10,001 – 100,000	32	1,532,393	12.77
100,001 and over	18	10,445,746	87.03
Total	55	12,002,158	100

SERIES B REDEEMABLE PREFERENCE SHARES

HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 – 1,000	39	278	100
1,000 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	0	0	0
Total	39	278	100

SERIES C SHARES

HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 – 1,000	0	0	0
1,000 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	12	586,941	9.40
100,001 and over	21	5,658,834	90.60
Total	33	6,245,775	100

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 1. 736 shares comprise a marketable parcel at Rubicor's closing share price of \$0.68.

Substantial shareholders

The number of securities held by substantial shareholders and their associates are set out below:

FULLY PAID ORDINARY SHARES

NAME	NUMBER	%
Australia and New Zealand Banking Group Limited	6,420,783	5.77
Renaissance Smaller Companies Pty Ltd	7,500,000	7.14
Sunsuper Pty Ltd <ATF Sunsuper Superannuation Fund>	5,799,543	5.52

SHAREHOLDER INFORMATION

AS AT 19 SEPTEMBER 2007

Unquoted equity securities

SERIES B REDEEMABLE PREFERENCE SHARES

There are 278 Series B Redeemable Preference Shares issued to 39 shareholders.

There are no shareholders who hold 20% or more of the Series B Redeemable Preference Shares.

SERIES C SHARES

There are 6,245,775 Series C Shares issued to 33 shareholders.

There are no shareholders who hold 20% or more of the Series C Shares.

RUBICOR EMPLOYEE OPTIONS

There are 2,876,302 (with a Nil exercise price) unquoted options issued to 72 optionholders under the Employee Share Option Plan.

Nil option holders hold 20% or more of the options under the Employee Share Option Plan.

Option holders do not have any voting rights with respect to the options held by them.

Details regarding escrow

The number of securities subject to voluntary escrow and the escrow period applied to those securities are as follows:

ESCROW RELEASE DATE	NUMBER OF SHARES
Escrow expiry date – expected 26 February 2008	12,002,158
17,159,616 shares were released from voluntary escrow on 29 August 2007.	

On-market buy-back

There is no current on-market buy-back.

Statement regarding use of cash and assets

Rubicor has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objective set out in the Prospectus dated 14 May 2007.

Twenty largest shareholders

QUOTED ORDINARY FULLY PAID ORDINARY SHARES AND ESCROWED SECURITIES#

Details of the 20 largest shareholders of quoted securities by registered shareholding are:

NAME	NUMBER OF SHARES	%
1 National Nominees Limited	10,677,709	10.17
2 UBS Nominees Pty Ltd	6,887,474	6.56
3 J P Morgan Nominees Australia Limited	6,666,063	6.35
4 ANZ Banking Group Limited	6,420,783	6.12
5 Queensland Investment Corporation	4,750,000	4.52
6 HSBC Custody Nominees (Australia) Limited	3,235,653	3.08
7 Salmay Pty Limited	2,832,280	2.70
8 Equity Trustees Limited	2,705,991	2.58
9 Citicorp Nominees Pty Limited	2,556,200	2.43
10 Mr Wayman Douglas Chapman and Mrs Ruth Winifred Chapman	2,544,660	2.42
11 Maurtray Pty Limited	2,287,300	2.18
12 Invia Custodian Pty Limited	2,250,000	2.14
13 ANZ Nominees Limited	2,092,584	1.99
14 IAG Nominees Pty Limited	1,776,106	1.69
15 Cogent Nominees Pty Limited	1,334,131	1.27
16 Eatonia Holdings Pty Limited	1,287,397	1.23
17 Highercombe Pty Limited	1,157,416	1.10
18 Jaswear Pty Limited	1,157,416	1.10
19 UBS Wealth Management Australia Nominees Pty Ltd	1,017,339	0.97
20 Mr Kevin Levine	937,405	0.89
Total	64,573,907	61.50

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CORPORATE DIRECTORY

Directors

Executive Director

Mr Wayman Chapman
Chief Executive Officer

Non-Executive Directors

Robert Aitken
Chairman

Malcolm Jackman

Russel Pillemer

John Pettigrew

Chief Financial Officer

Kevin Levine

Company Secretary

Sharad Loomba

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Australian Company Number

110 913 365

Australian Business Number

74 110 913 365

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Share Registry

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