

27 Feb 2008

## Rubicor half year results to 31 Dec 2007

- Exceptional growth in revenue and profitability
- Interim dividend of 1.5c per share (fully franked)
- On track to meet full year EPS forecast

Financial Highlights	HY to 31 Dec 2007	HY to 31 Dec 2006	Growth
Total Revenue	\$181.1m	\$65.9m	175%
Net Disposable Revenue	\$50.6m	\$27.7m	83%
EBITDA	\$12.3m	\$5.9m	108%
Statutory NPAT	\$1.4	(\$1.2m)	
Underlying NPAT*	\$6.1m	\$0.9m	
Underlying EPS*	5.8c	0.9c	

\*Adjusting for amortisation of intangibles and notional interest on deferred payments for business acquisitions under IFRS

Rubicor Group Limited (ASX:RUB), one of the leading recruitment services companies in Australia & New Zealand, today announced a strong increase in revenue and earnings for the six months to 31 December 2007.

“This is an exceptional result,” said Wayman Chapman, CEO of Rubicor, “and one which demonstrates the success of our strategic focus on acquiring profitable, experienced recruitment businesses across targeted geographies and sectors; of structuring acquisition payments to align the vendors’ interests to those of shareholders; and of driving further growth from these businesses once they are under the Rubicor banner.”

Compared to the prior corresponding period, total revenue rose 175 per cent to \$181.1m, fuelled by acquisitions and double digit organic growth. Net disposable revenue (NDR), after direct labour costs for temporary and contract staff, was up 83 per cent to \$50.6m. Consultant costs to NDR, a key measure of efficiency, improved from 44 to 38 per cent.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 109 per cent to \$12.3m. Rubicor enjoys above average margins of 6.8 per cent (EBITDA to total revenues) and of 24.3 per cent (EBITDA to NDR).

Statutory net profit after tax (NPAT) was \$1.4m, compared to a loss of \$1.2m in the prior corresponding period. Statutory NPAT includes accounting adjustments for amortisation of

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intangibles and notional interest on deferred payments for business acquisitions, required under IFRS, which are non-cash charges and not considered to be part of the underlying operations. Rubicor considers a more suitable measure of profitability is the underlying, or cash, NPAT. For the six months ended 31 December 2007 Rubicor achieved underlying NPAT of \$6.1m, compared to \$0.9m for the 6 months to 31 December 2006. The underlying NPAT for the full year ended 30 June 2007 was \$2.1m.

Rubicor is paying a fully franked interim dividend of 1.5 cents a share, in line with the previously announced increase in its annual payout ratio to 80-100 per cent of statutory NPAT. The interim dividend is payable on 4 April 2008 to shareholders on record at 17 March 2008. The company maintains a prudent approach to capital management with interest cover of 9.1 and gearing of 34 per cent.

### **Recent developments**

Highlights for the first half of FY 2007/08 were the completion of the acquisition of Challenge Recruitment which undertakes high-volume temporary and permanent staff placements in particular in the industrial sector; the acquisition of Steelweld Personnel expanding Rubicor's presence in the high-growth WA region; a strategic alliance with TAC Worldwide and the expansion into Asia of two of Rubicor's operating companies.

More recently Rubicor has announced the acquisition of Gemteq Executive significantly growing Rubicor's presence in Sales & Marketing and Information Technology recruitment and the launch of Orbis Recruitment, a start-up company, bringing the total number of recruitment firms within its stable to 22 with 374 consultants, up from 260.

### **Strategy**

Rubicor's strategy is to build a diverse spread of recruitment businesses targeting different sectors and geographies, for both permanent and temporary recruitment. This diversity allows Rubicor to de-risk its earnings stream to movements by particular industries, geographies or clients. Rubicor's clients include a significant number of Australia's top 50 listed companies, with no single client accounting for over 5 per cent of revenue.

Rubicor will continue to help its operating businesses improve their profitability and realise their growth potential. In addition the company will pursue selective opportunities to acquire established recruitment firms which specialise in particular market segments, maintaining their own distinct brand, culture and market appeal. Vendors are subject to extended earnout periods

and are incentivised to maximise shareholder value. Their payout also depends upon the business continuing profitability after departure, thereby encouraging succession planning.

### **Outlook**

“The outlook for recruitment services continues to be very positive,” said Mr Chapman.

“The skills shortage continues to be a real issue for many employers and we believe well-established specialist recruitment firms have a distinct edge. The preference for temporary versus permanent staff will vary according to the economic cycle, business confidence, specific sectors and geographies, but we cater for both and can adapt to any change in demand.

“For the rest of the financial year 2007/2008 we will continue to evaluate selective acquisition opportunities which provide a good strategic fit and enhance shareholder value, as well as improving and growing our existing businesses. We remain on track to meet our forecast underlying earnings per share for the full year of close to 15 cents per share, compared to 2.0 cents in FY07.”

...ENDS/

#### **Enquiries:**

Wayman Chapman  
CEO, Rubicor  
Tel 02 8404 1388

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Symbol Strategic Communications  
Tel 02 9234 4287

### **About Rubicor**

Established in 2005, Rubicor has 22 operating companies offering search, selection, bulk recruitment, professional and support level contracting services and organisational development.

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

Rubicor is headed by Wayman Chapman, CEO (former Deputy CEO of TMP Worldwide in Australasia) and Jane Beaumont, COO (former MD of Ross Human Directions recruitment business) who together have over 47 years' experience in the recruitment industry.

For more information please visit [www.rubicorgroup.com.au](http://www.rubicorgroup.com.au)

# Half year report

This information must be given to ASX under listing rule 4.2A.3.

## 1. Company details

Name of entity
RUBICOR GROUP LTD

Half year ended ('current period')	Half year ended ('previous period')
31 December 2007	31 December 2006

## 2. Results for announcement to the market

The following information that is required by section 2 must be located at the beginning of the report.

		\$A'000'	
s			
2.1 Revenue	up	174.7%	to 181,116
2.2 Profit after tax	up		to 1,413
2.3 Net profit for the period attributable to members	up		to 1,413
<b>2.4 Dividends</b>		Amount per security	Franked amount per security
Interim dividend declared		1.5¢	1.5¢
If no dividend is to be paid, a statement to that effect must be given			
2.5 +Record date for determining entitlements to the dividend.		17.03.08	
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood. <b>Please refer Directors' Report included in the Financial Statements.</b>			

### 3. NTA backing

Under section 3 entities should report details on net tangible assets per security with the comparative figure for the previous corresponding period.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security <sup>+</sup>	-\$0.58	-\$0.30

**+ A large proportion of the company's assets are intangible in nature, consisting of goodwill and identifiable intangible assets relating to businesses acquired. These assets are excluded from the calculation of net tangible assets per security, which results in the negative outcome.**

**Net assets per share at 31 December 2007 were 57.5 cents per share (30 June 2007: 57.5 cents per share).**

### 4. Gained/lost control

Under this section entities should report certain details in regards to entities over which control has been gained or lost during the period.

#### 4.1 Control gained over entities

Name of entity (or group of entities)	<b>Challenge Recruitment Limited and Steelweld Personnel Pty Limited.</b>	
Date control gained	Challenge: 4 July 2007 Steelweld: 30 Sept 2007	
Contribution of such entities to the reporting entity's profit/ (loss) during the period (where material).	\$869,000 (Challenge: \$529,000 Steeweld: \$340,000)  Had the above business combinations been effected at 1 July 2007 the Net Profit for the Group would have been \$1,683,000 for the half-year ended 31 December 2007	
Consolidated Profit/ (loss) from of the acquired entities for the whole of the previous corresponding periods.	\$1,139,000 (Challenge: \$529,000 Steelweld: \$610,000)	

## 4.2 Loss of control over entities

Name of entity (or group of entities)	<b>N/A: there have been no discontinued operations during the period or comparative period.</b>	
Date control lost		
Contribution of such entities to the reporting entity's profit/ (loss) during the period (where material).	\$	
Profit/loss of the entities over which control has been lost for the whole of the previous corresponding period.	\$	

## 5. Dividends

In the following section entities are required to give details of individual and total dividends or distribution payments.

	Date dividend /distribution is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend /distribution
<b>Individual dividends per security</b>				
<b>Interim dividend:</b> Current year	04.04.08	1.5¢	1.5¢	0¢
Previous year	N/A	¢	¢	¢
<b>Total dividends per security</b>				
<b>Interim dividend:</b> Current year	04.04.08	1.5¢	1.5¢	0¢
Previous year	N/A	¢	¢	¢
<b>Distribution payments</b>				
<b>Interim distribution:</b> Current year	04.04.08	1.5¢	1.5¢	1.5¢
Previous year	N/A	¢	¢	¢
Notes:				
<b>The interim dividend was declared subsequent to 31 December 2007 and has not been recognised in this preliminary financial report.</b>				

## 6. Dividend Reinvestment Plans

Section 6 requires entities to give details of any dividends or distributions reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

<b>The +dividend or distribution plans shown below are in operation.</b>
<b>No dividend reinvestment plans are in operation for the period or comparative period.</b>

<b>The last date(s) for receipt of election notices for the +dividend or distribution plans</b>

Notes
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## 7. Details of associates and joint venture entities

In section 7 entities are required to give the following details of associates and joint venture entities:

Name of associate/joint venture	1. Reporting entity's percentage holding		2. Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
There are no associates and joint ventures in the period or comparative period.			*	*

3. Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	Current period \$A'000	Previous corresponding period - \$A'000
Aggregated share of Profit/(loss)		

## 8. Foreign entities

Under section 8 foreign entities must give details on which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards)

<b>Details of origin of accounting standards used in compiling the report</b>
N/A

## 9. All entities

<b>If the accounts are subject to audit dispute or qualification, describe details below</b>
N/A



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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**General Purpose Financial Report**

**For the Half-Year Ended 31 December 2007**

**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

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**Half-year ended 31 December 2007**

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Directors' Report**

**for the half-year ended 31 December 2007**

Your directors present their report on the company and its controlled entities for the half-year ended 31 December 2007.

**1. General information**

**(a) Directors**

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

Wayman Chapman

Robert Aitken

Malcolm Jackman

John Pettigrew

Russel Pillemer

Directors have been in office since the end of the half-year to the date of this report unless otherwise stated.

**2. Business Review**

**(a) Review of operations**

The Directors report that revenue for the six months to 31 December 2007 was \$181,116,000 (2006: \$65,934,000), an increase of 175%. The group profit after tax for the period was \$1,413,000 (2006: loss of \$1,175,000). These results have been reviewed by our auditors.

During the half-year the following entities were acquired. The details of the acquisitions are set out in note 7 of the financial statements accompanying this report.

Challenge Recruitment Limited  
Steelweld Personnel Pty Limited

**(b) Dividends**

The board has declared an interim dividend of 1.5 cents per share fully franked (2006: nil), to be paid to shareholders registered on 17 March 2008 and to be paid on 4 April 2008.

In addition, dividends were paid on redeemable preference shares totalling \$2,160,000 (2006: 1,187,000).

**3. Auditor's Independence Declaration**

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

**4. Rounding off of amounts**

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

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

On behalf of the Directors

Director



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Wayman Chapman

Director



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Robert Aitken

Dated this 27<sup>th</sup> day of February 2008.

27 February 2008

Dear Board Members

**Rubicor Group Limited**

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

As lead audit partner for the review of the financial statements of Rubicor Group Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Michael Kaplan**  
Partner  
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Rubicor Group Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 24.

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

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rubicor Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Auditor's Independence Declaration*

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

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 27 February 2008

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Directors' Declaration**

The directors declare that:

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

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

On behalf of the Directors



Director

Wayman Chapman



Director

Robert Aitken

Sydney

Dated the 27th day of February 2008.

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Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed Consolidated Income Statement

for the half-year ended 31 December 2007

	Note	Half-year ended 31 Dec 07 \$000	Half-year ended 31 Dec 06 \$000
Revenue		181,116	65,934
Other income		279	10
On hired labour costs		(130,784)	(38,197)
Employee benefits expense		(24,202)	(14,960)
Rental expense on operating leases		(2,226)	(1,250)
Other expenses		(11,861)	(5,548)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		12,322	5,989
Depreciation of property, plant and equipment		(514)	(225)
Amortisation of intangible assets		(2,927)	(1,538)
Finance costs	2	(5,086)	(4,928)
<b>Profit/ (Loss) before income tax expense</b>		<b>3,795</b>	<b>(702)</b>
Income tax (expense)/benefit		(2,382)	(473)
<b>Profit/ (Loss) attributable to members of the parent entity</b>		<b>1,413</b>	<b>(1,175)</b>
<b>Basic Profit/ (Loss) per share (cents)</b>		<b>1.3</b>	<b>(3.5)</b>
<b>Diluted Profit/ (Loss) per share (cents)</b>		<b>1.2</b>	<b>(3.5)</b>

Notes to the condensed consolidated financial statements are set out on pages 12-24.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed Consolidated Balance Sheet  
for the half-year ended 31 December 2007

	Note	31 Dec 07 \$000	30 Jun 07 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,903	12,717
Trade and other receivables		50,433	27,157
Current tax receivable		843	-
Other assets		979	472
<b>Total current assets</b>		<b>59,158</b>	<b>40,346</b>
<b>Non-current assets</b>			
Trade and other receivables		13	144
Property, plant and equipment		5,085	3,511
Deferred tax assets		3,161	4,597
Intangible assets		121,571	92,233
Other assets		114	1,142
<b>Total non-current assets</b>		<b>129,944</b>	<b>101,627</b>
<b>TOTAL ASSETS</b>		<b>189,102</b>	<b>141,973</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		23,191	14,115
Borrowings	6	32,105	12,471
Current tax payable		-	1,367
Provisions		1,565	1,210
<b>Total current liabilities</b>		<b>56,861</b>	<b>29,163</b>
<b>Non-current liabilities</b>			
Borrowings	6	69,482	51,523
Provisions		1,021	736
Other		784	190
<b>Total non-current liabilities</b>		<b>71,287</b>	<b>52,449</b>
<b>TOTAL LIABILITIES</b>		<b>128,148</b>	<b>81,612</b>
<b>NET ASSETS</b>		<b>60,954</b>	<b>60,361</b>
<b>EQUITY</b>			
Share capital		64,703	65,453
Reserves		489	559
Accumulated losses		(4,238)	(5,651)
<b>TOTAL EQUITY</b>		<b>60,954</b>	<b>60,361</b>

Notes to the condensed consolidated financial statements are set out on pages 12-24.

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**Rubicor Group Limited and Controlled Entities**  
**ABN 74 110 913 365**  
**Condensed Consolidated Statement of Changes in Equity**  
**as at 31 December 2007**

**2007**

	<b>Reserves \$000</b>	<b>Share Capital \$000</b>	<b>Accumulated Losses \$000</b>	<b>Total \$000</b>
<b>Equity as at 1 Jul 2007</b>	<b>559</b>	<b>65,453</b>	<b>(5,651)</b>	<b>60,361</b>
Translation difference relating to foreign entities	(201)			(201)
<b>Net income recognised directly in equity</b>	<b>(201)</b>	<b>-</b>	<b>-</b>	<b>(201)</b>
Profit attributable to members of the parent entity	-	-	1,413	1,413
<b>Total recognised income and expense</b>	<b>(201)</b>	<b>-</b>	<b>1,413</b>	<b>1,212</b>
Employee share options	131	-	-	131
Employee shares acquired	-	(750)	-	(750)
<b>Equity as at 31 Dec 2007</b>	<b>489</b>	<b>64,703</b>	<b>(4,238)</b>	<b>60,954</b>

**2006**

	<b>Reserves \$000</b>	<b>Share Capital \$000</b>	<b>Accumulated Losses \$000</b>	<b>Total \$000</b>
<b>Equity as at 1 Jul 2006</b>	<b>1,025</b>	<b>14,839</b>	<b>(2,469)</b>	<b>13,395</b>
Translation difference relating to foreign entities	11	-	-	11
<b>Net income recognised directly in equity</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>
Loss attributable to members of the parent entity	-	-	(1,175)	(1,175)
<b>Total recognised income and expense</b>	<b>11</b>	<b>-</b>	<b>(1,175)</b>	<b>(1,164)</b>
Employee share options	70	-	-	70
Issue of shares	-	1,179	-	1,179
<b>Equity as at 31 Dec 2006</b>	<b>1,106</b>	<b>16,018</b>	<b>(3,644)</b>	<b>13,480</b>

Notes to the condensed consolidated financial statements are set out on pages 12-24.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed Consolidated Cash Flow Statement  
for the half year ended 31 December 2007

	Half-year ended 31 Dec 2007 \$000 Inflows/(Outflows)	Half-year ended 31 Dec 2006 \$000 Inflows/(Outflows)
<b>Cash from operating activities:</b>		
Receipts from customers (inclusive of GST)	193,098	70,386
Payments to suppliers and employees (inclusive of GST)	(184,098)	(69,948)
	9,000	438
Finance costs paid	(1,187)	(1,633)
Interest received	62	65
Income taxes (paid)/refund	(5,244)	(898)
<b>Total cash inflow/(outflow) from operating activities</b>	<b>2,631</b>	<b>(2,028)</b>
<b>Cash flows from investing activities:</b>		
Loans to related parties – payments made	(750)	-
Payment for property, plant and equipment	(1,192)	(416)
Receipt of /(payment for) other financial assets	22	6
Payment for deferred acquisition costs	(103)	(68)
Payment for controlled entities acquired (net of cash acquired)	(24,739)	(20,773)
Repayment of borrowings – vendor earn-out liability	(2,160)	(1,187)
<b>Net cash outflow from investing activities</b>	<b>(28,922)</b>	<b>(22,438)</b>
<b>Cash flows from financing activities:</b>		
Net Proceeds from the issue of share capital	-	160
Repayment of bank borrowings	-	(1,452)
Proceeds from third party borrowings	11,601	23,715
<b>Net cash outflow from financing activities</b>	<b>11,601</b>	<b>22,423</b>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	<b>(14,690)</b>	<b>(2,043)</b>
Cash and cash equivalents at beginning of year	11,743	1,997
<b>Cash and cash equivalents at end of year</b>	<b>(2,947)</b>	<b>(46)</b>

Notes to the condensed consolidated financial statements are set out on pages 12-24.

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**Rubicor Group Limited and Controlled Entities**

**ABN 74 110 913 365**

**Notes to the Financial Statements**

**for the half-year ended 31 December 2007**

**1 Accounting policies**

**(a) General information**

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

**(b) Statement of compliance**

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

**(c) Basis of preparation**

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

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

The accounting policies and methods of computation adopted in preparing the financial statements for the half-year ended 31 December 2007 are consistent with those adopted and disclosed in the Company's 2007 annual financial report for the financial year ended 30 June 2007.

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Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements

for the half-year ended 31 December 2007

2. Expenses

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

	Half-year ended 31 Dec 2007 \$000	Half-year ended 31 Dec 2006 \$000
<b>Finance Costs:</b>		
Interest expense on Vendor earn-out liability (refer Note 6)	3,817	2,044
Amortisation of borrowing costs	82	1,251
Interest and finance charges on other borrowings	1,187	1,633
<b>Total finance costs</b>	<u>5,086</u>	<u>4,928</u>
<b>Depreciation:</b>		
Property, plant and equipment	492	149
Leasehold improvements	22	76
	<u>514</u>	<u>225</u>
Rental expense on operating leases	2,226	1,250
Defined contribution superannuation expense	8,536	2,200
Share based payment expense	131	79
<b>Other Expenses</b>		
Costs of acquisitions that did not proceed	42	366

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### 3. Income tax expense/(benefit)

#### (a) Components of tax expense/(benefit)

	Half-year ended 31 Dec 07 \$000	Half-year ended 31 Dec 06 \$000
Current tax expense	3,659	1,144
Deferred tax – origination and reversal of temporary differences	(1,314)	(673)
Under provision of tax in prior year	37	1
	<u>2,382</u>	<u>473</u>

#### (b)

	Half-year ended 31 Dec 07 \$000	Half-year ended 31 Dec 06 \$000
<b>Profit/ (Loss) before tax</b>	<u>3,795</u>	<u>(702)</u>
<b>Prima facie tax on profit/ (loss) from ordinary activities before income tax at 30% (2006: 30%)</b>	1,138	(211)
<b>Add:</b>		
<b>Tax effect of:</b>		
- non-deductible interest	1,017	557
- share option expense	39	24
- other non-allowable items	65	56
- under provision of tax in prior year	37	1
- difference in overseas tax rates	86	46
<b>Income tax expense/(benefit)</b>	<u>2,382</u>	<u>473</u>

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Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements

for the half-year ended 31 December 2007

4. 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.

5. Events After the Balance Sheet Date

- (i) Subsequent to 31 December 2007, on 8 February 2008 Rubicor completed the business acquisition of the assets of Gemteq Executive. The purchase was satisfied by an initial cash payment of \$19,500,000 with an agreed earn-out payment plan over the next five years based upon Gemteq's performance as part of the Rubicor Group. 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.
- (i) Subsequent to 31 December 2007, the cash advance acquisition facility increased to \$43,000,000 in order to fund the initial payment and earn out payments in respect of Gemteq Executive. The facility remains under the same terms and conditions.

6. Borrowings

	Note	Consolidated	
		31 Dec 07	30 June 07
		\$000	\$000
<b>CURRENT</b>			
<b>Unsecured liabilities (Non Interest Bearing)</b>			
Vendor earn-out liability	(i)	20,342	11,479
<b>Secured liabilities (Interest Bearing)</b>			
Bank overdraft	(iii)	9,850	975
Finance lease obligation	(vi)	38	17
Cash Advance Acquisition Facility	(v)	1,875	-
		<u>11,763</u>	<u>992</u>
		<u>32,105</u>	<u>12,471</u>

	Note	Consolidated	
		31 Dec 07	30 June 07
		\$000	\$000
<b>NON-CURRENT</b>			
<b>Unsecured liabilities (Non Interest Bearing)</b>			
Vendor earn-out liability	(i)	42,484	45,140
		<u>42,484</u>	<u>45,140</u>
<b>Secured liabilities (Interest Bearing)</b>			
Finance lease obligation	(vi)	57	41
Invoice finance debt	(ii)	18,040	6,342
Cash Advance Facility	(iv)	8,901	-
		<u>26,998</u>	<u>6,383</u>
		<u>69,482</u>	<u>51,523</u>



**(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.

**(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 8.7% excluding the administration fee.

**(iii) Bank Overdraft Facility**

This is a cash overdraft facility to assist with ongoing working capital requirements. This facility attracts interest at a margin of 1% above the bank bill rate. Interest is calculated daily and payable monthly in arrears.

**(iv) 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%

**(v) 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 7.85%.

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

**Existing Facilities**

The finance lease obligation is secured against the underlying finance lease assets with net book value of \$79,157 (June 2007: \$87,023).

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 Group together with a mortgage over all shares held by Rubicor Group Limited. (Refer Balance Sheet for value of security).

(vii) **Financing arrangements**

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$000</b>	<b>\$000</b>
Unrestricted access was available at half-year balance date to the following lines of credit:		
<b>Loan Facilities</b>		
Cash Advance Facility	40,000	40,000
Cash Advance Acquisition Facility	30,000	30,000
	<b>70,000</b>	<b>70,000</b>
<b>Used at balance date</b>		
Cash Advance Facility	8,901	-
Cash Advance Acquisition Facility	1,875	-
	<b>10,776</b>	<b>-</b>
<b>Unused at balance date</b>		
Cash Advance Facility	31,099	40,000
Cash Advance Acquisition Facility	28,125	30,000
	<b>59,224</b>	<b>70,000</b>
<b>Credit standby arrangements</b>		
Bank overdraft	11,000	1,000
Other facilities	2,575	3,860
Invoice finance	25,000	25,000
	<b>38,575</b>	<b>29,860</b>
<b>Used at balance date</b>		
Bank overdraft	9,850	975
Other facilities	1,397	866
Invoice finance	19,034	7,111
	<b>30,281</b>	<b>8,952</b>
<b>Unused at balance date</b>		
Bank overdraft	1,150	25
Other facilities	1,178	2,994
Invoice finance	5,966	17,889
	<b>8,294</b>	<b>20,908</b>

(viii) **Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 07</b>	<b>30 June 07</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash and cash equivalents</b>	6,903	1,646
<b>Bank overdraft</b>	(iii) (9,850)	(1,692)
	<b>(2,947)</b>	<b>(46)</b>

## 7. 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:

### Half-year ended 31 December 2007

Name of Business Acquired	Principal Activity	Date of Acquisition	Proportion of Shares Acquired %	Revenue Contribution \$000	Net Profit Before Tax Contribution \$000
Challenge Recruitment Ltd	Recruitment	4 Jul 2007	100	80,507	529
Steelweld Personnel Pty Ltd	Recruitment	30 Sep 2007	100	2,183	340

Had the above business combinations been effected at 1 July 2007 the Revenue for the Group would have been \$183,542,000 and the Net Profit \$1,683,000 for the half-year ended 31 December 2007.

### Half-year ended 31 December 2006

Name of Business Acquired	Principal Activity	Date of Acquisition	Proportion of Shares Acquired %	Revenue Contribution \$000	Net Profit Before Tax Contribution \$000
CIT Professionals Pty Ltd	Recruitment	31 Aug 2006	100	7,066	416
Rubicor CRS Pty Limited	Recruitment	1 Sep 2006	100	3,685	150
Rubicor New Zealand Limited	Recruitment	3 Jul 2006	100	-	-
Wheeler Campbell Consulting Limited	Recruitment	25 Aug 2006	100	829	58
Health Recruitment NZ Limited	Recruitment	25 Aug 2006	67*	87	1
Gaulter Russell NZ Limited	Recruitment	18 Aug 2006	67*	1,206	64
Numero (NZ) Limited	Recruitment	18 Aug 2006	67*	689	56
Powerhouse People Ltd	Recruitment	15 Aug 2006	67*	3,974	388

Had the above business combinations been effected at 1 July 2006 the Revenue for the Group would have been \$74,456,000 and the Net Loss \$1,311,000 for the half-year ended 31 December 2006.

\* 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) Allocation of purchase consideration

	Half-year ended 31 December 2007 \$000	Half-year ended 31 December 2006 \$000
<b>The purchase price was allocated as follows:</b>		
Cash	14,825	29,637
Transaction costs	1,013	2,637
Series B Redeemable Preference Shares (Vendor earn-out)	10,333	13,520
Series C and Series D Convertible Shares	-	1,383
Total purchase consideration	<u>26,171</u>	<u>47,177</u>
Fair value of net identifiable tangible assets acquired	5,615	2,562
Fair value of net identifiable intangible assets acquired	6,582	7,327
Goodwill	<u>13,974</u>	<u>37,288</u>
	<u>26,171</u>	<u>47,177</u>
Cash consideration	14,825	29,637
Less: cash acquired	(423)	(1,160)
Cash consideration net of cash acquired	<u>14,402</u>	<u>28,477</u>

The initial accounting for the acquisition of Challenge Recruitment Ltd and Steelweld Personnel Pty Ltd has only been provisionally determined at the reporting date. At the date of finalisation of this report, the necessary identification of the full fair value of the acquisition balance sheet and the valuations of other identifiable intangible assets has only been provisionally determined.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the above entities. Goodwill represents the benefit of expected synergies, revenue growth and the assembled workforce, the benefits of which are not recognised separately from goodwill as the future economic benefits arising from them cannot be measured reliably.

(iii) Net assets acquired – Half-year ended 31 December 2007

Net Assets Acquired	Challenge Recruitment Ltd		Steelweld Personnel Pty Ltd		Total Fair Value on Acquisition \$000
	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000	
Cash	423	423	-	-	423
Receivables	16,252	16,252	-	-	16,252
Plant & Equipment	779	779	63	63	842
Identifiable intangibles	6,554	11,884	-	1,252	13,136
Deferred tax assets	395	395	-	-	395
Current tax liabilities	(402)	(402)	-	-	(402)
Payables	(6,856)	(6,856)	-	-	(6,856)
Provisions	(763)	(763)	-	-	(763)
Current and non current loans	(10,830)	(10,830)	-	-	(10,830)
Total net assets	5,552	10,882	63	1,315	12,197
Goodwill on acquisition					13,974
Total					26,171

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(iv) Net assets acquired – Half-year ended 31 December 2006

Net Assets Acquired	CIT Professionals Pty Ltd		Rubicor CRS Pty Ltd		Wheeler Campbell Consulting Limited and controlled entities		Health Recruitment NZ Limited and controlled entities	
	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000
Cash	-	-	-	-	278	278	47	47
Receivables	2,706	2,706	-	-	892	892	243	243
Plant & Equipment	25	25	-	-	73	73	22	22
Identifiable intangibles	-	1,820	-	1,233	-	444	-	337
Deferred tax assets	5	5	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	(30)	(30)	(33)	(33)
Payables	(183)	(183)	-	-	(666)	(666)	(110)	(110)
Provisions	(1933)	(1933)	-	-	(376)	(376)	(126)	(126)
<b>Total net assets</b>	<b>620</b>	<b>2,440</b>	<b>-</b>	<b>1,233</b>	<b>171</b>	<b>615</b>	<b>43</b>	<b>380</b>

Net Assets Acquired	Gaulter Russell NZ Limited		Numero (NZ) Limited		Powerhouse People Limited		Total Fair Value on Acquisition \$000
	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000	Book Value \$000	Fair Value on Acquisition \$000	
Cash	275	275	46	46	514	514	1,160
Receivables	681	681	249	249	662	662	5,433
Plant & Equipment	146	146	12	12	564	564	842
Identifiable intangibles	-	585	-	458	2	2,452	7,329
Deferred tax assets	-	-	-	-	-	-	5
Current tax liabilities	(33)	(33)	(27)	(27)	(71)	(71)	(194)
Payables	(106)	(106)	(70)	(70)	(493)	(493)	(1,628)
Provisions	(485)	(485)	(97)	(97)	(133)	(133)	(3,150)
<b>Total net assets</b>	<b>478</b>	<b>1,063</b>	<b>113</b>	<b>571</b>	<b>1,045</b>	<b>3,495</b>	<b>9,797</b>

Goodwill on acquisition							37,288
<b>Total</b>							<b>47,085</b>

## 8. Dividends

	2007		2006	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
<b>Ordinary Shares</b>				
<i>Unrecognised Amounts</i>				
Interim dividend: Franked to 100%	1.5	1,667	-	-

The interim dividend for the half-year ended 31 December 2007 has not been recognised because the interim dividend was declared subsequent to 31 December 2007. The interim dividend will be paid to shareholders on 4 April 2008.

In addition, redeemable preference shares were paid totalling \$2,160,000 (2006: 1,187,000).

## 9. Senior Executive Share Plan

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

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

<b>Key Executive</b>	<b>Amount</b>
Wayman Chapman	\$300,000
Kevin Levine	\$180,000
Jane Beaumont	\$150,000
Sharad Loomba	\$120,000

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

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

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

## 9. Senior Executive Share Plan (continued)

Key Executive	2007 shares
Wayman Chapman	423,204
Kevin Levine	235,088
Jane Beaumont	195,906
Sharad Loomba	163,003

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

\$60 thousand has been recognised as a share based payments expense on a graded vesting pattern for the half-year ended 31 December 2007 (2006: nil) in relation to the executive senior share plan.

## 10. 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 awarded 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.

No options were granted during the half-year ended 31 December 2007. 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% - 5.48%.
- (e) The expected price volatility of the company's shares is 45%, based on historical experience of similar companies



## 10. Share-based Payments (continued)

\$70 thousand has been recognised as a share based payments expense on a graded vesting pattern for the half-year ended 31 December 2007 (2006: \$70 thousand) in relation to the executive senior share plan.

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

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	2,876,302	Nil	1,028,843	Nil
Granted during the year	-	Nil	1,847,459	Nil
Balance at end of the financial year	<u>2,876,302</u>	<u>Nil</u>	<u>2,876,302</u>	<u>Nil</u>
Exercisable at end of the financial year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

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

## 11. 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