Rubicor AGM 2008
Chairman's Address – Slide 2

Ladies and gentlemen, the year ended June 2008 has been another year of growth for Rubicor and a year that has seen the company make good progress in many areas. Unfortunately this strong performance in our operating results is at odds with the Company's share price, and I will talk more about that later in my address.

RESULTS FOR 2008 - SLIDE 3

But first, the financial results for the year just passed. I am pleased to report that during the year Rubicor achieved excellent business growth and market leading profitability across the Group.

Total revenue rose by 135% to $367m with net disposable revenue or gross margin up 62% to $104m. Underlying EBITDA was up 72% to $24.7m and earnings per share for the financial year were 10.5 cents, a healthy growth on 2 cents for the 2007 financial year. Operating cash flow was a solid $21m.

On the balance sheet, goodwill balances have been subject to rigorous impairment testing and there have been no issues identified. Our banking facilities have been renegotiated, albeit at costs reflecting the recent state of credit markets.

SHARE PRICE PERFORMANCE

In August 2007 global markets began to be affected by the emerging US financial crisis. Since then the world has witnessed unprecedented dislocations in debt and equity markets and we are now experiencing slowdowns or recessions in economies across the globe.

The market and economic crises have significantly impacted Rubicor's share price. Irrespective of our strong performance, the value of the Company as measured by market capitalisation has substantially declined.

There would seem to be four main factors which have affected the share price:

1. The market is concerned generally about the recruitment sector and the impact of falling business confidence on hiring intentions.

2. As often happens in periods of uncertainty, small cap companies have fallen out of favour and, being lightly traded, there is little catalyst for a re-rating.

3. Turning to more specific matters, Rubicor has gone through a period of rapid expansion in operating business acquisition and as a result our debt position and gearing level are at the high end of our range. Given the current aversion to highly leveraged companies, this position may be impacting our share price performance.

The Annual Report discloses our available debt facilities at $110m, represented by 2 acquisition debt facilities and working capital facilities, the sum of which were drawn to $59.6m at 30 June 2008. At the end of June, one of these acquisition debt facilities was extended subject to a review on 15 July 2009 and will need to be addressed in the months ahead. This facility is currently drawn to $23m.

4. Our payments to business vendors are structured to align vendor interests with the on-going profitability of their businesses. However the accounting standards require us to capitalise actual and potential future payments onto the balance sheet and expense the deemed interest through the profit and loss account. Although compelling for commercial reasons, this situation results in somewhat complicated financial statements and in a distortion to our debt position. In times of difficult market conditions, this added complication may be impacting our share price performance. Wayman will talk more about this later.

The Board and management have and will continue to drive operational performance and to communicate with our stakeholders to help them appraise the real underlying value of the Company including corporate transactions. I'm often asked why directors are not buying shares at this time. The Board has taken the view that as we are actively exploring corporate transactions, the directors and the executive team are in possession of market sensitive information and have imposed a trading blackout. For this reason also, no shares have been issued or purchased under the Company's LTI plan.

The Board is also continually and proactively exploring ways to improve shareholder value.

DIVIDENDS – SLIDE 4

Turning to the dividends for the year, having paid out an interim dividend of 1.5 cents a share, representing a payout ratio of 83% of the full year's earnings, the Board resolved to forgo payment of a final dividend for the financial year.

In view of the more difficult credit market and with capital management as a priority, the Board has considered it prudent to revise its dividend policy to 50-70 % of statutory NPAT.

OUTLOOK - SLIDE 5

As regards the trading performance for the 2009 financial year, there is no doubt that a prolonged economic downturn is having an impact on employment and recruitment assignments. We have seen increased caution or conservatism in decision making by both companies and candidates with the result that placements are taking longer.

The impact at Rubicor is that permanent placements in the finance and offshore sectors, in particular, are softer. The NZ recruitment market has also been impacted in the run up to the recent election. However, certain sectors such as engineering and resources and the public sector, and geographic locations such as WA and ACT, together with demand for temporary or contract assignments remain relatively strong.

Our first quarter unaudited EBITDA was in line with the same quarter last year, a comparatively strong result in this challenging environment. However, softer conditions are expected to be reflected in our short-to medium-term performance.

Over the longer term, we believe that the shortage of candidates going in to this slowdown will continue to be an issue for employers. Permanent demographic changes from an ageing population will persist. In addition, increased workforce mobility is trending to higher employment churn. Well-established specialist recruitment firms, such as Rubicor, who have close relationships with clients and a good candidate pool, will have the edge.

EXECUTIVE TEAM

After having joined Rubicor in May 2005, our Managing Director, Wayman Chapman has recently advised the Board that he intends to retire from the Company at the end of the first quarter next year.

In May 2005 what we now know as Rubicor was an idea, a concept. Since that time Wayman has been instrumental in developing and refining the Rubicor business model, finding and acquiring the network of specialist recruitment businesses that now comprise the Rubicor Group and driving the market leading operational performance.

The Company is very fortunate to have an extremely experienced and highly regarded Chief Operating Officer in Jane Beaumont and the Directors have resolved to appoint her as Chief Executive on Wayman's planned retirement at the end of March next year.

As part of the order of business, our remuneration report is tabled here today and you may ask questions about it at the relevant time.

However as you can see the objective of our remuneration framework is to ensure reward for performance is competitive and appropriate for the result delivered and aligned to strategic objectives and value creation for shareholders. Despite achieving strong results for the year the executives detailed in the remuneration report have **not** received bonuses this year.

Before handing over to Wayman and Jane, let me just conclude by saying that the strong growth in Rubicor's financial performance for the year to June 2008 and the solid performance year-to-date could not have been achieved without the experience and dedication of our employees. On behalf of the Board I thank them for their support and contribution.

CEO's Address – Slide 6

Ladies and gentlemen, thank you for coming today and thank you to our chairman Rob Aitken for his address. I would like to cover a few important topics in our operations, strategy and results and then hand over to Jane.

GROWTH MOMENTUM - SLIDE 7
Firstly, we have achieved a very strong operating result this financial year with our underlying EBITDA up to $25 million which makes us the second largest ASX listed recruitment group in Australia and New Zealand on this measure. This size resulted from good growth momentum in the year and gives us the critical mass to mitigate risks and diversify our income stream.

GEMTEQ - SLIDE 8
We had 22 underlying operating businesses up from 19 at the end of last financial year. This financial year we acquired Challenge, Steelweld and Gemteq. Of these Gemteq was the only acquisition we made in calendar 2008. Gemteq is a company which typifies our investment philosophy – well run with strong profit focus, high quality leadership and low staff turnover. It is a very large profit generator, similar in size to some listed companies in our sector. Its excellent revenue and profit growth speak for themselves, as this slide demonstrates.

EFFICIENCY RATIO - SLIDE 9
After a period of extensive growth, we are focused on consolidating our businesses and driving efficiencies. In the last financial year, **all** of our established businesses were profitable and we have achieved a key productivity margin (called EBITDA to NDR) above our target 23 percent. In this respect, we are industry leading.

We are often asked why we do not centralize all our back-office functions to achieve synergy savings through this process. In fact we do centrally control purchasing, insurance and financing, and we co-ordinate client and candidate collaboration. The fact that we are able to achieve market leading efficiency ratios suggests our business model is working well.

VENDOR PAYMENTS - SLIDE 10
I want to briefly explain the treatment of vendor payments which we believe is one of the issues the market does not fully grasp.

We have established a structure whereby vendors are paid part of the sale price as a completion payment and part as earn-out payments over the 1-3 years thereafter. These earn-out payments are tied to the underlying profitability of the relevant business **after** completion. That is, if the forecast earnings growth is not realised we pay the vendors less for their business.

The vendors also receive exit payments for 1-2 years after their eventual departure, which are a direct proportion of the underlying profitability of the relevant business at this time. Put simply low profits would mean low or nil exit payment.

Why have we done this? To ensure the vendors interests' are directly aligned with Rubicor and with you, our shareholders. Vendors are concerned with the performance of their businesses both while they are still working for us and even after they leave. We believe there are compelling commercial reasons for keeping these payments in place and keeping the strong relationships with the vendors that have been established.

The accounting standards require us to capitalise these forward payments, even the exit payments. As a result on the 2008 balance sheet we have vendor financing of $25 million which relate to earn-out payments. Facilities are in place with the ANZ to meet these forecast payments.

In addition, the balance sheet includes $40 million of exit payment which will be paid out of the profits to which they relate. We believe this distorts our true debt position.

AMORTISATION PROFILE - SLIDE 11

We are required to take up an accounting expense for the 'deemed' interest on these future estimated payments. This is a non-cash charge. We also carry approximately $30m of intangible assets including the candidate databases which are amortised over 3-5 years. These too are non-cash charges.

We had a $9 million adjustment between underlying profit and statutory profit in 2008, representing the non-cash charges relating to the deemed interest expense on forecast earn-out and exit payments and amortisation of intangibles.

These accounting differences will decrease over time. Put simply, if we were to produce the same operating result as we did in 2008 for the next five years, our statutory profit would increase to within $0.5 million of our underlying profit, as these non-cash charges drop off. This slide illustrates the profile of the decreasing adjustments.

SUCCESSION

We are sometimes asked whether we have succession issues with the structure of these acquisition payments at Rubicor. We have in fact ensured that every operating company has a strategy for a smooth and successful transition on the eventual departure of the founder.

Of the 22 businesses, 7 now have new leaders and in most cases we have been able to promote experienced deputies to take on the role. We have thus demonstrated that the strength of the businesses we have acquired continues with the next generation of leaders.

Before I hand over to Jane Beaumont, our Chief Operating Officer and CEO designate, I would like to say [WC comment here]

CEO Designate's Address – Slide 12

Thank you, Wayman and Rob. I would like to outline the strategies Rubicor has going forward and give you a sense of how we are managing in these current conditions.

RUBICOR MODEL - SLIDE 13

As you have heard before the Rubicor model is based upon combining a diverse range of niche recruitment specialists with strong franchises and successful entrepreneurial drive with the scale and diversity offered by a large homogenous business. This gives us what I would term the best of both worlds.

Our view is that with people businesses it is best to operate a versatile and agile approach, encouraging a degree of autonomy and flexibility within tight financial disciplines. We maintain management control by setting targets, and monitoring and measuring performance against benchmarks. In isolated instances where assistance is required we are able to deploy a dedicated team from head office to get the business back on track. In the current market conditions our focus on cost control and efficiency is even greater.

As part of our consolidation process, Rubicor is extending market presence by optimizing the reach of the underlying businesses. In 2008 we introduced Rubicor Connect which enables clients to access to the entire resources of the group either via their existing relationship manager or directly through the Rubicor Connect account team.

DIVERSIFICATION AND FLEXIBILITY- SLIDE 14

Rubicor's operations are diversified across industries, service types and geographies and we serve a wide range of professional sectors and candidate markets from blue collar to senior executive. The diversity of the businesses allows us to de-risk the earnings stream.

In these difficult conditions, we are still experiencing strong demand for candidates in certain geographies such as WA, Queensland and ACT, and in certain industries such as engineering and resources.

Perhaps even more important is Rubicor's ability to be flexible. By having a range of small operating businesses who are close to their clients and who can adapt with speed, we are able to meet changes in the market more easily than some of our larger peers. The prime example of this is our ability to flex between permanent and temporary placements with the majority of our businesses doing both types of placements.

In the current environment we are starting to see an increasing demand for contract or temporary placements as companies require additional staff but are reluctant to make these staff part of their permanent workforce. Rubicor is able to meet this demand. This level of agility will be a key differentiator for Rubicor in the challenging market conditions we face

STRATEGIES IN CURRENT CLIMATE - SLIDE 15

As the chairman mentioned, there is no doubt that the prolonged economic downturn is having an impact on employment and recruitment assignments.

We are focusing on a key raft of operational initiatives to enhance our performance including:

1. Rigorous evaluation and measurement of individual businesses
2. Cost and performance efficiency drives to further improve our market leading EBITDA to NDR ratio
3. Individual consultant contribution in each business
4. Leadership coaching and guidance
5. Development of client and candidate driven business focusing on our specialist skills.

In relation to client driven initiatives, I would make the point that having specialist operators who are close to their markets and their clients differentiates us from some of our peers. We also traditionally do not focus on the high volume low margin part of the market and in this we are able to withstand pricing pressures better than most.

As regards the candidate focus, the biggest single change affecting the dynamics of recruitment market in recent years has been the skills shortage which is predicted to continue well into the foreseeable future in a number of specialist sectors despite the current economic downturn and is driven by long-term underlying demographic changes. Clients will continue to work with specialists like Rubicor, who are known to have access to the best talent for a particular role. This point is relevant even in the current conditions, as companies seek valuable and experienced candidates who can achieve and exceed expectations.

In conclusion I consider that we have first rate people both at head office and in our operating businesses who are extremely motivated to realise our vision of creating the leading recruitment group in the region. We have achieved an excellent track record of growth to-date, partly through a rapid expansion of the operating businesses. We are now entering a period of consolidation, of debt reduction, cost control and efficiency drives, all under the umbrella of a sound, strong and focussed business.