



Rubicor

Full Year Results
30 June 2010

Financial Summary

<u>Financial Highlights</u>	FY 2010 30/06/10	FY 2009 30/06/09	Change	HY2 2010 30/06/10	HY1 2010 31/12/09	Change
Total Revenue	\$ 280.6 m	\$ 316.8 m	(11)%	\$144.1 m	\$ 136.5 m	6%
NDR (Gross Margin)	\$ 62.6 m	\$ 78.5 m	(20)%	\$ 32.9 m	\$ 29.7 m	11%
Underlying EBITDA ¹	\$ 9.2 m	\$ 8.0 m	15 %	\$ 5.7 m	\$ 3.5 m	63%
Statutory EBITDA	\$ 9.0 m	\$ 5.7 m	58 %	\$ 5.6 m	\$ 3.4 m	65%
Underlying NPAT ^{1&2}	\$ (1.8)m	\$ (2.8)m		\$ (0.5)m	\$ (1.3)m	
Statutory NPAT	\$ (8.3)m	\$ (44.0)m		\$ (3.3)m	\$ (5.0)m	
Underlying EPS ^{1&2}	(1.6) c	(2.6) c		(0.5) c	(1.1) c	
Operating cash flow	\$ 10.8m	\$ 16.7 m	(35)%	\$ 10.3 m	\$ 0.5 m	large

¹Before significant items FY10: \$0.2m; FY 09 \$2.3m (\$1.6m after tax) relating to redundancy, premises relocation and refinance advisory costs.

²Before amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets

³Before interest and taxation

Operational highlights

Efficiency and cost control:

- ◆ Consultant numbers down 40% from peak
- ◆ Consultant efficiency averaging 42% down from 50% in FY 09 and nearing long term target of below 40%
- ◆ Strong improvements in consultant productivity second half
- ◆ \$15m cost savings achieved from FY09 initiatives

Growth and performance:

- ◆ Positioning within growth sectors such as mining & resources, engineering, IT finance & accounting
- ◆ Client leverage opportunities continuing
- ◆ Selectively adding consultant headcount to meet increased jobs growth

Capital Management

Financing:

- ◆ Continued bank support
- ◆ Earn-out payments of \$1.7m & \$4.7m funded in 07/09 & 11/09
- ◆ Bank facilities revised; earnings positive & cash flow neutral
 - ◆ Term facilities extended to 31 Jul 11
 - ◆ Quarterly amortisation to increase, offset by reduction in interest rate margin and fees
- ◆ No final dividend
- ◆ Positive cash flow of \$10.8m achieved

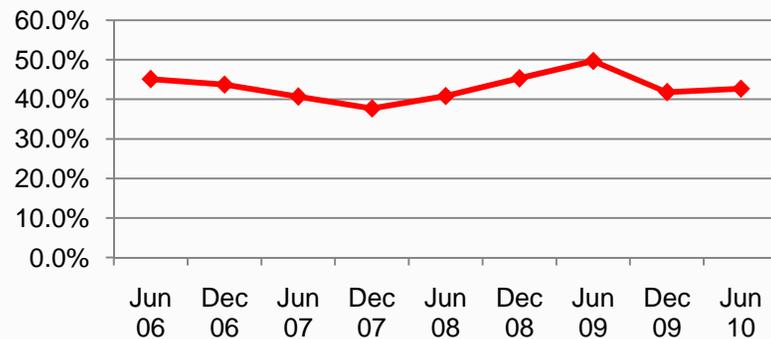
Acquisition model:

- ◆ Payments align with profitability
- ◆ Amounts owing to vendors peaked FY09; to be extinguished by FY14

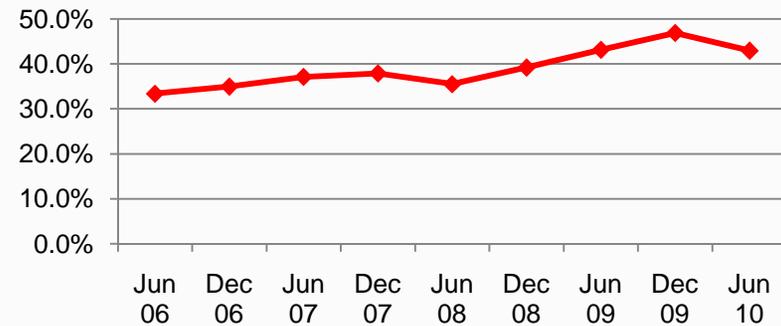
Key operating indicators

- ◆ Consultant efficiency nearing target of below 40%
- ◆ EBITDA:NDR doubled 2H09 to 2H10

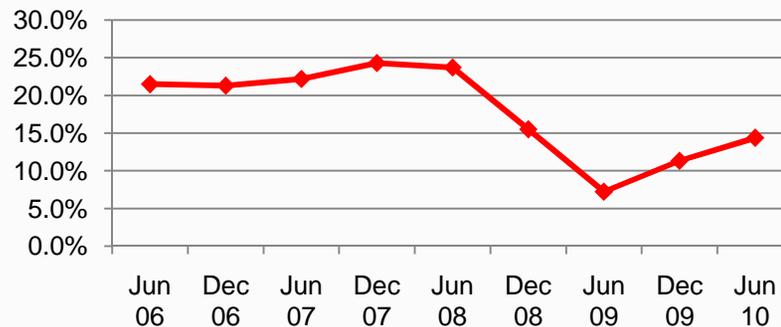
Consultant costs to NDR: Target below 40%



Other costs to NDR



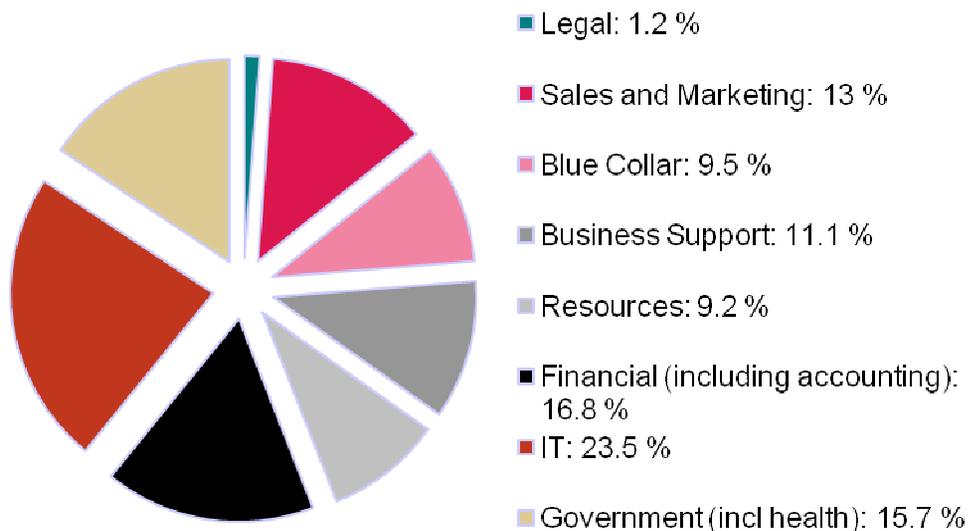
EBITDA to NDR: Target above 23%



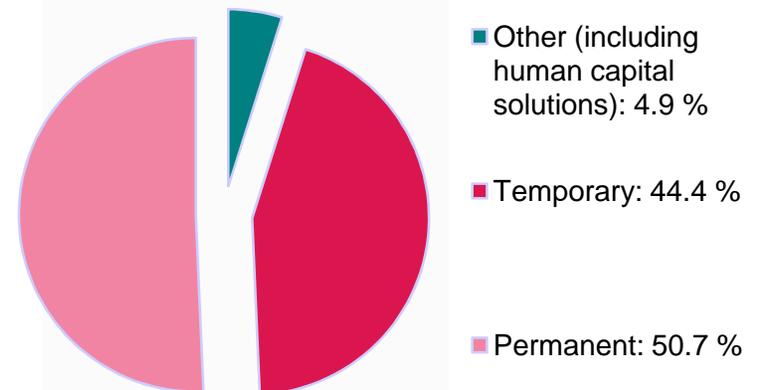
Business profile

- ◆ DIVERSITY: RUB able to exploit sectoral job 'hot spots'
- ◆ MIX: Return of more profitable permanent placements as confidence comes back into job markets

Industry



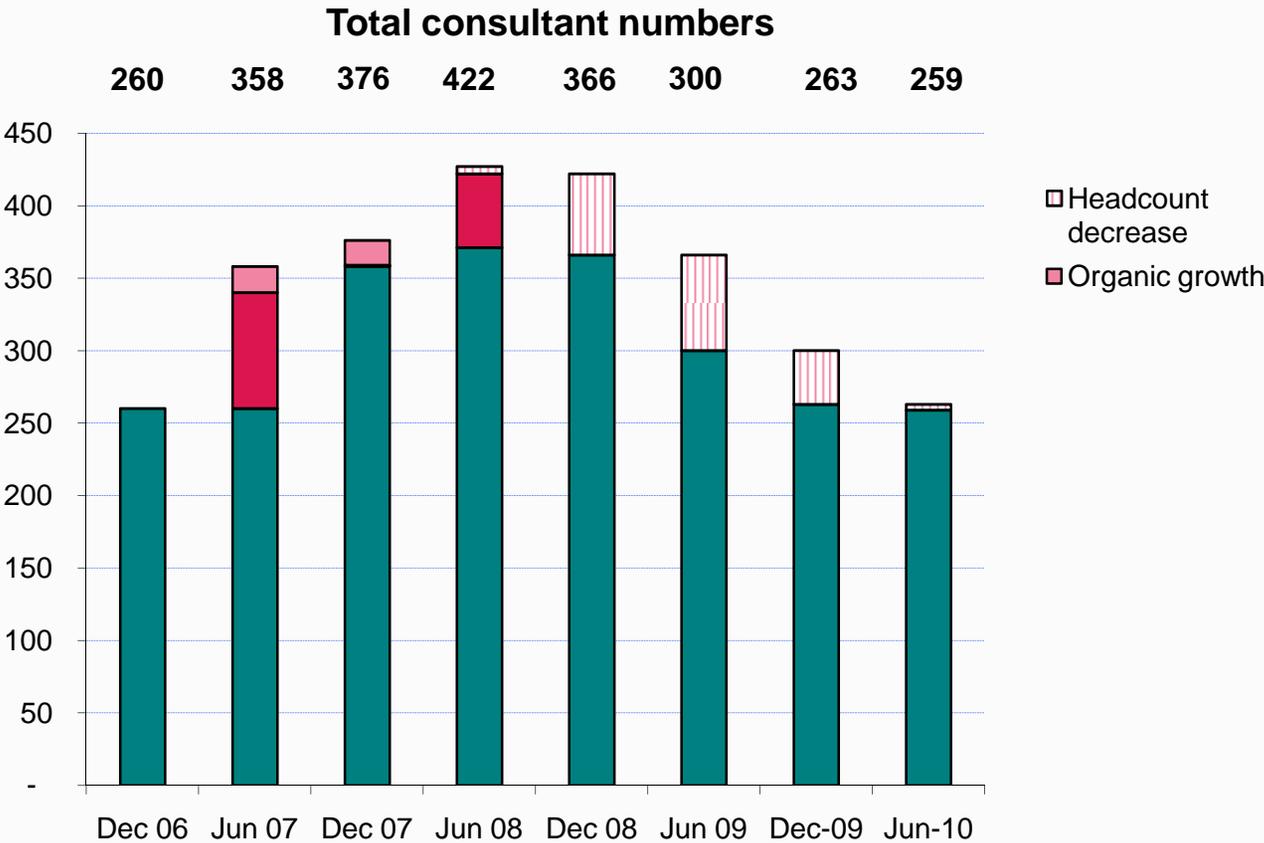
Service



Consultants



- ◆ Further reduction of 41 consultants in FY 10: 40% down from peak
- ◆ Selective growth to meet job 'hot spots'



Underlying profitability

= best indicator of performance



12 months ended 30 June	2010 \$M	2009 \$M	Change %
Revenue	280.6	316.8	(11)
NDR (Gross margin)	62.6	78.5	(20)
EBITDA	9.2	8.0	15
<small>Excludes significant items - \$0.2m FY10 \$2.3m in FY09 →</small>			
Depreciation	(1.0)	(1.1)	
EBIT	8.2	6.9	19
Finance costs – amortisation	(1.5)	(2.1)	
Finance costs – interest/charges	(7.9)	(6.9)	
Loss Before Tax	(1.2)	(2.1)	
Tax	0.4	0.6	
Cash interest on vendor liabilities	(0.8)	(1.3)	
NPAT	(1.6)	(2.8)	
NPAT attributable to equity holders	(1.8)	(2.8)	
EPS (cents)	(1.6)	(2.6)	

Financial position



	30/06/10 \$M	30/06/09 \$M	Change %
Cash	3.6	3.0	18
Receivables	38.0	36.3	5
Goodwill	Impairment testing ⁱ → 71.3	68.0	5
Identifiable intangibles	7.3	12.9	(44)
Other assets	10.6	10.7	(1)
Total Assets	130.8	130.9	0
Current Liabilities			
Trade payables	25.6	21.0	22
Deferred vendor consideration	7.5	7.6	(1)
Borrowings – working capital	24.0	24.4	(1)
Borrowings – acquisitions debt	Bank borrowings re-classified to current ⁱⁱ → 53.8	23.0	134
Non Current Liabilities			
Deferred vendor consideration	9.3	11.7	(21)
Borrowings – acquisitions debt	Bank borrowings re-classified to current ⁱⁱ → 0.0	24.5	(100)
Other liabilities	3.2	3.3	(4)
Total Liabilities	123.4	115.5	7
Net Assets	7.4	15.4	(52)
Net Asset backing (cents)	6.7	14.1	

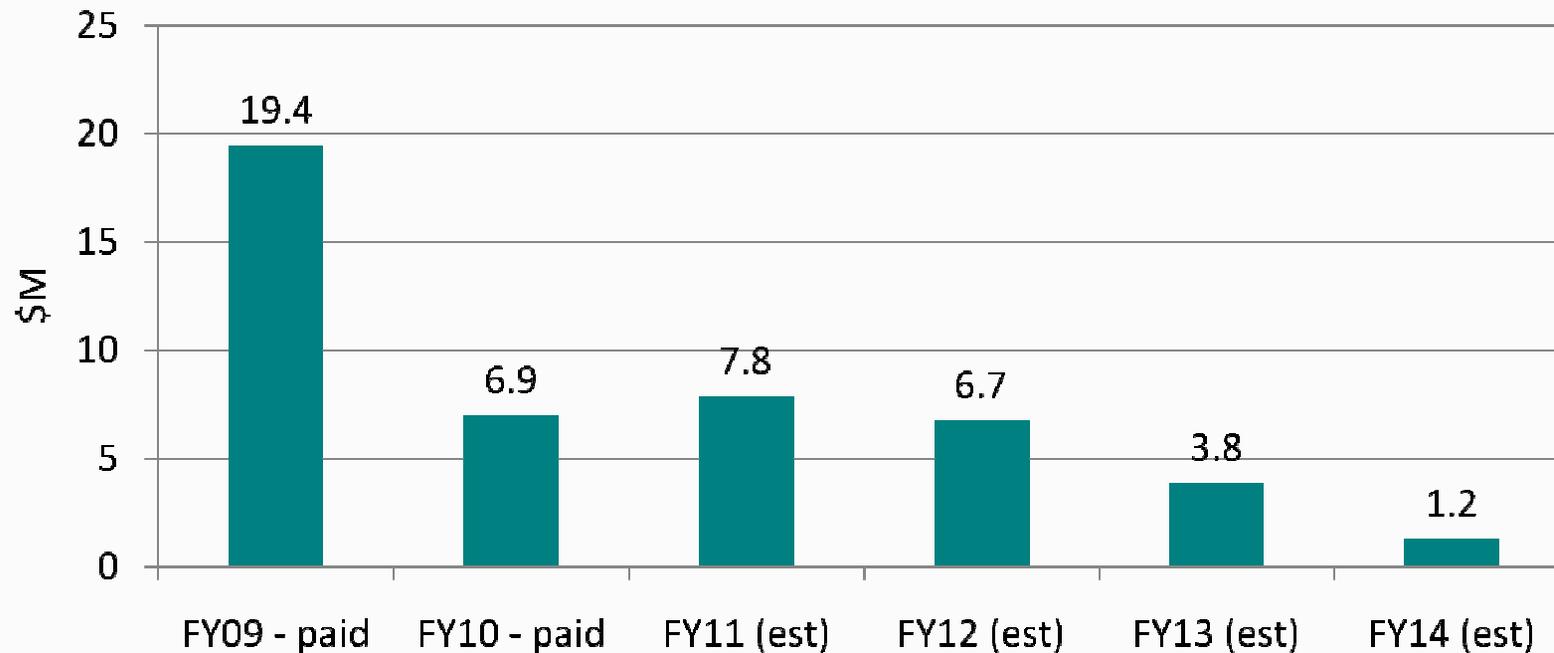
i Goodwill balances were subject to impairment testing and \$32m was written off in FY09.

ii Classified as current as due for repayment within the next 12 months

Vendor payment profile

- ♦ Payments to vendors peaked in FY 09 and are expected to be extinguished by FY14ⁱ

Estimated Vendor Earn Out Payments (FY11-FY14)



ⁱ Estimated vendor earn out payments at future value of \$19.5m.
Balance sheet (Vendor earn out liabilities) at present value of \$16.8m.

Outlook



Short term: Positioning to optimise stronger economic environment

- ◆ Economic indicators show solid employment demand
- ◆ Focus on organic growth exploiting high growth sectors & geographies
- ◆ Hiring additional consultants to support growth
- ◆ Continued consultant productivity optimisation
- ◆ Technology driven optimisation programs
- ◆ Leveraging client relationships more significantly across operating companies
- ◆ Strengthening capability through training and development programs for consultants and managers

Long term

- ◆ Skills shortage will continue to be an issue for employers due to permanent demographic change
- ◆ Well-established specialist recruitment firms will have the edge

Appendices

Statutory profitability



12 months ended 30 June	2010 \$M	2009 \$M	Change %
Revenue	280.6	316.8	(11.4)
NDR (Gross margin)	62.6	78.5	(20.2)
EBITDA	Includes significant items - \$0.2m FY10 \$2.3m in FY09 → 9.0	5.7	58.5
Depreciation	(1.0)	(1.1)	
Amortisation	(5.6)	(6.3)	
EBIT	2.4	(1.7)	
Notional interest on vendor liabilities	(1.9)	(3.0)	
Finance costs – amortisation	(1.5)	(2.1)	
Finance costs – interest/charges	(7.9)	(6.9)	
Impairment charge	<u>(0.2)</u>	<u>(32.4)</u>	
Loss Before Tax	(9.1)	(46.1)	
Tax	0.8	2.2	
NPAT	(8.3)	(43.9)	
NPAT attributable to equity holders	(8.5)	(43.9)	
EPS (cents)	(7.7)	(40.7)	

Reconciliation of statutory to underlying



Underlying NPAT adjusts for significant items, AIFRS-required amortisation, notional interest on vendor liabilities and goodwill impairment

12 months ended 30 June	2010 \$M	2009 \$M
Statutory NPAT – Equity holders	(8.5)	(43.9)
Significant items	0.2	2.3
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	5.6	6.3
Notional interest on vendor liabilities	1.9	3.0
Impairment of goodwill	0.2	32.4
Deduct: Cash interest on vendor liabilities	(0.8)	(1.3)
Tax effect	(0.4)	<u>(1.6)</u>
Underlying NPAT – Equity holders	<u>(1.8)</u>	<u>(2.8)</u>