

23 February 2010

## Rubicor: Half year results to 31 December 2009

<u>Financial Highlights</u>	<b>HY1 2010</b>	HY2 2009	HY1 2010 v HY2 2009 Change	HY1 2009	HY1 2010 v HY1 2009 Change
	<b>31/12/09</b>	30/06/09		31/12/08	
Total Revenue	<b>\$136.5m</b>	\$138.0m	-1%	\$178.8m	-23.7%
NDR (Gross Margin)	<b>\$29.7m</b>	\$29.5m	+1%	\$49.0m	-39.4%
Underlying EBITDA <sup>1</sup>	<b>\$3.5m</b>	\$(0.3)m	>100%	\$8.3m	-57.8%
Statutory EBITDA	<b>\$3.4m</b>	\$(1.9)m	>100%	\$7.6m	-55.3%
Underlying NPAT <sup>2</sup>	<b>\$(1.3)m</b>	\$(3.1)m		\$0.3m	
Statutory NPAT	<b>\$(5.0)m</b>	\$(23.1)m		\$(20.8)m	
Underlying EPS <sup>2</sup>	<b>(1.1)c</b>	(2.9)c		0.3c	
Operating cash flow <sup>3</sup>	<b>\$0.5m</b>	\$(1.9)m		\$18.6m	

Rubicor Group Limited (ASX:RUB), one of Australasia's leading recruitment services companies, today announced first half underlying EBITDA of \$3.5m, \$4.8 million lower than the prior comparable period and importantly \$3.8 million better than in the second half of financial year 2009.

After interest expense, an underlying loss after tax of \$1.3 million was recorded for the six months ended 31 December 2009. A statutory loss after tax of \$5.0 million (including amortisation of intangibles and notional interest on deferred payments for business acquisitions under IFRS) was recorded.

Commenting on the results, Ms Jane Beaumont, CEO of Rubicor, said, "Last year was a 'year of two halves' with the first half recording relatively good performance off the back of a strong first quarter (in line with financial year 08 results) and the second half reflecting a strong deterioration in the economy across the country. Over the last six months conditions have improved albeit off a low base and we are beginning to see an emergence from the downturn with positive momentum occurring period on period.

"I am particularly pleased to see the benefits of our cost reduction program, with productivity and efficiency measures improving, suggesting we have correctly aligned our cost base to market conditions.

<sup>1</sup> Before significant items

<sup>2</sup> Excluding amortisation of intangibles and notional interest on deferred payments for business acquisitions under IFRS

<sup>3</sup> Before interest and taxation

Whilst continuing to maintain a cost focus, with momentum in the market we are looking at selective expansion to take advantage of stronger jobs growth in specific sectors.”

**Performance**

Rubicor is strengthening its position in temporary and contract labour, where demand has improved, while maintaining its focus on its traditional area of expertise in permanent recruitment. As a result the mix of temporary and permanent NDR (Gross Margin) has moved from 43 percent:47 per cent respectively during financial year 2009 to 47 per cent:47 per cent in the first half of financial year 2010.

Consultant productivity has improved significantly over the six month period, having achieved similar revenues to second half financial year 09 with significantly reduced consultant headcount. The consultant costs to NDR ratio has dropped from a high of 50 per cent to 42 per cent, nearing the long term target of sub-40 per cent. To take advantage of improving hiring trends selective consultant growth is occurring in sectors such as mining and resources, insurance, I.T., and accounting.

Rubicor will continue to evaluate opportunities for additional operational cost savings and has recently signed an agreement to migrate the Group’s I.T. infrastructure to an outsourced model. This will progressively take place over the next nine months, with savings flowing to the bottom line in financial year 2011.

Operating cash flow for the six months ended 31 December 2009 was \$0.5 million which, although small mainly due to a reduction in payables, reflects an improvement over the second half of the 2009 financial year when a net outflow of \$(1.9) million was recorded.

**Asset Impairment**

After extensive reviews of the carrying value of assets in financial year 2009, no further reduction in value is deemed necessary in this period and there is no impairment charge.

**Capital Management and Debt Refinancing**

Prudent capital management and debt refinancing continue as priorities for Rubicor. In line with this, the Directors confirm that there will be no interim dividend in the financial year.

The company continues to operate with the support of its bank which extended Rubicor's debt facilities, reduced amortisation commitments and relaxed covenant levels in September 2009. The bank also funded earn-out payments in July and November 2009 of \$1.7 million and \$4.7 million respectively, a tangible demonstration of support. Discussions regarding debt refinancing are on-going.

**Outlook**

Conditions are still challenging with geographic and sector variances and inconsistency across markets and sectors could continue in the short term while the speed and breadth of economic recovery both domestically and globally is determined.

Commenting on the outlook, Jane Beaumont said, "We are currently experiencing improved performance and I am more optimistic about the medium term and consider that prudent headcount growth in key sectors whilst continuing to maintain a cost management program should provide a platform for superior performance in future years.

Our focus for the next twelve months is to refinance our debt and continue to work closely with our businesses to maximise the underlying profitability and cash flow in those businesses.

"We believe that permanent demographic changes in Australia will, over the longer-term, ensure the outlook remains positive for established, specialist recruiters, such as Rubicor, with close ties to clients and markets and with a strong candidate base."

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