ANNUAL GENERAL MEETING
RUBICOR GROUP LIMITED
CHAIRMAN'S & CEO'S ADDRESS TO SHAREHOLDERS
26 November 2009

Slide 3: Results for FY 2009

There can be no doubt that financial year 2009 was an extremely challenging year. Very few companies escaped from a softening in demand and almost every listed company experienced a substantial fall in share price as earnings fell and equities were re-rated. The recruitment sector suffered more than most. The economic downturn severely dented business confidence and led many organisations to institute a freeze on hiring as they have sought to contain costs and protect the job security of existing employees.

These tough economic conditions adversely impacted the performance of Rubicor during the year. As you can see from this slide, operationally Rubicor generated:

- revenue of $317million, down 14% on the prior year
- underlying EBITDA of $8.0 million, down 68%; and
- a small underlying loss of $2.8 million.

The major factors in the sharp decline in operational profitability were:

1. a drop of 29% in higher margin permanent recruitment revenue; and
2. the speed of the economic downturn and consequent decline in recruitment revenue as we were unable to pull out costs at the same rapid rate.

As the extent of the downturn became apparent, Rubicor undertook an aggressive restructuring program to better align the cost base to trading conditions. Jane Beaumont will take you through details of this program later on.

The focus during the year was also on identifying growth sectors and on achieving a better balance between permanent and temporary work. This program was instigated to ensure Rubicor is positioned to take advantage of opportunities, as economic conditions recover. Again Jane will take you through the details later on.

Slide 4: Reconciliation of underlying and statutory profits

Before I move on from the results and because there was such a large difference this year between our underlying and our statutory results, I thought I should show you the reconciliation between these two numbers. The statutory loss for the year was $43.9 million while the underlying loss was $2.8 million. As you can see from this slide the main reason for the large statutory loss was a $32.4 million non-cash impairment charge against the goodwill on acquisition of the operating businesses. I will touch on this later. We also incurred significant other non-cash charges during the year for amortisation of identifiable intangible assets and notional interest on vendor liabilities. In total these fell from $13.3 million in FY08 to $9.3 million in FY09 and are expected to fall a further 25% during FY10 and should continue to tail off over the next few years.

Slide 5: Capital management

Turning to capital management, Rubicor increased its debt and gearing levels to the high end of its target range during the expansion phase from 2006 to early 2008. Since that time, we have been in consolidation mode and prudent capital management has been a priority for the Board. This has particularly been the case in the current economic environment, where market perception has shifted away from the acceptability of high gearing to focus on the de-leveraging of balance sheets.

Rubicor continues to operate with the support of its banker, who waived debt covenant restrictions both in December 2008 and again in June 2009. It is pleasing to announce that subsequent to the year-end the bank revised the debt facilities by:

1. extending Rubicor's term facilities until 31 July 2010;
2. improving covenants; and
3. reducing amortisation.

This is a positive step in a comprehensive refinancing process.

Post year end, our banker also increased its exposure to the company by funding two earn out payments of $1.7 million and $5.2 million in July and November respectively. This is a very tangible demonstration of support.

Conversion of EBITDA to cash flow continues to be good and highlights the strength of the underlying business operations. Despite recording a loss, operating cash flow was $16.7 million in the financial year.

In line with the need to retain cash, the Directors again decided not to declare a final dividend for the financial year.

Looking at our **balance sheet**, it was pleasing to note that the Rubicor acquisition model proved itself to be responsive to the conditions of the current environment. Vendor liabilities reduced by $28.9 million in the year in line with the softer current and forecast future performance of the businesses. Under the Rubicor model, this means that we are effectively paying $28.9 million less for some of the businesses that we have acquired.

We also carried out an extensive review of the carrying value of assets on the balance sheet and, as a result, the value of goodwill has declined by $61.0 million to $68.1 million. This is due to the $28.9 million reduction in vendor liabilities which I've just mentioned and the impairment charge of $32.4 million. We are confident there should be no further material write-downs unless conditions dramatically deteriorate.

No slide: Share price performance

During the year, the whole recruitment sector was re-rated downwards due to the Global Financial Crisis and attendant economic downturn. Market concerns about reduced employment and uncertainty over financing resulted in Rubicor's share price remaining at the low levels we noted and discussed at the AGM last year essentially valuing the company at liquidation value.

The recent improvements in the Australian share market have, unfortunately, not yet been reflected in Rubicor's share price. As we have previously communicated, the Board and management will continue to drive operational performance and to communicate with our stakeholders to help them understand the underlying value of the Company.

We will also continually and proactively explore ways to improve shareholder value. We believe the recent bank extension of our term facilities and the reduction in vendor liabilities on our balance sheet, coupled with on-going cash generation, may assist in allaying any concerns about the capital structure of the company. One would hope that once this is recognised by the market, together with the very tangible support we have received from our banker, that this will be reflected in a re-rating of the share price.

Slide 6: Board and senior management - succession and remuneration practises

During financial year 2009, Wayman Chapman, our founding Chief Executive Officer, retired from his executive duties. However I am pleased that Wayman has agreed to stay on as a non-executive Director, enabling Rubicor to retain his industry knowledge and expertise.

Jane Beaumont was promoted from Chief Operating Officer to Chief Executive Officer on 1 April 2009 and is bringing great energy to improving business performance and profitability across the Group. Her focus has been on getting the business in the right position to move forward, and on ensuring we are well placed to capitalise on future opportunities.

I have also advised my fellow board members that I will retire as Chairman from the end of March 2010 in order to reduce my non-executive workload. I have been Chair since May 2005 and I believe that it is appropriate to hand over the reins after almost five years as Chair. Given the continuing difficult financial and operating environment, my fellow Directors have convinced me to remain on the board for the time being. The Directors have decided that John Pettigrew will take over as Chairman. I have the utmost respect for John and believe that he will do an excellent job through this next phase of evolution at Rubicor. Congratulations John.

At Rubicor we acknowledge the renewed community concerns about remuneration practices in particular at the senior executive and Director levels. To ensure that our executive remuneration is aligned with shareholders' interests, a significant portion of executive remuneration is at risk and dependent upon both the short-term and long-term performance of the company.

No short-term incentive has been paid for a second year in a row to employees continuing in the business, reflecting both the company's financial performance and the share price performance. A retention bonus was paid to Wayman Chapman to secure his services until March and in lieu of a long term incentive award.

In addition, apart from a few exceptions relating to changed responsibilities, executive and management salaries and non-executive Directors' fees remain at levels set in July 2008 or earlier.

Slide 7: Outlook

Looking to the future, as I mentioned earlier, the company has undertaken a review of those industry sectors where growth opportunities are expected, and put in place measures to ensure it is well positioned to take advantage of opportunities.

Our cost base is better aligned to market conditions, the company is cash flow positive, and we returned to profitable trading during the last quarter of financial year 2009.

While we remain cautious of the short-term outlook, there are some encouraging signs that confidence is beginning to return to the market. Our trading in the first quarter was profitable at the EBITDA line and ahead of budget primarily as a result of the benefits of our cost reduction program. Both permanent and temporary revenue also showed small but encouraging improvements in the quarter.

It is perhaps premature to give guidance on when we might recommence the payment of dividends. The decision very much depends on how strong a recovery in earnings is realised during the next year. For any dividend to be paid, after tax profit needs to exceed any proposed ordinary share dividend and the accrual for the preference share dividend associated with acquisition considerations. This amounts to $658,000 at June 2009 and will include any further preference share dividend that becomes payable. Current trading however would not support declaration of an interim dividend.

Over the longer term, we believe that the shortage of candidates going in to the economic slowdown will continue to be a positive for us. Permanent demographic changes from an ageing population will persist in our region, with a resultant shrinking candidate pool.

In addition, increased workforce mobility and the attitude of the younger generations are pointing towards higher employment churn across all industries when the employment market stabilises.

We consider that it will be the well-established specialist recruitment firms, such as Rubicor, who have close relationships with clients and a good candidate pool, who will have the edge in the ‘war for talent’ which will inevitably return once the current economic conditions improve.

In conclusion, this has been an extremely difficult business environment requiring strong and decisive action and I commend the efforts of everyone in Rubicor in facing up to these challenges.

I would particularly like to recognise the perseverance and commitment of the executive team, Jane, Kevin and Sharad to address the challenges we have faced during the year. I am confident that in time shareholders will be rewarded for their patience and loyalty.

Let me now hand over the Jane Beaumont for a more detailed review of the operations during financial year 2009.

Slide 8 :

CEO'S ADDRESS

Thank you, Rob. I must say this has been a busy and challenging year for me to take over as CEO with the backdrop of the global financial crisis and the very difficult economic conditions in Australasia for the recruitment industry. I would like to take this opportunity to thank the management and staff across the Group for their commitment, perseverance, sacrifices and hard work through this difficult period. We appreciate every one of you.

The market for us held up in the early part of the year and at our Annual General Meeting last November, we announced a comparatively strong first quarter result. However thereafter there was a sharp and strong deterioration in recruitment demand which a colleague of mine in the sector likened to "falling off a cliff".

Slide 9: Future Proofing

Our efforts this year have been around aligning our cost base and employee capability with trading conditions; and what I call ***future-proofing*** the business this is around ensuring we are very well-placed to capitalise when the market improves.

Slide 10: Cost reduction-consultants

Throughout financial year 2009, we undertook a wide-ranging bottom-up review of the cost base of the operating businesses. Focus has been universal but with emphasis on those businesses needing to lift efficiency levels.

Cost reductions from headcount savings and business restructures have been significant.

During the financial year as hiring decisions slowed, each business reviewed headcount and the performance of all employees and aligned consultant and support staff numbers to current market conditions and expected demand.

This focus on alignment resulted in a headcount reduction of 122 consultants from peak levels of 422 in June 2008, as illustrated on this slide.

Slide 11: Cost reduction -continued

Rubicor also reduced payroll costs at the operating business level by:

- salary reductions;
- transfer of staff to part-time conditions and commission only structures; and
- reduction in or freezing of the variable reward structure.

Concurrently a full review identified additional cost savings in all categories of discretionary spend from supplier contract renegotiations.

One of the primary areas where we have identified and extracted cost savings has been in the co-location of businesses in major centres; for example, in Sydney we now have four brands operating out of the same location, in the premises of Xpand, and four other brands located in 2 premises. In Melbourne we have three brands operating out of the same location; in Perth two brands have co-located and in Adelaide all the businesses have been working under the same roof since September.

This program has not only provided significant savings in property and rationalisation, but shared services have been expanded and the benefits of client leverage opportunities are now being identified.

Our cost reduction program has identified $12.0 million in annualised savings. These reductions have been implemented throughout the year and were fully effective from 1 July 2009, other than some final property releases in September.
The 2009 financial year carried the associated one-off costs of $2.3 million, including redundancy payments, office equipment and fit-out write-offs, and relocation costs. Nevertheless, the benefits for Rubicor will flow through from the 2010 financial year onwards in the form of a leaner cost base.

We continue to look closely at all costs of business to ensure we operate effectively and efficiently.

Slide 12: Diversity

This year we have also undertaken a rigorous analysis of the individual businesses which comprise the Rubicor Group.

A key strength of the Rubicor business model is the diversity of the business across industry sectors and the range of geographic locations we service.

Rubicor consists of 23 operating businesses employing 400 staff. Offices are located in all major Australian and New Zealand cities and regional Australian centres as well as Singapore. Having a diversified business model enables us to be agile and flexible to the changing needs of our customers.

Slide 13: Focus on temporary revenues

However Rubicor's business mix has historically leaned more towards permanent recruitment and this year we have been focussing on improving capability and candidate pools for temporary and contract work. This has been a key theme of our Future Proofing Program.

We are targeting a change in our mix of temporary and contract staff from under 40 per cent in financial year 2008 to above 45 per cent by 2010. The activity undertaken to strengthen our temporary and contract staffing capability has positioned us to take advantage of the anticipated increase in demand for temporary and contract work.

Slide 14: Optimising performance

Throughout the second half of financial year 2009 we undertook a thorough review of the Group, across each sector, each industry and each geographic location in which we operate to identify future growth opportunities, in particular those most likely to experience improvement in demand as the employment market improves.

In Australasia, there are some unique growth opportunities, driven by various imperatives:

- Government initiatives are providing stimulus in infrastructure, public transport, health & ageing, and government sectors.
- Climate change imperatives are driving growth in oil & gas, water, and renewable energy sectors.
- With the announcement of major new resources projects in WA and QLD, the resources (mining) sector again has significant upside and, with the recent reinstatement of $16bn of projects, the sector will present strong growth potential.
- Other growth areas include waste management, IT service provision, and education.

We have been putting in place measures to ensure we are well positioned to take advantage of opportunities in these growth sectors as well as meeting increasing demand in our traditional areas of expertise.

Rubicor is also extending its presence by optimising the way the operating businesses approach clients. Improving current client relationships by offering additional specialist capabilities of sister companies and whole-of-business solutions to meet the diverse needs of major clients is resulting in new business whilst at the same time adding value.

In this financial year Rubicor has won contracts from two top twenty ASX-listed companies and is servicing their recruitment requirements from a number of operating businesses under one national mandate. We anticipate that this strategy will continue to result in further growth.

Slide 15: Flexibility in Rubicor acquisition model

As the Chairman suggested earlier, in these tough economic conditions it was pleasing to note that the Rubicor acquisition model has proven itself to be responsive to the conditions.

Rubicor's payment model to vendors of acquired businesses is structured to ensure the vendors' interests are directly aligned with Rubicor and with you, our shareholders. Part of the acquisition price is deferred and linked to the post-acquisition performance of the underlying business.

As illustrated on this slide, amounts owing to vendors reduced by $28.9 million in the year and by $34.6 million in total, in line with lower earnings performance in each business.

Naturally if economic conditions improve substantially, the remaining vendor liabilities may be revised upwards in line with expected improved profit performance of individual businesses. However with these liabilities being increasingly paid off over time, any upward revision will be on a far smaller base.

Slide 16: Future payment profile in acquisition model

If we turn to the next slide this profiles how payments to vendors are expected to be made. Future payments are expected to more than halve this financial year (2010) and be fully paid off within five years.

Any change to the profitability of businesses subject to an earn-out will change the amounts on this chart. Nevertheless, the profile shows that there will be a rapid decrease in the amounts being paid to vendors and in the difference between underlying and statutory profits.

Slide 17: Future –proofing the business

In conclusion, our focus in the tough conditions this year has been on positioning Rubicor with the best cost structure and market readiness for the economic recovery, on 'future-proofing' our operations, around the right:

- people and cost structure;
- mix of contract and permanent business;
- relationships with our clients and candidates; and
- focus on growth sectors.

That is, being ready and positioned to maximise on growth opportunities as the market improves.

We have undertaken a series of personnel changes, in particular at the leadership levels with 9 new leaders since June this year. The experience, calibre and leadership skills this group has brought to the business is exceptional and will provide the depth necessary to take each of these businesses forward as the market starts to improve.

We are striving to generate cash, pay down our debt levels and reposition the company after a period of rapid expansion, where each business is operating at optimal levels.

We believe the fundamentals of the business remain very sound. A ‘people’ business is best operated with a versatile and agile approach, encouraging a degree of autonomy and flexibility within tight financial disciplines.

Rubicor allows autonomy of decision-making at the operating business level. However we still maintain strict management control by setting targets, and measuring performance against these targets.

I am excited about taking the business forward in improving economic conditions.
Trends since June show signs of improvement. We are seeing some good indications for example in areas of finance, IT and office work. As the Chairman suggested our first quarter trading leads us to be cautiously optimistic for this year. Our focus will continue throughout 2010 to be on organic growth and ensuring our operating businesses continue to improve their performance. Where businesses are performing well ahead of target, consultant productivity goals are being met and market demand is obvious, then we will add consulting resources to support that growth.

With the long-term fundamentals of the recruitment industry remaining positive, I believe that clients will increasingly be attracted to Rubicor and our unique combination of specialisation and scalability.