



**ANNUAL GENERAL MEETING
RUBICOR GROUP LIMITED
CHAIRMAN'S & CEO'S ADDRESS TO THE SHAREHOLDERS
25th November 2010**

CHAIRMAN'S ADDRESS:

Slide 1: Header slide: RUBICOR AGM

Good afternoon ladies and gentlemen.

My name is John Pettigrew and I am your Chairman.

Slide 2: Title slide: John Pettigrew

On behalf of your Board, welcome to the 2010 Annual General Meeting of Rubicor Group Limited. Thank you to everyone for coming along today.

Let me begin by introducing my fellow Directors. With me today are:

- Jane Beaumont, who is the Company's CEO;
- Rob Aitken - Independent Non-Executive Director;
- Russel Pillemer - Independent Non-Executive Director; and
- Wayman Chapman - Non-Executive Director.

Also with us are:

- Kevin Levine - Chief Financial Officer;
- Sharad Loomba - General Counsel and Company Secretary; and
- Our Auditors - Deloitte Touche Tohmatsu.

I would also like to thank Baker & McKenzie for the kind use of their premises today.

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There are 3 major parts to today's Meeting:

1. Firstly, I will present a brief overview of the performance of the Company for the past financial year and the outlook for this financial year.
2. I will then hand over to Jane to discuss the results in greater detail.
3. We will then proceed to the more formal part of the Meeting to consider, discuss and vote on the resolutions set out in the Notice of Meeting.

At the conclusion of the Meeting, you are invited to join us for refreshments in the foyer outside.

As the Company Secretary has advised me that a quorum is present in person or by proxy, I declare the Meeting open. In addition to those shareholders present at today's Meeting, I can confirm that the holders of approximately 26 million ordinary shares or approximately 24% of the Company shares are represented by proxy.

Slide 3: Results for FY 2010

Turning to the first, informal part of the Meeting, let me take you through a summary of the results which you can see on this slide.

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From late 2008 we suffered a severe downturn in our business as a result of the GFC. I am pleased to say that we have seen an improvement in earnings in the 2010 financial year, particularly in the second half.

As you can see from this slide, in financial year 2010, Rubicor generated:

- Underlying EBITDA for the whole year of \$9.2m, an increase of 15% on 2009, with
- Underlying EBITDA for the second half of \$5.7m, an increase of 63% on the first half.

The improved results reflected greater activity in the market with increased demand for recruitment in particular in:

- Mining and resources sectors, and those sectors servicing them,
- Engineering and infrastructure,
- IT, insurance, banking and finance.

The improvement was also the result of the continuation of a cost and performance efficiency program that commenced in financial year 2009. Our CEO, Jane Beaumont, will talk about this in more depth. What I want to highlight is that, through this program, we believe the company has reduced its cost base and positioned itself for future earnings growth.

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Slide 4: Reconciliation of statutory and underlying profit

Last year we showed you a reconciliation between our underlying and statutory profit because of a large difference between the two. This was primarily due to an impairment charge against goodwill. We have not taken any further write-down of our goodwill this year. The difference between the two profit lines this year is due to non-cash charges for:

- Amortisation of intangible assets
- Notional interest on vendor liabilities netted off against cash interest on vendor liabilities

Slide 5: Capital management

Turning to capital management, as we mentioned at last year's AGM, we increased our debt levels to the high end of our target range with the expansion program from 2006 to early calendar 2008. Capital markets have changed significantly since the GFC making it essential we set debt reduction and capital management as a key strategic priority, together with a low risk growth strategy that excludes any M&A activity.

Rubicor continues to operate with the support of its bankers. Management has held a number of discussions with the bank throughout the year on the refinancing of Rubicor's facilities.



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As you may recall, in September 2009 the bank revised the facilities available to the company by extending the term facilities to 31 July 2010, improving covenants and reducing amortization costs. Additionally the bank funded earn-out payments of \$1.7 million and \$4.7 million respectively in July and November 2009, and subsequently \$6.0m in November 2010.

In August this year the bank further extended the debt facilities through to 31 July 2011 subject to an extension fee payable on an "as and when" basis (that is we will repay it when we can afford to do so without further breaches of the covenants). As a result of movement in interest rates we also experienced increases in the cost of debt of around 0.5 per cent. While not inconsistent with other corporations, these costs naturally place an additional burden on our business.

Our strategy moving forward is to continue to proactively look for opportunities to restructure our debt.

We have elected not to declare any dividends once again in this financial year. While we appreciate the importance of dividends, in particular for our retail shareholders, we see debt reduction as the most important objective in the short term. Our aim is to restore dividends to shareholders once we have reduced our debt to a more conservative level.

The conversion of profits (EBITDA) to cash flow remains strong and in financial year 2010 exceeded 100 per cent.



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Recently the Corporations Law was amended to replace the requirement to pay dividends only out of statutory profits with a broader three-pronged solvency test. We consider the new obligations to be entirely consistent with our philosophy, so today we seek your approval to amend the Constitution to reflect these changes in the law.

Slide 6: Vendor Liabilities

Looking at our vendor acquisition model, as we have explained in previous years, current vendor liabilities are reducing and we expect them to be extinguished by financial year 2014. This slide illustrates our estimated vendor earn-out payments between financial years 11 and 14

Importantly the payments to vendors align with the profitability of the operating businesses.

Slide 7: Board and senior management

As announced at last year's Annual General Meeting, our founding Chairman, Robert Aitken, retired as Chairman in March this year. Rob assumed the position in 2005 and over the last five years he has seen the company grow from small beginnings to the stable of 23 businesses we have today. He has presided over our stock market debut and steered the company through one of the worst economic and financial crises in recent history. Throughout all that period he has been a steady hand at the tiller.



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I would like to thank Rob for his considerable contribution to the strategic direction and leadership of Rubicor Group over its initial growth period and into this period of consolidation and realignment.

I am pleased that Rob has agreed to stay on as a Non-Executive Director, enabling Rubicor to retain his industry knowledge and expertise.

I was honoured to accept the role of Chairman and will use my experience in finance and capital management to work with the Board, management and employees to take the Group into the next phase of its evolution. I believe that Rubicor is a company with great potential to flourish.

There have not been any other changes at the Board or senior management since we last met.

We acknowledge general 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.

The Board sets challenging budgets for management and incentive payments depend upon achievement of these budgets. As budgets were exceeded last year I was pleased to be able to make such payments. This compared to the previous year when targets were not achieved and incentive payments not made, because of factors outside the control of management.



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Slide 8: Outlook

Looking to the future, the focus is now on seeking out opportunities in those sectors and geographic locations that are doing well; and continuing to maintain effective management oversight to the businesses.

In terms of the environment in which we operate, there are encouraging signs that the employment market continues to improve and we anticipate the economic resilience we have seen in Australia in the last financial year will continue.

The federal government's leading employment index rose for a seventh straight month in November, suggesting that jobs growth will be quicker than its long-term trend rate of 2.2 per cent.

Our trading in the first quarter of this year has been strong. As we announced to the market last week, based upon this trading to October 2010 and our forecasts to December 2010, we expect EBITDA to be in the range of \$5.5 to \$6.0 million for the six months ending 31 December 2010.

The forecast result and the attendant increase over prior year comparable data reflects two things: firstly, the tough economic conditions we experienced in the first half of last year, when we were just starting to emerge from the economic crisis brought on by the GFC; and secondly improving market conditions, in particular demand for permanent staff combined with the benefits of our cost reduction and efficiency programs.

In conclusion, I would like to recognise the commitment of all staff at Rubicon



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and in particular the executive team lead by Jane Beaumont. I would also like to thank our many loyal shareholders who have continued to support Rubicon through this difficult period. I can assure you that we are all dedicated to improving our earnings and our ability to reinstate dividend payments.

Let me now hand over to Jane for a more detailed review of the operations during financial year 2010.

Slide 9: Title slide

CEO'S ADDRESS

Thank you, John.

Slide 10: Growth and efficiency

I will provide a more detailed overview of our performance in 2010. As the chairman has mentioned it was certainly a better operating environment last financial year and this is reflected in the 15% uplift in underlying EBITDA and the strong turnaround in the second half as a result of the significant cost management and business efficiency programs and improvement in consultant productivity across the Group.

We experienced an emergence from the issues surrounding the global financial crisis. Linked to the growing economies in Asia, Australia fared better than many countries, activity accelerated and jobs growth was recorded in many sectors.



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Overall in the 12 months to 30 June 2010, job advertising rates increased 32.5 per cent from the year to 30 June 2009, although still 35 per cent down on the buoyant jobs market in 2008.

However on-going issues such as high interest rates in Australia, the debt crisis in Europe, and concerns around a 'double dip' recession in the US hampered full recovery. Additionally, the breadth and speed of growth in Australia has been inconsistent across sectors and industries.

Within this environment, Rubicor has been able to seize available opportunities by positioning itself within those sectors in the economy that are experiencing growth. Additionally and importantly, Rubicor has underwritten its revenue growth with the realisation of benefits from its on-going consultant productivity and cost management programmes and I'll go into this in more detail now.

Slide 11: Consultants

As you may remember in the 2009 financial year we aligned consultant numbers to prevailing market conditions, reducing consultant headcount from 422 to 300. In the 2010 financial year, we further streamlined our consultant numbers and by 30 June 2010 the total stood at 259, down 40 per cent from the peak, as can be seen on this slide.

Slide 12: Consultant efficiency

One of our key measures of consultant productivity is consultant costs as a percentage of our net disposable revenue or NDR, that is after on-hired labour

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costs. In a strong operating environment we target an efficiency level below 40 per cent. Pleasingly, we achieved an average of 42% in this financial year compared to 50% in the second half of financial year 2009.

Going forward the overall efficiency of our consultants will remain crucial and we will only add consultants where the demand is evident and productivity remains high.

Slide 13: Report card

Last year we forecast \$12 million of annualised savings from the cost reduction and efficiency program. The realised savings were ahead of this estimate at \$15.23 million.

We did not rest on our laurels this year but continued the focus on cost and performance, with more savings under the original initiatives and new initiatives including the progressive out-sourcing of our IT requirements. This program is continuing apace and is on track, with other IT optimisation programs, to deliver savings and efficiencies to the businesses.

Slide 14: Growth and performance

On the growth side of the ledger, as the economy continues to recover we are seeing skills shortages return in a number of areas. Throughout the year, and increasingly so in the second half, the mining & resources, engineering, I.T. and finance & banking sectors experienced improving jobs growth and thus candidate shortages in specialist skill sets.



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The Rubicor business model means that we were well placed to respond to the needs of sector shortages. Our businesses are close to their respective markets and have intimate up-to-date knowledge of the demand/supply equation. Being boutique in nature, they can respond quickly and adjust to meet growing demand.

Rubicor will continue to selectively expand in those businesses that operate in higher growth sectors and geographies to take advantage of improving employment conditions. We will continue to selectively invest to stay ahead of the game and to optimise the opportunities we are seeing in the market

As an example since the year-end, we have opened a new office in Melbourne for Ensure, an Insurance, Superannuation and Engineering recruitment specialist. Ensure started up in February 2008 during unprecedentedly challenging conditions, but turned profitable after only three months and has since gone from strength to strength. The Melbourne office has been profitable since its first month of trading.

Nevertheless, with 23 operating companies under the Rubicor banner, it will take some time for the improvements we have made to staff, leadership and efficiency practices to be fully reflected in the bottom line. In addition the rate of improvement in reaching full potential will inevitably vary from business to business, in particular with the 'two speed' recovery we are experiencing in various sectors in Australia.



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Importantly, in order to invest in front line skills, we are now piloting several training programs for both experienced and 'new to the industry' consultants. This is aimed at equipping us with the right people to address the growth in recruitment and to broaden our talent pool at a time when there is increasing competition for recruitment consultants.

Rubicor has also been driving collaboration among its operating businesses to meet the diverse recruitment needs of clients. Clients access the entire resources of the Rubicor Group via a centralised solution or via their initial point of contact at a local level, thereby matching the full range of their needs with the disciplines and geographies covered by Rubicor, while at the same time accessing specialist knowledge and specialist candidate pools. We are experiencing some significant successes as a result of a program that combines Rubicor's Client Optimisation executive with co-operative teaming from the individual operating companies.

Slide 15: Future focus

Looking to the future, there is a general expectation that jobs growth will continue, with leading indicators for jobs pointing to an increase. As an example, the ANZ jobs data, which was released a couple of week ago, showed a 34% increase in job advertisements year-on-year in October 2010. The NZ economy continues to improve, with stronger consumer confidence, as does Singapore.



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In Australia, however it is, a selective recovery with the much publicized 'two-speed' economy evident in our businesses. Continued strength is evident in sectors such as:

- Mining and resources
- Engineering
- IT
- Banking, Insurance and Finance and
- More latterly improvements in legal

while major sectors of manufacturing and retail remain challenging and companies with overseas operations are impacted by the high Australian dollar. In addition, employers are more cautious after the GFC, taking longer to assess proposals and in some instances to make hiring decisions. We do anticipate that as the economy continues to improve some of this caution will disappear.

Nevertheless, we remain optimistic for expansion in the 2011 financial year. As John mentioned we expect our first half profit to be in the order of \$5.5 to \$6 million. I think this guidance highlights the positive impact of management decisions taken during the GFC to streamline cost structures and optimize consultant productivity.

We will work closely with our businesses, maintaining our cost management programmes and introducing further efficiencies through technology and process improvements.



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Retaining our consultant workforce in a tightening and competitive candidate market will also be key to our ongoing growth. Investing in our people is an essential element of employee engagement. As I have mentioned we are introducing training and development programs to strengthen our capability and to take advantage of the opportunities we are seeing in the market. Indeed in the New Year we will be undertaking a targeted recruitment and training program for “new to recruitment” consultants to join those businesses that are positioned for growth.

Over the longer term, we believe that skills shortages, which Australia experienced going in to the economic slowdown, is reappearing and will become a feature of our economy. These shortages, together with the attendant wages growth, do present excellent opportunities for us as recruiters.

In addition, permanent demographic changes from an ageing population will persist, with a resultant shrinking candidate pool. Increased workforce mobility and the attitude of the younger generations are pointing towards higher employment churn across all industries.

We consider that it will be the well-established specialist recruitment firms, such as Rubicor, who have close relationships with clients and a good pool of candidates, who will have the edge in the ensuing ‘war for talent’.



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Slide 16: Positioned for growth

In summary I believe the operating structure and the cost base at Rubicor are now in place for long-term growth. Our focus is on:

- Targeted organic expansion of our services exploiting high demand sectors and locations;
- Continued attention to prudent cost management and efficiency drives across the businesses, and
- Prudent capital management.

Thank you.

Slide 17: Title slide

I would now like to hand you back to John for the more formal part of the Meeting.