



Rubicon 2007 EBIT 9.5% over forecast

- Results exceed prospectus forecasts -
- Strong positive Outlook for FY08 -
- Successful, proven business model continues to deliver profitable growth –

29 August 2007

Financial Highlights			
Revenue	Up 140.4%	\$156.4 million	In line with prospectus forecast
EBITDA (Profit before interest, taxation, depreciation and amortisation)	Up 110.3%	\$14.3 million	Up 4.4% on prospectus forecast
EBIT	Up 181.1%	\$10.4 million	Up 9.5% on prospectus forecast
Cash adjusted EPS (pro forma)		12.8 cents	Up 4.0% on prospectus forecast
Operating cash flow before interest and tax		\$12.8 million	In line with prospectus forecast
EBITDA margin (before IPO costs)		10.5%	
Operational Highlights			
Challenge Recruitment acquisition successfully completed			
Increasing presence in Asia			
Authorised supplier to TAC Worldwide			
More acquisitions to come			

Rubicon Group Limited (ASX: RUB), one of the leading recruitment services groups in Australia and New Zealand, today announced its results for the year ended 30 June 2007.

Wayman Chapman, Rubicon Chief Executive Officer, said the results were significantly above expectations and prospectus forecasts.

“The annual operating result is exceptionally strong. This is evidenced by major revenue growth with a corresponding increase in EBIT, which was 9.5% ahead of our prospectus forecast. The results highlight Rubicon’s ability to continue to drive growth through a proven strategy that promotes organic expansion as well as strategic acquisitions. The nine acquisitions completed in 2007 performed exceptionally well.



Rubicon has attracted strong interest from prospective targets and expects to continue to be an active acquirer. This will add to the Group's scale, diversity and breadth," he said.

As forecast in the prospectus, Rubicon incurred a net loss after tax of \$3.2 million for the financial year ended 30 June 2007 due to non-cash and non-recurring charges. This was result was better than the forecast loss by 17.9%.

Outlook

Mr. Chapman said Rubicon has a strong business outlook and positive growth momentum.

"We have a unique business model which produces above industry average profit margins. Operationally, Rubicon has a multi-brand portfolio of specialist operating businesses. To support this, corporate governance, financial control and statutory requirements are centralised on a common platform. The business model is scalable to drive both organic and acquisitive growth. "

"Our multi-branded decentralised approach preserves each individual company's culture and competitive advantages. Each operating company remains entrepreneurial, energetic and specialised. Rubicon member companies benefit through access to Rubicon's financial capability, operational expertise and buying power. Through this support, Rubicon is driving organic growth in operating companies."

"Rubicon will continue to focus its proven acquisition growth strategy, on the selective acquisition of profitable and well managed recruitment businesses across all targeted categories, geographies and sectors."

"The market in which Rubicon operates is expanding, has attractive fundamentals and a long-term growth profile. The recruitment and human capital solutions needs of businesses are increasing in the current climate of a robust economy and an acknowledged global talent shortage. In this context Rubicon is focused on increasing its business depth, breadth and scale, and on driving growth in individual businesses." He said.

In the absence of any acquisitions, Rubicon expects that the cash adjusted EPS for the year ending 30 June 2008 will be close to 10% up on the pro forma cash adjusted EPS for the year ended 30 June 2007 of 12.8 cents.

As outlined in the prospectus, Rubicon confirmed it plans to commence dividend payments to ordinary shareholders in the current financial year in the range of 50-70% of net profit after tax.



Recent developments

Since the close of the 2007 financial year Rubicor has announced several important developments.

Challenge Recruitment (Challenge)

In July 07, Rubicor completed the acquisition of Challenge for a total consideration of \$12.95 million. Challenge specialises in long and short term high-volume temporary and permanent staffing solutions, covering a full spectrum of HR services, including industrial, administrative, clerical, customer service and executive.

Challenge's industrial orientation provides a new area for Rubicor and is an important addition to Rubicor's diversified operations. Challenge operates throughout Australia with branches in 12 locations, including in Sydney, Melbourne, Brisbane, Perth and Adelaide.

Expanding into Asia

Rubicor has made its first move outside of Australia and New Zealand with two of Rubicor's operating companies, SMF Recruitment and Xpand Group, opening offices in Singapore. The move was in response to a number of Australian-based clients with operations in Singapore seeking to leverage the successful Australian supplier relationships into Singapore. Rubicor is confident the new offices will quickly contribute to group earnings. The Asian economy is growing strongly and Singapore is an important business hub.

Rubicor becomes authorised supplier to TAC Worldwide

Rubicor has partnered with US-based TAC Worldwide, a leading provider of technical staffing and workforce management solutions. Under terms of the partnership, Rubicor will provide support for TAC's North American and European multi-national clients operating in Australia and New Zealand. It also provides Rubicor clients with better support in operations outside Australia and New Zealand. TAC's decision to partner with Rubicor is a recognition of Rubicor's service and industry expertise.

- ends-

For further information

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Appendix 4E

Preliminary Final Report Year ending 30 June 2007

Name of entity

Rubicor Group Limited

ABN

74 110 913 365

Financial year ended
(current period)

30 June 2007

Financial year ended
(previous period)

30 June 2006

2. Results for announcement to the market

The following information is to be read in conjunction with the extracts from the forthcoming Annual Report for the year ended on 30 June 2007, attached to this document.

				A\$'000
Revenues from ordinary activities	up	140.4%	to	156,457
Profit before interest, taxation, depreciation and amortisation (EBITDA)	up	110.0%	to	14,343
Loss from ordinary activities after tax attributable to members	up	46.2%	to	(3,182)
Net loss for the period attributable to members	up	46.2%	to	(3,182)

Dividends

For the year ended 30 June 2007, the Group incurred a net loss after tax which was lower than the IPO forecast. This result has been significantly impacted by non-cash and non-recurring charges. As a result, no dividend is to be paid for the year ended 30 June 2007 which is consistent with the IPO forecast.

Brief explanation of any of the figures reported above:

The board of Rubicor Group Limited is pleased to announce an exceptionally strong annual operating result evidenced by significant revenue growth with a corresponding increase in EBITDA. The results highlight the Group's ability to drive growth via acquisitive and organic means, whilst generating strong cash flows and maintaining market leading profit margins.

Rubicor listed on the ASX on 15 June 2007 with the issue of 44.2m ordinary shares at \$1 per share. The proceeds were used to repay acquisition related debt, fund the initial acquisition payment for Challenge Recruitment Limited (completed on 4 July 2007) and pay IPO offer costs. Rubicor also successfully completed a debt refinance arrangement with ANZ, which includes a \$30m facility for future acquisitions.

Revenues for the 2007 year increased by 140.4% to \$156.5m, up from \$65.1m in the prior year. The growth in revenue reflects contributions from acquisitions made both in the current and prior periods, together with organic growth in existing businesses.

The revenue growth translated directly to EBITDA for the 2007 year which increased to \$14.3m, up 110.0% from \$6.8m. After excluding IPO offer costs of \$2.1m, EBITDA is up 141.3% on the previous year. Strong cash generation underpinned the growth with cash generated from operations before interest and tax of \$12.8m

Rubicor completed 9 acquisitions during the 2007 year, including 5 in New Zealand, all of which performed extremely well.

As forecast in the prospectus, Rubicor incurred a net loss after tax for the year ended 30 June 2007 of \$3.2m due to non-cash and non-recurring charges. This loss bettered the forecast by 17.9%.

The cash adjusted earnings per share (adjusted for the after tax cost of amortisation and interest on vendor liabilities) for the year ended 30 June 2007 was 12.8 cents per share.

As set out in the prospectus, no dividend will be declared for the 2007 year as the Group has incurred a net loss after tax.

The figures reported are in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

3. Loss per share

	Current period	Previous period
Undiluted loss per share (cents per share)	(8.0)	(47.9)
Undiluted loss per share (cents per share)	(8.0)	(47.9)

4. Net tangible assets

	Current period	Previous period
Net tangible assets per security (cents per share)	(30.4)	(63.4)

A large proportion of the company's assets are intangible in nature, consisting of goodwill and identifiable intangible assets relating to businesses acquired. These assets are excluded from the calculation of net tangible assets per security, which results in the negative outcome.

Net assets per share at 30 June 2007 were 57.5 cents per share

5. Control gained/lost over entities

Details of businesses over which control has been gained or lost during the period.			
Name of, or nature of, businesses acquired	Date of gain of control	Acquired entity's post acquisition contribution to Group profit from ordinary activities (AUD'000)*	Profit from ordinary activities of the acquired entities for the full financial year (AUD'000)*
CIT Professionals Pty Limited	31 August 2006	1,366	1,613
Rubicor CRS Pty Limited	1 September 2006	459	538
Rubicor New Zealand Limited	3 July 2006	(88)	(88)
Wheeler Campbell Consulting Limited and controlled entities	25 August 2006	300	306
Health Recruitment NZ Limited and controlled entities	25 August 2006	105	125
Gaulter Russell NZ Limited	18 August 2006	698	759
Numero (NZ) Limited	18 August 2006	361	397
Powerhouse People Ltd	15 August 2006	1,027	1208
Wizard Personnel & Office Services Pty Limited	2 January 2007	203	440
Dolman Group Pty Limited and controlled entities	1 February 2007	522	1377

*after interest on vendor liabilities, amortisation of identifiable intangible assets, but before income tax.

6. Foreign entities

The results of foreign entities are presented in accordance with Australian Accounting Standards.

7. Audit or review status

Audit or review status

This report is based on accounts to which one of the following applies:

- | | | | |
|-------------------------------------|---|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited | <input type="checkbox"/> | The accounts have been subject to review |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have not yet been audited or reviewed |

The remaining information required by Appendix 4E is contained within the attached extracts from the forthcoming Annual Report

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Balance Sheet
As at 30 June 2007

Consolidated			
	Note	2007	2006
		\$	\$
Revenue	2	156,457,182	65,075,788
On hired labour costs		(92,047,605)	(33,427,566)
Employee benefits expense		(31,470,577)	(17,069,894)
Other expenses	3	(16,456,871)	(7,747,463)
IPO expenses	3	(2,139,423)	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		<u>14,342,706</u>	<u>6,830,865</u>
Depreciation of property, plant and equipment	3	(524,152)	(316,871)
Amortisation of intangible assets		(3,450,894)	(2,759,880)
Finance costs	3	(12,453,724)	(5,093,096)
Loss before income tax expense		<u>(2,086,064)</u>	<u>(1,338,982)</u>
Income tax expense		<u>(1,095,623)</u>	<u>(837,449)</u>
Loss attributable to members of the parent entity		<u><u>(3,181,687)</u></u>	<u><u>(2,176,431)</u></u>
Basic loss per share (cents)		<u>(8.0)</u>	<u>(47.9)</u>
Diluted loss per share (cents)		<u>(8.0)</u>	<u>(47.9)</u>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007

Balance Sheet

As at 30 June 2007

		Consolidated	
		2007	2006
Note		\$	\$
ASSETS			
Current assets			
	4	12,717,477	1,997,178
	5	27,264,302	10,562,914
	10(a)	-	182,693
	6	472,123	347,765
		40,453,902	13,090,550
Non-current assets			
	5	36,017	12,124
	7	22,362	250,683
	9	3,510,931	1,557,186
	10(a)	4,596,618	1,454,071
	8	92,234,021	34,424,470
	6	1,119,679	1,579,027
		101,519,628	39,277,561
		141,973,530	52,368,111
LIABILITIES			
Current liabilities			
	11	14,305,094	7,768,765
	12	12,491,121	9,162,435
	10(b)	1,366,624	541,900
	14	1,210,417	753,678
	15	-	1,789,754
		29,373,256	20,016,532
Non-current liabilities			
	12	51,502,852	17,946,395
	13	-	556,819
	14	736,000	452,827
		52,238,852	18,956,041
		81,612,108	38,972,573
		60,361,422	13,395,538

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Balance Sheet
As at 30 June 2007

		Consolidated	
		2007	2006
	Note	\$	\$
EQUITY			
Share capital	16	65,453,401	14,839,430
Reserves	17	558,944	1,025,344
Accumulated losses	18	(5,650,923)	(2,469,236)
TOTAL EQUITY		<u>60,361,422</u>	<u>13,395,538</u>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Statement of Changes in Equity
As at 30 June 2007

30 June 2007

Consolidated

	Reserves	Share Capital	Accumulated Losses	Total
	\$	\$	\$	\$
Equity as at beginning of period	1,025,344	14,839,430	(2,469,236)	13,395,538
Total recognised gains and losses for the period				
Loss attributable to members of the parent entity	-	-	(3,181,687)	(3,181,687)
Translation difference relating to foreign entities	355,775	-	-	355,775
Expenses recognised directly in equity				
Transaction costs relating to IPO	-	(1,977,747)	-	(1,977,747)
Transactions with equity holders in their capacity as equity holders				
Employee share options	155,125	-	-	155,125
Warrants	(977,300)	977,300	-	-
Issue of shares	-	49,822,433	-	49,822,433
Contributions of equity	-	1,791,985	-	1,791,985
Equity as at 30 June, 2007	558,944	65,453,401	(5,650,923)	60,361,422

30 June 2006

Consolidated

	Reserves	Share Capital	Accumulated Losses	Total
	\$	\$	\$	\$
Equity as at beginning of period	-	840,853	(292,805)	548,048
Total recognised gains and losses for the period				
Loss attributable to members of the parent entity	-	-	(2,176,431)	(2,176,431)
Transactions with equity holders in their capacity as equity holders				
Employee share options	48,044	-	-	48,044
Warrants	977,300	-	-	977,300
Issue of shares	-	13,998,577	-	13,998,577
Equity as at 30 June, 2006	1,025,344	14,839,430	(2,469,236)	13,395,538

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007

Statement of Cash Flows

As at 30 June 2007

	Consolidated	
Note	2007	2006
	\$	\$
Cash from operating activities:		
Receipts from customers (inclusive of GST)	165,809,008	70,669,340
Payments to suppliers and employees (inclusive of GST)	(153,204,149)	(62,005,924)
Finance costs paid	(3,739,695)	(1,050,046)
Interest received	190,403	131,339
Income taxes paid	(4,156,283)	(2,040,037)
	<hr/>	<hr/>
Total cash inflow/(outflow) from operating activities	4,899,284	5,704,672
Cash flows from investing activities:		
Payment for property, plant and equipment	(1,485,848)	(654,624)
Payment for intangible assets	-	(156,655)
Receipt of /(payment for) other financial assets	228,320	(143,880)
Payment for other assets	(934,540)	(1,220,006)
Payment for controlled entities acquired (net of cash acquired)	(33,496,083)	(12,162,178)
	<hr/>	<hr/>
Net cash outflow from investing activities	(35,688,151)	(14,337,343)
Cash flows from financing activities:		
Net Proceeds from the issue of share capital	44,495,980	-
Repayment of borrowings	(30,005,897)	-
Proceeds from third party borrowings	28,205,620	9,087,606
Dividend paid to vendors	(1,186,537)	(1,096,214)
	<hr/>	<hr/>
Net cash inflow from financing activities	41,509,166	7,991,392
Net cash increase/(decrease) in cash and cash equivalents	10,720,299	(641,279)
Cash and cash equivalents at beginning of year	1,997,178	2,638,457
	<hr/>	<hr/>
Cash and cash equivalents at end of year	12,717,477	1,997,178
	<hr/> <hr/>	<hr/> <hr/>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

1 Accounting policies

(a) Basis of preparation

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies applied are consistent with those applied in the 2006 annual financial statements. There have been no changes in these accounting policies.

This report is based on accounts that are in the process of being audited.

2 Revenue

	Consolidated	
	2007	2006
	\$	\$
Revenue from:		
Recruitment services	149,896,832	62,418,608
Interest	190,403	131,339
Recharge income	1,686,895	326,772
Organisational development fees	4,241,778	2,199,069
Other	441,274	-
	<hr/>	<hr/>
Total Revenue	<u>156,457,182</u>	<u>65,075,788</u>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

3 Loss before income tax includes the following specific expenses

	Consolidated	
	2007	2006
	\$	\$
Finance Costs:		
Interest expense on Series A loan notes	147,634	1,283,878
Interest and finance charges on other borrowings	3,699,695	733,068
Amortisation of borrowing costs	3,226,515	435,779
Interest on deferred vendor liabilities (see Note 12 (i))	5,339,880	2,640,371
Total finance costs	12,453,724	5,093,096
Depreciation and amortisation		
Property, plant and equipment	390,717	271,141
Leasehold improvements	133,435	45,730
	524,152	316,871
Rental expense on operating leases	2,874,405	1,199,189
Defined contribution superannuation expense	5,009,640	3,410,250
Share based payments expense	194,148	73,126
Provision for impairment of trade receivables	206,134	115,449
Other Significant Expenses		
Costs of acquisitions that did not proceed	365,636	410,161
IPO expenses	2,139,423	-

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

4 Cash and cash equivalents

	Consolidated	
	2007	2006
	\$	\$
Cash on hand	11,925	7,381
Bank balances	<u>12,705,552</u>	<u>1,989,797</u>
	<u><u>12,717,477</u></u>	<u><u>1,997,178</u></u>

	Consolidated	
	2007	2006
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	12,717,477	1,997,178
Bank overdraft	<u>(974,959)</u>	<u>-</u>
	<u><u>11,742,518</u></u>	<u><u>1,997,178</u></u>

5 Trade and other receivables

	Consolidated	
	2007	2006
	\$	\$
CURRENT		
Trade receivables	24,014,528	10,025,290
Provision for impairment of receivables	<u>(229,827)</u>	<u>(115,449)</u>
	<u><u>23,784,701</u></u>	<u><u>9,909,841</u></u>
Other receivables	<u>3,479,601</u>	<u>653,073</u>
	<u><u>27,264,302</u></u>	<u><u>10,562,914</u></u>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

Impaired trade receivables

The Group has recognised a loss of \$206,134 (2006 \$115,449) in respect of impaired trade receivables during the year ended 30 June 2007. The loss has been included in Other expenses in the income statement.

Other Receivables

	Consolidated	
	2007	2006
	\$	\$
NON-CURRENT		
Staff advance	36,017	12,124
	<u>36,017</u>	<u>12,124</u>

6 Other Assets

	Consolidated	
	2007	2006
	\$	\$
CURRENT		
Prepayments	472,123	347,765
	<u>472,123</u>	<u>347,765</u>

	Consolidated	
	2007	2006
	\$	\$
NON-CURRENT		
Prepayments	185,138	49,021
Deferred acquisition costs	934,541	1,530,006
	<u>1,119,679</u>	<u>1,579,027</u>

7 Other Financial Assets

	Consolidated	
	2007	2006
	\$	\$
Rental guarantee deposit	22,363	250,683
	<u>22,363</u>	<u>250,683</u>

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

8 Intangible assets

	Consolidated	
	2007	2006
	\$	\$
Preferred Supplier Agreements		
Cost	1,728,101	1,103,000
Accumulated amortisation and impairment	(515,306)	(202,900)
Net carrying value	1,212,795	900,100
Course Material Content		
Cost	542,000	542,000
Accumulated amortisation and impairment	(117,433)	(63,230)
Net carrying value	424,567	478,770
Candidate Databases		
Cost	17,911,994	8,844,000
Accumulated amortisation and impairment	(5,127,920)	(2,588,870)
Net carrying value	12,784,074	6,255,130
Computer software		
Cost	1,175,510	830,262
Accumulated amortisation and impairment	(716,473)	(380,219)
Net carrying value	459,037	450,043
Brands	-	-
Cost	350,000	110,000
Accumulated amortisation and impairment	-	-
Net carrying value	350,000	110,000
Goodwill		
Arising on consolidation at cost	77,003,548	26,230,427
Net carrying value	77,003,548	26,340,427
Total Intangible assets	92,234,021	34,424,470

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007

Notes to the Financial Statements

As at 30 June 2007

9 Property plant and equipment

30 June 2007

Consolidated

	Motor Vehicles	Office Equipment	Leasehold Improvements	Leased Assets	Total
	\$	\$	\$	\$	\$
Cost					
Balance at the beginning of year	41,477	1,160,658	635,506	67,361	1,905,002
Additions through acquisitions	-	517,140	474,908	-	992,048
Payment for purchase of property plant and equipment	-	989,878	481,268	14,702	1,485,848
Balance at 30 June 2007	41,477	2,667,676	1,591,682	82,063	4,382,898
Depreciation and impairment losses					
Balance at the beginning of year	(30,994)	(187,937)	(114,548)	(14,337)	(347,816)
Depreciation expense	(3,591)	(381,253)	(133,435)	(5,872)	(524,151)
Balance at 30 June 2007	(34,585)	(569,190)	(247,983)	(20,209)	(871,967)
Carrying amount - 30 June 2007	6,892	2,098,486	1,343,6993	61,854	3,510,931

30 June 2006

Consolidated

	Motor Vehicles	Office Equipment	Leasehold Improvements	Leased Assets	Total
	\$	\$	\$	\$	\$
Cost					
Balance at the beginning of year	2,000	457,476	82,859	-	542,335
Additions through acquisitions	5,431	239,867	110,650	-	355,948
Payment for purchase of property plant and equipment	34,046	463,315	441,997	67,361	1,006,719
Balance at 30 June 2006	41,477	1,160,658	635,506	67,361	1,905,002
Depreciation and impairment losses					
Balance at the beginning of year	-	(25,611)	(5,334)	-	(30,945)
Depreciation expense	(30,994)	(162,326)	(109,214)	(14,337)	(316,871)
Balance at 30 June 2006	(30,994)	(187,937)	(114,548)	(14,337)	(347,816)
Carrying amount - 30 June 2006	10,483	972,721	520,958	53,024	1,557,186

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007
Notes to the Financial Statements
As at 30 June 2007

10 Taxation

(a) Assets

	Consolidated	
	2007	2006
	\$	\$
CURRENT		
Income tax receivable	-	182,693
	-	182,693
	-	182,693
 NON-CURRENT		
Deferred tax assets	4,596,618	1,454,071
	4,596,618	1,454,071

(b) Liabilities

	Consolidated	
	2007	2006
	\$	\$
CURRENT		
Income tax payable	1,366,624	541,900
	1,366,624	541,900
	1,366,624	541,900
 NON-CURRENT		
Deferred tax liabilities (refer Note 13)	-	556,819
	-	556,819
	-	556,819

11 Trade and Other Payables

	Consolidated	
	2007	2006
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables, other creditors and accruals	14,305,094	7,768,764
	14,305,094	7,768,764
	14,305,094	7,768,764

Rubicor Group Limited and Controlled Entities
Preliminary Final Report for the Financial Year ended 30 June 2007

Notes to the Financial Statements

As at 30 June 2007

12 Borrowings

		Consolidated	
		2007	2006
Note		\$	\$
CURRENT			
Unsecured liabilities			
Vendor earn-out liability	(i)	11,478,863	3,150,000
Secured liabilities			
Bank overdraft	(v)	974,959	-
Finance lease obligation		37,299	17,145
Invoice Finance Debt	(ii)	-	934,009
Senior Debt	(iii)	-	1,153,000
Mezzanine Debt	(iv)	-	3,908,281
		1,012,258	6,012,435
		12,491,121	9,162,435

		Consolidated	
		2007	2006
Note		\$	\$
NON-CURRENT			
Unsecured liabilities			
Vendor earn-out liability	(i)	45,139,505	14,789,600
Other financial liabilities		-	9,797
		45,139,505	14,799,397
Secured liabilities			
Finance lease obligation		20,754	24,459
Invoice finance debt	(ii)	6,342,593	-
Senior debt	(iii)	-	3,122,539
		6,363,347	3,146,998
		51,502,852	17,946,395

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(i) Vendor earn-out liability

The Vendor earn-out liability, comprises the fair value of fixed dated estimated initial consideration payments which are payable to vendors over a period of one to three years post-acquisition, and estimated exit consideration payments which are payable to vendors over a three year period after provision of exit notice by the vendors.

For Australian business acquisitions, the Vendor earn-out liability has been structured through the issue to vendors of Series B Redeemable Preference Shares which are progressively redeemed at each earn-out payment date. All redemption payments made are contingent on the profit performance of the acquired business over the payment period. Each holder of Series B Redeemable Preference shares is entitled to receive franked dividends for each year based on the Net Profit Before Tax of the vendor business acquired. The dividends are payable by the Company in priority to any other dividends in respect of any other shares. If these dividends are not paid then they will accumulate. The holders do not have rights to any other dividends or any entitlement to receive notice of, attend or vote at any general meeting of the Company.

For New Zealand business acquisitions, earn-out payments have not been structured through preference shares, however compensating additional share consideration payments equivalent in structure to the preference dividends referred to above have been incorporated as part of the share purchase consideration.

The vendor earn-out liability has been determined by calculating the present value of the estimated future cash flows associated with the earn-out payments, including the associated preference dividend and additional consideration payments. The cash flows have been discounted at 12.5% representing the assessed risk-adjusted rate of return.

(ii) Invoice Finance Debt

\$25 million invoice financing facility which has a 3 year term and attracts interest at a margin over the Bank Settlement Rate (BBSY) plus administration fee. Based on the current BBSY the effective interest rate would be 7.8% excluding the administration fee.

(iii) Senior Debt

The senior debt in the prior year was repaid in June 2007 at the time of the IPO.

(iv) Mezzanine Debt

The mezzanine debt in the prior year was repaid in June 2007 at the time of the IPO.

(v) Bank Overdraft Facility

This is a cash overdraft facility to assist with ongoing working capital requirements. The facility commitment is the lesser of \$1m and 20% of the face value of approved debts. This facility attracts interest at a margin of 1% above the bank bill rate. Interest is calculated daily and payable monthly in arrears.

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13 Deferred tax liabilities

	Consolidated	
	2007	2006
	\$	\$
Borrowing costs	-	228,489
Non-deductible identifiable intangible assets	-	328,330
	<hr/>	<hr/>
Total	-	556,819
	<hr/> <hr/>	<hr/> <hr/>

14 Provisions

	Consolidated	
	2007	2006
	\$	\$
Current	1,210,417	753,678
Non-current	736,000	452,827
	<hr/>	<hr/>
	1,946,417	1,206,505
	<hr/> <hr/>	<hr/> <hr/>

CURRENT

Employee benefits	1,210,417	753,678
	<hr/>	<hr/>
	1,210,417	753,678
	<hr/> <hr/>	<hr/> <hr/>

NON-CURRENT

Employee benefits	407,994	120,092
Make Good	328,006	332,735
	<hr/>	<hr/>
	736,000	452,827
	<hr/> <hr/>	<hr/> <hr/>

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15 Other Liabilities

Current

	Consolidated	
	2007	2006
	\$	\$
Deferred income	-	137,135
Series A preference share dividend obligation accrual	-	1,652,619
	-	1,789,754
	-	1,789,754

16 Contributed Equity

		Consolidated	
		2007	2006
	Note	\$	\$
105,000,000 (2006: 2) Ordinary shares of no par value fully paid	(i)	64,189,364	2
Nil (2006: 42) Series D Convertible shares	(ii)	-	357,745
6,245,775 (2006: 2,101,020) Series C Convertible shares	(iii)	1,264,037	949,911
Nil (2006: 14,701,000) Series A Preference Shares	(iv)	-	13,531,772
		65,453,401	14,839,430
		65,453,401	14,839,430

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(i) Ordinary shares

	Consolidated	
	2007	2006
	\$	\$
Balance at the beginning of the reporting period	2	2
Conversion of Series D shares into 15,381,117 ordinary shares	425,938	-
Conversion of Series A shares into 33,150,313 ordinary shares	16,461,057	-
9,500,480 shares issued in January 2007	4,392,941	-
Conversion of Series C shares into 2,748,061 ordinary shares	667,144	-
Issue of 44,220,029 shares under Initial Public Offer	44,220,029	-
Portion of IPO cost eligible for inclusion in equity, net of tax	(1,977,747)	-
	64,189,364	2
Balance at the end of the reporting period (105,000,000 ordinary shares)		

Ordinary shares confer on their holders the right to participate in dividends declared by the Board. Ordinary shares confer on their holders an entitlement to vote at any general meeting of the Company.

(ii) Series D Convertible shares

	Consolidated	
	2007	2006
	\$	\$
Balance at the beginning of the period	357,745	150,689
21 (2005:14) Series D Convertible shares issued	68,193	207,056
Conversion to ordinary shares	(425,938)	-
	-	357,745
Balance at the end of the reporting period		

The Series D Convertible shares converted into ordinary shares in June 2007 at the time of the IPO, pursuant to the allocation method in the Company's constitution.

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(iii) Series C Convertible Shares

	Consolidated	
	2007	2006
	\$	\$
Balance at the beginning of the reporting period	949,911	690,035
8,171,156 (2006: 1,129,048) Series C Convertible shares issued	981,270	259,876
Conversion of 4,026,401 Series C Convertible shares into ordinary shares	(667,144)	-
Balance at the end of the reporting period	<u>1,264,037</u>	<u>949,911</u>

Series C Convertible Shares were issued to vendors in connection with the acquisition of their businesses by the company.

The shares vest 2 years after the Completion Date of the acquisition. The holders of the shares have the same rights as Ordinary Shareholders to attend and vote at a general meeting of the Company.

The holders of the Series C Convertible Shares have the same entitlement to dividends as Ordinary Shareholders.

The Company must, in so far as permitted by any applicable law, convert the Series C Convertible Shares into Ordinary Shares on the dates and in the amounts set out in the Relevant Subscription Agreements. The value of the Series C Convertible Shares, being a component of the acquisition consideration, forms part of Rubicor's investment in the acquired subsidiaries.

The Series C Convertible shares were independently valued. The fair value at issue date was independently determined using a Monte Carlo option pricing model. The model inputs for shares issued included:

- a) The shares vest 2 years after the Completion Date of acquisition.
- b) The shares will convert into ordinary shares on the dates and in the amounts set out in the Relevant Subscription Agreement.
- c) The expected dividend yield is 6%.
- d) The risk free interest rate is 5.4%.
- e) The expected price volatility of the company's shares is 45%.
- f) The probability of a liquidity event occurring during the life of the share is 90%.

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(iv) Series A Preference Shares

	Consolidated	
	2007	2006
	\$	\$
Balance at the beginning of the reporting period	13,531,772	127
142,222 (2005: 14,700,873) Series A Preference Shares issued	160,000	13,531,645
Exercise of Warrants into 1,685,251 Series A shares	977,300	-
Conversion of 18,014,683 Series A shares into ordinary shares	(14,669,072)	-
Total	-	13,531,772

All Series A Preference shares converted into ordinary shares in June 2007 at the time of the IPO, pursuant to the allocation method in the Company's constitution.

17 Reserves

	Consolidated	
	2007	2006
	\$	\$
Warrant reserve (a)	-	977,300
Option reserve (b)	203,169	48,044
Translation reserve (c)	355,775	-
	558,944	1,025,344

(a) Warrant reserve

In accordance with a mezzanine debt facility signed with Investec Bank (Australia) Limited on 15 December 2005, Investec was granted the right to subscribe for warrant shares. These were converted into ordinary shares in June 2007 at the time of the IPO, pursuant to the allocation method in the Company's constitution.

(b) Option reserve

This reserve is to recognise the value of options recognised to date.

(c) Translation reserve

This reserve is to recognise the value of translation differences of foreign entities.

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18 Accumulated Losses

	Consolidated	
	2007	2006
	\$	\$
Accumulated losses at the beginning of the period	(2,469,236)	(292,805)
Net loss for the period	<u>(3,181,687)</u>	<u>(2,176,431)</u>
Accumulated losses at the end of the period	<u><u>(5,650,923)</u></u>	<u><u>(2,469,236)</u></u>

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19 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated	
	2007	2006
	\$	\$
Net loss for the period	(3,181,687)	(2,176,431)
Cash flows excluded from profit/(loss) from ordinary activities attributable to operating activities	-	-
-Non-cash flows in profit / (loss) from ordinary activities	-	-
Amortisation of intangible assets	3,450,894	2,759,880
Depreciation/amortisation of property, plant and equipment	524,152	316,871
Share options expense	155,545	48,044
Vendor dividend payment	1,186,537	1,096,214
Share based payments expense	38,603	26,223
Amortisation of borrowing costs	3,226,515	435,779
Interest on Series A Loan Notes included in equity	-	1,283,878
Interest on Vendor earn-out liability	5,339,880	1,544,157
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	-	-
(Increase)/decrease in trade and term receivables	(9,251,459)	(631,069)
(Increase)/decrease in other assets	(260,475)	(55,310)
Increase/(decrease) in trade payables and accruals	4,336,630	1,635,248
Increase/(decrease) in income tax payable	175,618	(401,639)
(Increase)/decrease in deferred taxes	(3,690,791)	(334,889)
Increase in provisions	709,899	157,716
IPO expenses	2,139,423	-
Cashflow from operations	4,899,284	5,704,672

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20 Segment Information

Business segments

The Consolidated Entity operates in one industry segment, the human resources industry. This is the primary format of segment reporting for the group

Geographical segments

Although the consolidated entity is managed on a global basis it is operated in two main geographical areas, namely Australia and New Zealand

	Segment revenue from sales to external customers		Segment Assets		Acquisitions of non-current segment assets	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Australia	133,412,145	65,075,788	115,545,092	52,368,111	8,229,222	7,939,445
New Zealand	23,045,037	-	26,428,438	-	6,123,494	-
Total	156,457,182	65,075,788	141,973,530	52,368,111	14,352,716	7,939,445

21 Events After the Balance Sheet Date

Subsequent to 30 June 2007, Rubicor completed the business acquisition of Challenge Recruitment Limited. The purchase was satisfied by an initial cash payment of \$12,950,000 plus deferred compensation payments. The deferred compensation payments include payments based on a multiple of earnings before interest and tax over a 12 to 36 month period after completion, and subsequent payments in the 2 year period after notice of exit is provided. The assets and liabilities arising from the acquisitions will be recognised at fair value.