Rubicor

Full Year Results

30 June 2013

Financial Summary

		FY 2013 $'m	FY 2012 $'m	Change %
Total Revenue		237.7	290.5	-18.2%
NDR (Gross Margin)		39.7	55.7	-28.7%
EBITDA	Statutory [1]	-2.2	6.8	
	Underlying [2]	1.6	6.8	-76.8%
NPAT attributable to equity holders				
	Statutory [1,3]	-24.4	-61.6	60.6%
	Underlying [2,4]	-3.4	-0.8	
Statutory EPS (cents) [1,3]		-22.3	-56.2	
Underlying EPS (cents) [2,4]		-3.1	-0.8	
Operating cash flow before interest and tax		8.6	8.4	
Operating cash flow		3.4	1.7	

1. After restructuring costs of $3.5m ($1.6m onerous lease provision, $0.7m redundancy payments, $0.9m transaction costs, $0.3m other restructuring costs) and unrealised foreign exchange loss of $0.3m (FY12: Nil).
2. Before restructuring costs of $3.5m ($1.6m onerous lease provision, $0.7m redundancy payments, $0.9m transaction costs, $0.3m other restructuring costs) and unrealised foreign exchange loss of $0.3m (FY12: Nil).
3. After $15.7m asset impairment (FY12:$53.4m) reflecting impact of challenging conditions and uncertainty over timing of recovery on certain Rubicor businesses.
4. Before $15.7m asset impairment (FY12:$53.4m), $0.1m amortisation of intangibles (FY12:$2.5m) and $0.2m notional interest on deferred payments for business acquisitions under AIFRS (FY12:$0.5m), net of tax effect.

Operational highlights

- Market conditions remain challenging
- Group continued to be constrained by significant debt levels
    - Persistent distraction for business, management and staff
    - Inability to invest in consultant headcount and pursue or invest in growth opportunities
- Restructured operations to drive efficiencies:
    - Brands aligned to industry sectors and vertical markets
    - Two specialist Groups created: Professional Services Group and Digital, Technology, Media & Communications Group created, leading to:
        - Streamlined management: Eight brand MDs replaced with two Group MDs
        - Leveraging of candidate talent pools throughout customer base
        - Wider service offering for customers.
        - Increased job opportunities for candidates identified within structure.
    - Significant operational cost savings achieved:
        - Brands consolidated from 23 to 18.
        - Reduction of support staff and greater sharing of back office resources across the Group.
        - Co-location of five Sydney brands and Rubicor Head Office in April 2013.
        - Head Office numbers reduced from 15 to 9 staff.
- Focus on productivity:
    - Consultant positions adapted to market conditions.
    - Efficiency improvements achieved:
        - Cloud IT outsourcing
        - Group procurement

Capital management

Debt Facilities:

- Debt facilities restructured, post year end.
- Loan facilities (Term and Subordinated facility) and Bank Overdraft facility extinguished in full in exchange for $7.0m. Resultant gain of $88.6m to be recognised in FY14.
- New Debtor Finance Facility:
  - $15 million limit: to increase in line with increase in value of approved receivables.
  - 3 year facility.
  - No annual review, no covenants, no amortisation.
  - Funding dependant upon purchased receivables remaining approved until collected.
- Other facilities of $1.9m remain in place in the short term – cash backed by funds drawn from new facility
- Additional capacity to provide for working capital over the medium term and to extinguish vendor earn payments by November 2013.

Capital management (cont' d)

PRO FORMA BALANCE SHEET	Audited FY13 $M	Pro Forma FY13 $M	
Cash	0.8	3.8	Drawdown from new facility for working capital
Term deposit (cash backing - rental guarantees	0.0	1.9	Drawdown from new facility to cash back Other facilities (rental guarantees)
Receivables	26.5	26.5	
Identifiable Intangibles	0.2	0.2	
Deferred tax asset	3.6	3.6	
Other Assets	2.8	2.8	
Total Assets	**33.8**	**38.7**	
Current Liabilities			
Trade payables	22.7	19.4	Drawdown from overdraft facility to pay payables
Tax payable	0.3	0.3	
Deferred vendor consideration	1.0	1.0	
Borrowings	87.6	0.5	Debt facilities extinguished. Borrowing relates to insurance premium funding
New debt facility	0.0	9.1	Drawdown from new facility
Other liabilities	4.7	2.3	Debt facility extesnion fee extinguished
Non Current Liabilities			
Other liabilities	1.5	1.5	
Total Liabilities	**117.7**	**34.0**	
Net Assets	**-83.9**	**4.7**	
Share Capital	64.6	64.6	
Reserves	0.3	0.3	
Non controlling interest	0.6	0.6	
Accumulated losses	-149.4	-60.8	Gain on debt forgiveness
Total Equity	**-83.9**	**4.7**	

ASSUMPTIONS:

This pro forma balance sheet has been presented as if all the transactions relating to the debt restructure had occurred as at 30 June 2013.

This pro forma balance sheet does not include any tax effect adjustments relating to deferred tax liabilities that my need to be recorded relating to the debt restructure.

Capital management (cont’d)

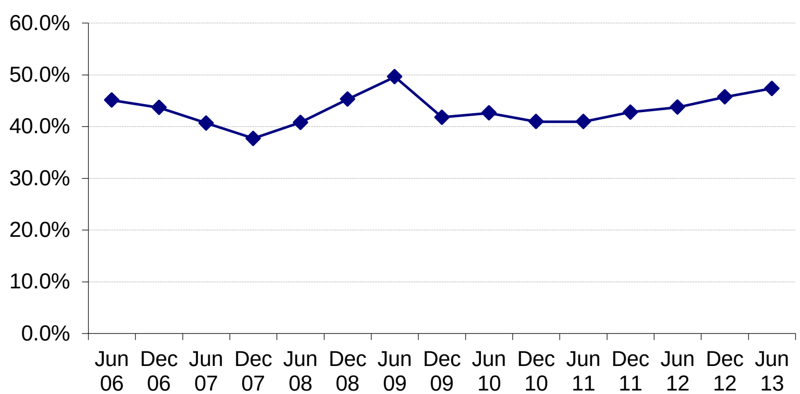
Capital management:
- Positive operating cash flow:
  - $8.6 million (before interest and tax).
  - $3.4 million (after interest and tax).
- Strong conversion of EBITDA to cash.
- No dividend declared.

Vendor earn-out payments:
- Earn-out payments of $1.3 million paid in November 2012.
- Future earn-out liabilities reduced as a result of lower earnings.
- Balance of $1 millon to be extinguished by November 2013.

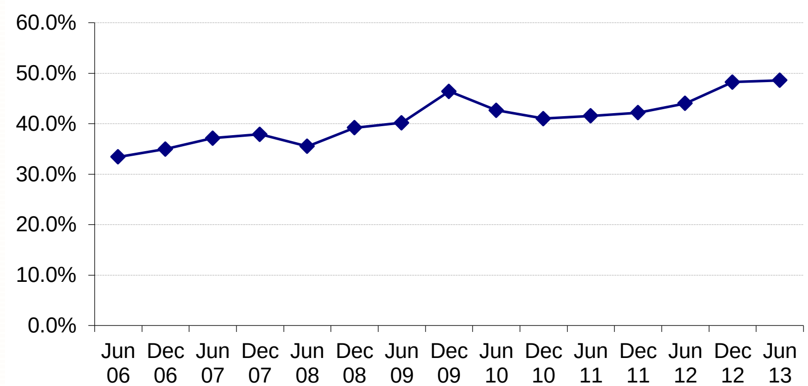
Key operating indicators

- Challenging market conditions worsened throughout year.
- Indicators negatively impacted by lower NDR.

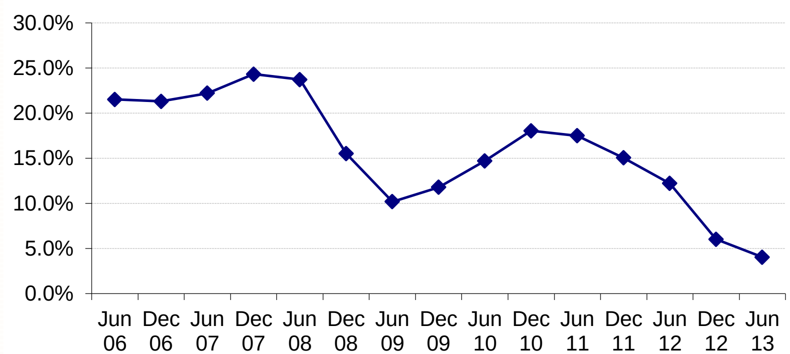
Consultant costs to NDR



Other costs to NDR



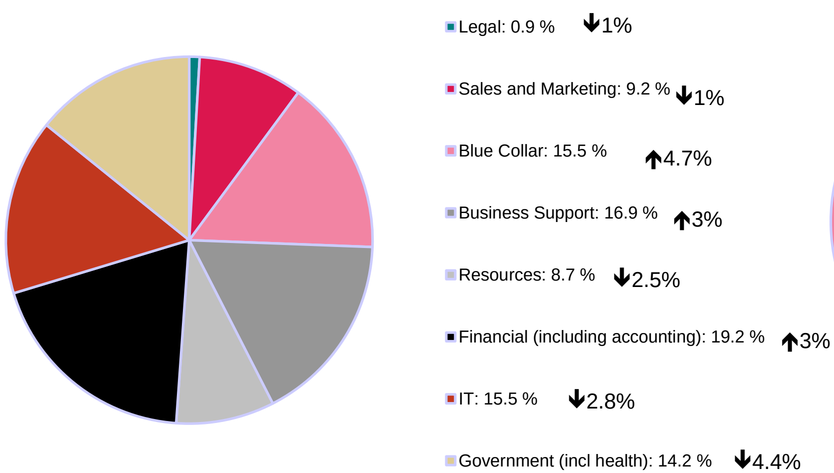
Underlying EBITDA to NDR



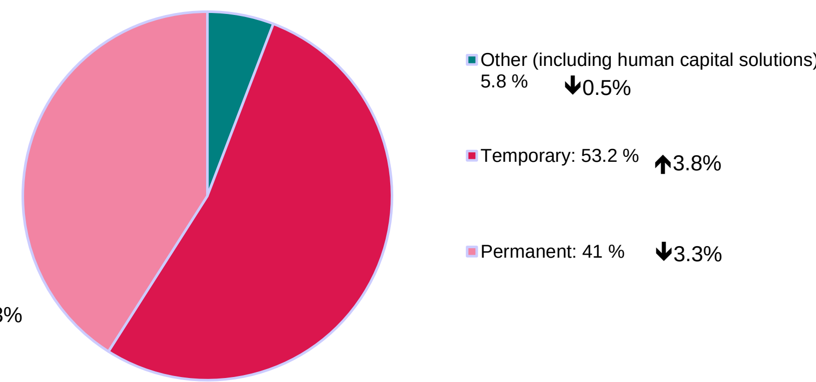
Business profile

- Rubicor's specialist group of businesses have diversity across industry sectors, geography and placement solutions.
- Improvement experienced in Blue Collar, Business Support and Financial sectors and Temporary placements.
- Reduction seen across Resources, IT, Legal and Government.

Industry*



Service*

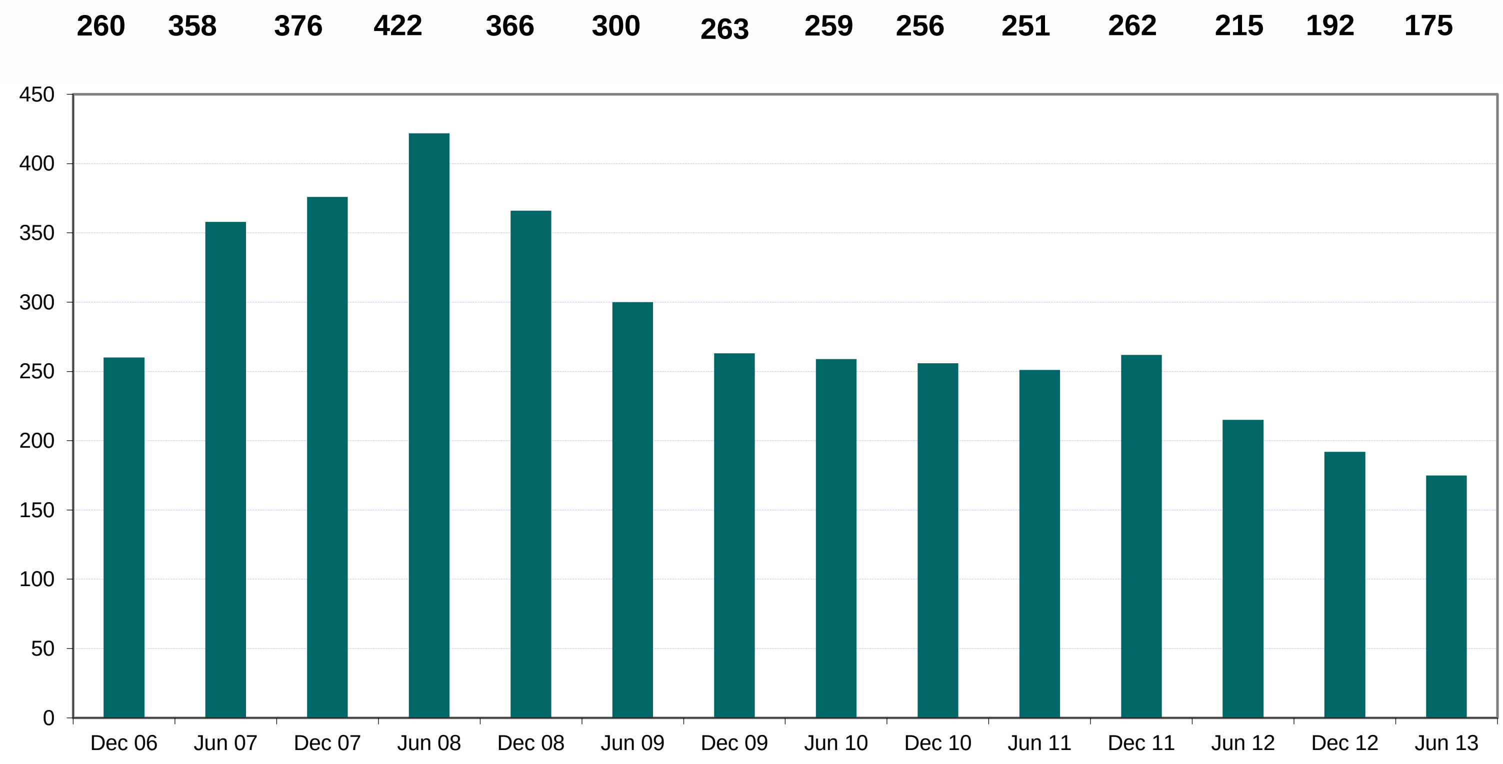


* Allocation of NDR by Industry and Service type

Consultants

- Consultant numbers reduced across the Group, aligned to existing market conditions.
- Consultant productivity increased in H2, impact neutralised due to headcount decline.

Total consultant numbers



Underlying performance

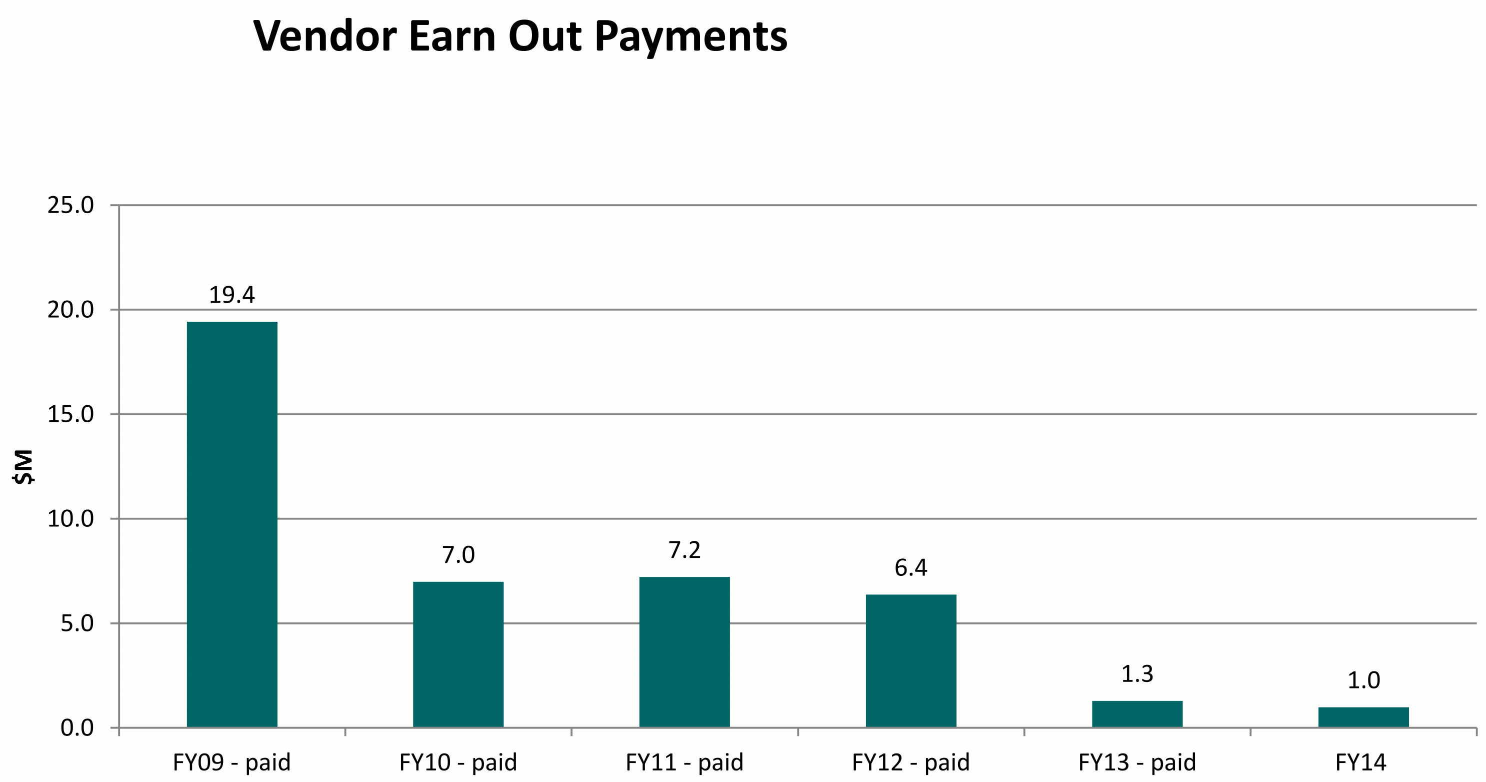
12 months ended 30 June	2013 $M	2012 $M	Change %
Revenue	**237.7**	**290.5**	**-18.2%**
NDR (Gross margin)	39.7	55.7	-28.7%
Statutory EBITDA	**-2.2**	**6.8**	
Restructuring expenses	3.5	0.0	
Unrealised forex losses	0.3	0.0	
Underlying EBITDA	**1.6**	**6.8**	**-76.8%**
Depreciation	-0.8	-0.7	
EBIT	**0.8**	**6.1**	**-87.4%**
Finance costs – amortisation	-0.5	-0.7	
Finance costs – interest/charges	-4.4	-5.8	
Rounding	-0.1	0.0	
Profit Before Tax	**-4.2**	**-0.4**	
Tax	1.3	0.1	
Cash interest on vendor liabilities	0.0	-0.1	
NPAT	**-2.9**	**-0.4**	
NPAT attributable to equity holders	**-3.4**	**-0.8**	
EPS (cents)	**-3.1**	**-0.8**	

Financial position

	Pro Forma FY13 $M	30 Jun 13 $M	30 Jun 12 $M	Change %
Cash	3.8	0.8	1.4	-43%
Term deposit (cash backing – rental guarantees)	1.9	0.0	0.0	
Receivables	26.5	26.5	35.2	-25%
Goodwill	0.0	0.0	14.6	
Identifiable intangibles	0.2	0.2	1.3	-83%
Other assets	2.8	2.8	3.4	-18%
Deferred tax asset	3.6	3.6	2.9	23%
Rounding	-0.1	-0.1	-0.1	
Total Assets	**38.7**	**33.8**	**58.7**	**-42%**
Current Liabilities				
Trade payables	19.4	22.7	22.4	1%
Deferred vendor consideration	1.0	1.0	1.9	-49%
Borrowings	0.5	87.6	88.7	-1%
New debt facility	9.1	0.0	0.0	
Other liabilities	2.3	4.7	4.2	11%
Tax payable	0.3	0.3	0.2	28%
Non Current Liabilities				
Deferred vendor consideration	0.0	0.0	0.6	
Other liabilities	1.5	1.5	1.0	50%
Rounding	-0.1	-0.1	-0.1	
Total Liabilities	**34.0**	**117.7**	**118.9**	**-1%**
Net Assets	**4.7**	**(83.9)**	**(60.2)**	**-39%**
Net Asset backing (cents)	**(4.3)**	**(76.5)**	**(54.9)**	**-39%**

Vendor payment profile

- Balance of vendor payments - $1million - to be extinguished by November 2013.



Strategic initiatives- FY14

Unlock Value at Brand Level

- Enhance brand specialisation and value proposition across the Group.
- Increase brand alignment across industry sectors and vertical markets
- Build on collaborative approach to service delivery to drive:
  - Leverage talent pools across networks
  - Expanded service offering for clients
  - Increased job opportunities for candidates
  - Improved outcomes and long term relationships with our clients and candidates.
- Increase consultant headcount to fill identified gaps and capture growth opportunities.
- Broaden existing offering across Asia with continued investment in Singapore and opening second office in Asia.
- Enhanced commercialisation of Managed Service (RPO) Offering.

Strategic initiatives- FY14 (cont.)

Unlock Value at Group Level

- Identify and action cost saving opportunities across Group
  - Align costs to economic conditions.
  - Further rental co-locations efficiencies identified.
  - Closure of non-performing brands in markets with limited growth potential.
- Implement enterprise level database platform and back office system:
  - Increased revenue through maximising collaboration and cross selling potential.
  - Maximise shared services platform.
- Maximise exposure for clients and candidates throughout our network of specialist brands.

Outlook

- Economic conditions continue to negatively impact business confidence and sentiment and as a result, expect challenging conditions and soft demand to persist throughout 2014.
- Restructured balance sheet will allow further expansion; seek opportunities in growth markets and fulfil future growth potential of Rubicor.
- Robust platform to implement strategic initiatives.

Appendices

Statutory performance

12 months ended 30 June	2013 $M	2012 $M	Change %
Revenue	**237.7**	**290.5**	**-18.2%**
NDR (Gross margin)	**39.7**	**55.7**	**-28.7%**
EBITDA	**-2.2**	**6.8**	
Depreciation	-0.8	-0.7	
Amortisation	-0.1	-2.5	
Rounding	-0.1	0.0	
EBIT	**-3.2**	**3.6**	
Notional interest on vendor liabilities	-0.2	-0.5	
Finance costs – amortisation	-0.5	-0.7	
Finance costs – interest/charges	-4.4	-5.8	
Impairment charge	-15.7	-53.4	
Rounding	0.0	-0.1	
Loss Before Tax	**-24.0**	**-56.9**	**58.3%**
Tax	0.0	-4.2	
Rounding	-0.1	0.0	
NPAT	**-23.9**	**-61.1**	**61.1%**
NPAT attributable to equity holders	**-24.4**	**-61.6**	**60.6%**
EPS (cents)	**-22.3**	**-56.2**	

Reconciliation: statutory to underlying

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

12 months ended 30 June	2013 $M	2012 $M
Statutory NPAT – Equity holders	**-24.4**	**-61.6**
Restructuring expense	3.5	0.0
Unrealised forex loss	0.3	0.0
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	0.1	2.5
Notional interest on vendor liabilities	0.2	0.5
Impairment charge	15.7	53.4
Deduct: Cash interest on vendor liabilities	0.0	-0.1
Tax effect	1.3	4.3
Rounding	-0.1	0.2
Underlying NPAT – Equity holders	**-3.4**	**-0.8**

Overview of Rubicor's non-IFRS financial information

What is non-IFRS financial information?

▪IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.

▪Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example:

- Profit information calculated on a basis other than under accounting standard definitions or calculated in accordance with accounting standards and then adjusted, e.g. "normalised", "underlying" or "cash basis";
- Profits that exclude certain transactions, e.g. exclude "one-off" or "non-recurring" items; and
- Pro forma financial information

Wh*at non-IFRS financial information does Rubicor disclose in its half year and full year results presentations?*

▪In Rubicor's investor presentations, we aim to provide equal or greater prominence to IFRS financial information. However, we also present or refer to non-IFRS financial information.

▪Non-IFRS financial information is calculated based on underlying IFRS financial information and adjusted to show either a position excluding certain items which have been removed OR included to reflect Rubicor's underlying financial performance.

▪Rubicor provides reconciliations on the face of the slides, appendices and in the footnotes of the presentation in order allow the reader of the presentations to clearly reconcile between the IFRS and non-IFRS financial information.

Why does Rubicor disclose non-financial information in its half year and full year results presentations?

▪Rubicor management believes that the presentation of additional non-IFRS information in its half year and full year results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or overall performance of Rubicor.

▪The Australian Securities and Investments Commission ("ASIC") acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.