Rubicor
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ASX Announcement 28 February, 2013

Rubicor: Half year results to 31 December 2012

Financial Highlights Six months ended 31 December		**2012**	**2011**	**Change**
Total Revenue		$126.5m	$149.6m	-15.4%
NDR (Gross Margin)		$21.6m	$30.6m	-29.4%
EBITDA	Statutory [1]	$0.1m	$4.6m	-97.8%
	Underlying [2]	$1.3m	$4.6m	-71.3%
NPAT attributable to equity holders				
	Statutory [3]	($12.2m)	($20.2m)	+39.4
	Underlying [4]	($1.4m)	$0.0m	
Statutory EPS before interest and tax [3]		(11.2 cps)	(18.4 cps)	
Underlying EPS before interest and tax [4]		(1.3 cps)	0.0 cps	
Operating cash flow before interest and tax		$2.2m	$6.1m	-63.9%
Operating cash flow		($0.3m)	$2.3m	

Rubicor Group Limited (ASX:RUB) today announced a statutory net loss after tax attributable to equity holders of $12.2 million, as compared to a net loss of $20.2 million in the previous corresponding period, following a $9.3 million charge for the impairment of assets. On an underlying basis, there was a net loss after tax of $1.4 million ($0.0 million in previous corresponding period).

Mr Kevin Levine, CEO of Rubicor, commented, “Our industry has continued to experience challenging conditions, particularly in the second quarter, with the recruitment markets declining in each of our geographic locations (Australia, New Zealand and Singapore) due to the on-going global macro-economic climate.

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1 After restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments).

2 Before restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments).

3 After $9.3m asset impairment (HY12:$19.5m) reflecting impact of challenging conditions and uncertainty over timing of recovery on certain Rubicor businesses. After restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments.)

4Before $9.3m asset impairment (HY12:$19.5m), restructuring costs of $1.2m ($0.7m onerous lease provision, $0.5m redundancy payments), $0.1m amortisation of intangibles (HY12:$0.8m) and $0.1m notional interest on deferred payments for business acquisitions (HY12:$0.4m) under AIFRS.

"The focus of the business during the last half was to align headcount and reduce costs commensurate to the difficult market conditions, positioning the Group to drive productivity and operational efficiencies."

Business Performance

As a result of challenging market conditions, total revenue declined to $126.5 million, down 15.4 per cent on the prior corresponding period. This decline also impacted Gross Margin, or Net Disposable Revenue (NDR), which declined by 29.4 per cent from the same period last year, to $21.6 million. Both contract and temporary recruitment experienced declines when compared to the prior corresponding period.

Underlying EBITDA of $1.3 million was recorded, while Statutory EBITDA of $0.1 million was adversely affected by restructuring charges of $1.2 million, comprising $0.7 million provision for onerous lease payments and $0.5 million in redundancy charges.

Capital Management and Debt Refinancing

In December 2012, the Company announced an agreement with its bank on a framework to restructure its debt along with an associated recapitalisation. Whilst the framework has been agreed and negotiations are progressing, there is no certainty as to the form and terms of any definitive transaction as there is no certainty that any such transaction will complete.

Operating cash flow before interest and tax continues to be positive with $2.2 million achieved for the half year. During the year vendor earn-out payments of $1.3 million were made. Total vendor earn-out payments remaining are estimated at $1.6 million, and Rubicor continues to expect these to be extinguished by November 2013.

Asset Impairment

Rubicor has undertaken a review of the carrying value of assets at balance date. In light of continuing challenging trading conditions and uncertainty over the timing of a recovery, an impairment charge of $9.3 million has been recorded.

Strategic Initiatives

Management has undertaken a restructure to align specialist brands, where appropriate, in line with industry sectors and vertical markets. This has enabled a streamlined management structure that is expected to deliver improved performance and a reduction in costs across the business.

The restructure facilitates a more collaborative approach to service delivery that allows for the leveraging of talent and relationships across the company's brands. This approach widens our ability to service the market and increases recruitment opportunities, while maximising exposure for clients and candidates throughout our network of specialist brands.

Mr Levine said, "The streamlined structure is designed to unlock the value that exists across our brands by driving growth, productivity and revenue for the Group. It will also provide greater outcomes for our clients and talent community, thereby ensuring the establishment of more long-term relationships."

Outlook

Commenting on the near term outlook, Mr Levine said, "We anticipate the difficult market conditions will persist, especially while the macro-economic concerns prevail and business confidence remains low. Despite the sluggish outlook, we have implemented a more operationally efficient structure for our organisation which is expected to deliver cost savings and increased productivity."

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About Rubicor

Established in 2005, Rubicor has 22 operating companies offering search, selection, bulk recruitment, professional and support level contracting services and organizational development.

Each operating company possesses distinct competitive advantages including a strong business culture; integrity and specialist industry focus. The businesses are directed and staffed by industry professionals with extensive experience in their field.

For more information please visit www.rubicor.com.au.