Rubicor
CONNECTED PEOPLE

2015 Annual General Meeting

CAPITAL RAISING

Mr David Hutchison, Executive Chairman and CEO

When I arrived in June this year we took some time to form a view of the performance of the Company and subsequently how we can improve it. We wanted this view of be built on fact based analysis rather than just speculating on what the issues may have been.

So, the first thing we did was to initiate an in-depth management and strategic review of the business. We dug down and pulled up everything we could to give us the clearest and most comprehensive picture of where Rubicor is at. So it's from the findings of this review that we have been able to map out strategies like you've seen today in the video and diagnose problems moving forward.

What's also been made very clear from these findings is that, in order to facilitate these changes and overcome some of these problems, we need to raise some capital.

Now, as you may have noticed, we announced this capital raise to the market this morning. We worked very hard to make the announcement before the AGM so that it gave shareholders the opportunity to ask any questions here today.

So, what's on screen now is available on the ASX and Rubicor websites. So I won't go through it in full detail. But I will touch on a couple of points throughout.

The first sections really just touch on the context of the review, which we've discussed elsewhere today. The presentation also mentions a couple of financial issues that we didn't included in the video but are crucial for us moving forward. One of these is the Legacy Tax liability that we need to deal with.

So the details of the capital raise are as follows: Rubicor will offer a non-renounceable, pro-rata offer to eligible shareholders of 127,222,217 new shares at an issue prices of 4 cents per NEW SHARE on the basis of one new share for every one existing share held. This is in order to raise approximately $5.1 million before costs.

On the slide above, we've given a basic outline of the use of funds. As we can see, the 5.1M is broken down into a number of line items:

	Amount
Working Capital Replenishment	$2.7m
ATO debt repayment	$1.0m
IT Capex	$0.5m
Restructuring Costs	$0.7m
Transaction Costs	$0.2m
	$5.1m

Category	Amount	Description
Working Capital Replenishment	$2.7m	• Due to slow debtor collection, additional working capital funding is needed, as it is unavailable under the terms of the Debtor facility • Strategic review of billing warranted more rigour • A change in billing and collection processes warrants a short term funding of operating cashflow • Ongoing commitments for discontinued operations (unutilised leases etc)
ATO	$1.0m	• Group has $6.0m under repayment arrangements with ATO (CRL, GEL & Xpand) • At time of initial forecast, a further $2.2m of deferred repayments were being negotiated with ATO • This has been reduced to $1.2m • Required $1.0m payment from Operating Cashflow to the ATO to repay tax excluded from the repayment arrangement

Category	Amount	Description
IT Capex	$0.5m	• The Board strongly support the completion of the Management Information and Accounting System • Accordingly, funds have been allowed for completion and integration of complete system
Restructuring	$0.7m	• Significant restructuring and redundancies have been made since the time of the initial forecast which have resulted in higher payouts of employee entitlements
Transaction Costs	$0.2m	• Rights Issue and Corporate Costs