Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

General Purpose Financial Statements

For the Half-Year Ended 31 December 2013

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Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Director's Report

For the half-year ended 31 December 2013

Your directors present their report on the Company and its controlled entities for the half-year ended 31 December 2013.

1) General Information
(a) Directors

The names of the directors in office at any time during, or since the end of, the half-year are:

Names
John Pettigrew
Russel Pillemer
Steven Hatch (appointed 3 September 2013)
Robert Aitken (retired 3 September 2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Business Review
(a) Review of operations

The Directors report that total revenue for the six months to 31 December 2013 (including gain on debt forgiven of $88.6 million) was $190.3 million (2012: $126.5 million). The Group profit after tax for the period (including gain on debt forgiven of $88.6 million) was $86.2 million (2012: $12.0 million loss after intangibles and goodwill impairment charge of $9.3 million). These results have been reviewed by our auditors.

(b) Dividends
No interim dividend has been paid in the current half-year period (2012: nil).

No dividends were paid on redeemable preference shares in the current half-year period (2012: $0.01 million).

3. Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 4.

4. Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the corporations Act 2001:

On behalf of the Directors

Director	Director
John Pettigrew	Russel Pillemer

Dated this 26th day of February 2014.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Rubicor Group Limited
Level 11, 1 Alfred Street
SYDNEY NSW 2000

26 February 2014

Dear Board Members

Rubicor Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Rubicor Group Limited.

As lead audit partner for review of the financial statements of Rubicor Group Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the members of Rubicor Group Limited

We have reviewed the accompanying half-year financial report of Rubicor Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rubicor Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Rubicor Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rubicor Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 26 February 2014

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Director's Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

John Pettigrew
Director

Russel Pillemer
Director

Sydney

Dated the 26th day of February 2014

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2013

	Notes	Half-year ended 31 Dec 13 $000	Half-year ended 31 Dec 12 $000
Revenue		**100,060**	125,713
Other income		**1,631**	769
Gain on debt forgiven	2	**88,608**	-
On hired labour costs		**(83,197)**	(104,927)
Employee benefits expense		**(11,706)**	(13,210)
Rental expense on operating leases		**(1,526)**	(2,154)
Restructuring expense	3	**(204)**	(1,223)
Other expenses	3	**(4,546)**	(4,882)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**89,120**	86
Depreciation of property, plant and equipment	3	**(307)**	(299)
Amortisation of intangible assets		**(52)**	(78)
Finance costs	3	**(733)**	(2,476)
Impairment losses relating to non-current assets	3	**(3)**	(9,252)
Profit/(loss) before income tax benefit		**88,025**	(12,019)
Income tax (expense)/benefit	4	**(1,796)**	48
Profit/(loss) for the period		**86,229**	(11,971)
Other comprehensive income			
Items that maybe reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**57**	74
Other comprehensive income for the period, net of tax		**57**	74
Total comprehensive profit/(loss) for the period		**86,286**	(11,897)
Profit/(loss) for the period attributable to:			
Owners of the parent		**86,027**	(12,214)
Non-controlling interests		**202**	243
		86,229	(11,971)
Total comprehensive profit/(loss) for the period attributable to:			
Owners of the parent		**86,084**	(12,140)
Non-controlling interests		**202**	243
		86,286	(11,897)
Basic profit/(loss) per share (cents)		**78.5**	(11.8)
Diluted profit/(loss) per share (cents)		**78.5**	(11.8)

Notes to the condensed consolidated financial statements are set out on pages 12-20.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Condensed Consolidated Statement of Financial Position

as at 31 December 2013

	Notes	31 Dec 13 $000	30 Jun 13 $000
Assets			
Current assets			
Cash and cash equivalents		**727**	791
Trade and other receivables		**23,147**	26,455
Other assets		**997**	798
Total current assets		**24,871**	28,044
Non-current assets			
Trade and other receivables		**111**	107
Property, plant and equipment		**1,878**	1,765
Deferred tax assets		**2,113**	3,562
Intangible assets	7	**285**	220
Other assets	8(a)	**1,975**	132
Total non-current assets		**6,362**	5,786
Total Assets		**31,233**	33,830
Liabilities			
Current liabilities			
Trade and other payables		**16,105**	22,665
Borrowings	8	**9,639**	88,595
Current tax payable		**311**	254
Provisions		**1,880**	2,280
Other liabilities	9	**-**	2,423
Total current liabilities		**27,935**	116,217
Non-current liabilities			
Borrowings	8	**-**	10
Provisions		**1,405**	1,503
Total non-current liabilities		**1,405**	1,513
Total Liabilities		**29,340**	117,730
Net Assets/(Liabilities)		**1,893**	(83,900)
Equity/(deficiency)			
Share capital		**64,605**	64,605
Reserves		**386**	329
Accumulated losses		**(63,376)**	(149,403)
		1,615	(84,469)
Equity attributable to owners of the parent		**1,615**	(84,469)
Non-controlling interests		**278**	569
Total equity/(deficiency)		**1,893**	(83,900)

Notes to the condensed consolidated financial statements are set out on pages 12-20.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2013

2013

	Equity-settled employee benefit reserve $000	Foreign currency translation reserve $000	Share capital $000	Accumulated losses $000	Attributable to owners of the parent $000	Non-controlling interests $000	Total $000
Balance at 1 Jul 2013	197	132	64,605	(149,403)	(84,469)	569	(83,900)
Profit for the period	-	-	-	86,027	86,027	202	86,229
Other comprehensive income for the period	-	57	-	-	57	-	57
Total comprehensive income for the period	-	57	-	86,027	86,084	202	86,286
Dividend paid to non-controlling interests	-	-	-	-	-	(493)	(493)
Balance at 31 Dec 2013	197	189	64,605	(63,376)	1,615	278	1,893

2012

	Equity-settled employee benefit reserve $000	Foreign currency translation reserve $000	Share capital $000	Accumulated losses $000	Attributable to owners of the parent $000	Non-controlling interests $000	Total $000
Balance at 1 Jul 2012	183	(537)	64,605	(124,969)	(60,718)	502	(60,216)
(Loss)/profit for the period	-	-	-	(12,214)	(12,214)	243	(11,971)
Other comprehensive income for the period	-	74	-	-	74	-	74
Total comprehensive income/(loss) for the period	-	74	-	(12,214)	(12,140)	243	(11,897)
Dividend paid to non-controlling interests	-	-	-	-	-	(427)	(427)
Share-based payments	7	-	-	-	7	-	7
Balance at 31 Dec 2012	190	(463)	64,605	(137,183)	(72,851)	318	(72,533)

Notes to the condensed consolidated financial statements are set out on pages 12-20.

Rubicor Group Limited and Controlled Entities

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Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2013

	Notes	Half-year ended 31 Dec 13 $000 Inflows/(Outflows)	Half-year ended 31 Dec 12 $000 Inflows/(Outflows)
Cash from operating activities:			
Receipts from customers (inclusive of GST)		114,833	145,126
Payments to suppliers and employees (inclusive of GST)		(118,970)	(143,015)
		(4,137)	2,111
Finance costs paid		(667)	(2,291)
Interest received		26	82
Income taxes paid		(290)	(250)
Net cash outflow from operating activities		(5,068)	(348)
Cash flows from investing activities:			
Payment for property, plant and equipment		(276)	(355)
Payment for intangibles		(119)	-
Payment for controlled entities acquired (net of cash acquired) - relating to prior years		(43)	(1,284)
Dividends paid to vendors - redeemable preference shares		-	(8)
Payment for cash backed guarantees and rental bonds		(1,842)	-
Net cash outflow from investing activities		(2,280)	(1,647)
Cash flows from financing activities:			
Proceeds from third party borrowings		8,757	-
Repayment of third party borrowings		(7,000)	(1,302)
Dividend paid to non-controlling interests		(493)	(427)
Net cash inflow/(outflow) from financing activities		1,264	(1,729)
Net cash decrease in cash and cash equivalents		(6,084)	(3,724)
Cash and cash equivalents at beginning of period		(3,174)	(1,368)
Bank overdraft debt forgiven		9,985	-
Cash and cash equivalents at end of period		727	(5,092)

Notes to the condensed consolidated financial statements are set out on pages 12-20.

1. Accounting policies

(a) General information

The half-year financial statements cover the Group (consolidated entity) of Rubicor Group Limited and its controlled entities ('consolidated financial statements'). Rubicor Group Limited is a listed public company, incorporated and domiciled in Australia.

(b) Statement of compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial statements do not include notes of the type normally included in annual financial statements and shall be read in conjunction with the most recent annual financial statements.

(c) Basis of preparation

The condensed consolidated financial statements have been prepared on an accruals basis and are based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in preparing the financial statements for the half-year ended 31 December 2013 are consistent with those adopted and disclosed in the Group's annual financial statements for the financial year ended 30 June 2013.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group. The adoption of AASB 10 did not have any impact on the disclosures or on the amounts recognised in the half-year report.

1. Accounting policies (continued)
(c) Basis of preparation (continued)

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. The adoption of AASB 12 did not have any impact on the disclosures or on the amounts recognised in the half-year report.

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 ‘Share-based Payment’, leasing transactions that are within the scope of AASB 117 ‘Leases’, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, and the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 119

In the current year, the Group has applied AASB 119 (as revised in 2011) ‘Employee Benefits’ and the related consequential amendments for the first time. The application of AASB 119 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 127, 2012-5 and 2012-10

The Group has applied the above standards and amendments for the first time in the current year. The adoption of these standards and amendments did not have any impact on the disclosures or on the amounts recognised in the half-year report.

1. Accounting policies (continued)

(d) Going concern

The Directors have prepared the half-year financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013 reflects a consolidated Group loss of $0.6 million (after excluding the gain on debt forgiven of $86.8 million net of tax), and the statement of financial position reflects an excess of current liabilities over current assets of $3.1 million as at 31 December 2013.

The statement of cash flows reflects net cash outflows from operations of $5.1 million, which arose predominantly from paying down the back log of payables owing at 30 June 2013.

The Directors have prepared a cash flow forecast for the period through to 28 February 2015. The forecast indicates that the Group will be able to operate within the limits of its debtor finance facility, and will be able to pay its debts as and when they become due and payable and therefore continue as a going concern.

As a result, the Directors consider it appropriate that the half-year financial report be prepared on the going concern basis.

2. Gain on debt forgiven

	Consolidated	
	Half-year ended 31 Dec 13 $000	Half-year ended 31 Dec 12 $000
Gain on debt forgiven	88,608	-
Total	88,608	-

In July 2013 the Company restructured its debt facilities. As a result, all debt obligations in respect of the Loan facilities (Term and Subordinated facility) and Bank Overdraft facility, which in aggregate amounted to $95.6 million at settlement, have been extinguished in full, in exchange for $7.0 million. This has resulted in a gain of $88.6 million. Refer Note 8(a).

3. Expenses

(a) Other expenses

	Consolidated Half-year ended 31 Dec 13 $000	Consolidated Half-year ended 31 Dec 12 $000
Advertising and marketing	304	515
Administration	3,733	3,731
Payroll tax costs	509	636
Total	4,546	4,882

(b) Loss before income tax includes the following specific expenses:

	Half-year ended 31 Dec 13 $000	Half-year ended 31 Dec 12 $000
Finance costs:		
Interest expense on Vendor earn-out liability (refer Note 8)	51	106
Amortisation of borrowing costs	207	196
Interest and finance charges on third party borrowings	320	2,174
Interest charges on Australian Taxation Office payment plan [1]	155	-
Total	733	2,476

[1] A payment plan with the Australian Taxation Office was established prior to the restructure of debt facilities (refer Note 8(a)). The amount subject to the payment plan was paid in full by 31 December 2013.

	Half-year ended 31 Dec 13 $000	Half-year ended 31 Dec 12 $000
Defined contribution superannuation expense:		
On hired labour costs	5,216	6,435
Employee benefits expense	841	947
Total	6,057	7,382
Depreciation of property, plant and equipment	307	299
Share based payment expense	1	7
Restructuring expense:		
Onerous lease expense	93	771
Staff redundancy	111	452
	204	1,223
Other significant expenses:		
Impairment of non-current assets:		
Goodwill	-	8,748
Brands	-	425
Computer software	-	77
Property, plant and equipment	3	2
	3	9,252

4. Income tax expense/(benefit)

(a) Components of tax expense/(benefit)

	Consolidated Half-year ended 31 Dec 13 $000	Consolidated Half-year ended 31 Dec 12 $000
Current tax expense	**347**	197
Deferred tax assets written down due to debt forgiven	**761**	-
Deferred tax liabilities brought to account due to debt forgiven	**995**	-
Deferred tax income relating to the origination and reversal of temporary differences	**(307)**	(245)
Income tax expense/(benefit)	**1,796**	(48)

(b)

	Consolidated Half-year ended 31 Dec 13 $000	Consolidated Half-year ended 31 Dec 12 $000
Profit/(loss) before tax	**88,025**	(12,019)
Prima facie tax on profit/(loss) from ordinary activities before income tax at 30% (2012: 30%)	**26,408**	(3,606)
Add:		
Tax effect of:		
- impairment loss on non-current assets that are not deductible	**-**	2,776
- non-deductible interest	**15**	177
- share option expense	**-**	2
- other non-allowable items	**109**	218
- difference in overseas tax rates	**18**	(10)
- effect of tax losses not brought to account	**72**	509
- other allowable items	-	(114)
- non-assessable gain on debt forgiven	**(26,582)**	-
- effect of deferred tax assets written down due to debt forgiven	**761**	-
- effect of deferred tax liabilities brought to account due to debt forgiven	**995**	-
Income tax expense/(benefit)	**1,796**	(48)

5. Segment information

Business segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Our internal reporting system produces reports in which business activities are presented in a variety of ways. Based on these reports, the Executive Board, which is responsible for assessing the performance of various company components and making resource allocation decisions as our Chief Operating Decision Maker (CODM), evaluates business activities in a number of different ways. The Group's reportable segments under AASB 8 are as follows:

- Australia;
- New Zealand;
- Other.

The Australian and New Zealand reportable segments supply recruitment services to the Australian and New Zealand geographical regions respectively.

'Other' is the aggregation of the Group's other operating segments that are not separately reportable. Included in 'Other' are operating segments for the Group's activities in supplying recruitment services in Singapore and the United Kingdom.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reporting operating segment for the half-year period under review:

	Australia		New Zealand		Other		Unallocated		Economic entity	
	2013 $000	2012 $000	2013 $000	2012 $000	2013 $000	2012 $000	2013 $000	2012 $000	2013 $000	2012 $000
(a) Revenue	**94,989**	118,472	**6,341**	7,467	**361**	543	**88,608**	-	**190,299**	126,482
Total segment revenue:	**94,989**	118,472	**6,341**	7,467	**361**	543	**88,608**	-	**190,299**	126,482
(b) Result										
Segment result before depreciation and amortisation	**2,647**	3,312	**365**	622	**(380)**	1	**88,608**	-	**91,240**	3,935
Depreciation	**(281)**	(254)	**(23)**	(29)	**(3)**	(16)	**-**	-	**(307)**	(299)
Segment result after depreciation and before amortisation	**2,366**	3,058	**342**	593	**(383)**	(15)	**88,608**	-	**90,933**	3,636
Amortisation									**(52)**	(78)
Central administration costs and directors' salaries									**(1,942)**	(2,708)
Restructuring expense									**(204)**	(1,223)
Interest revenue									**26**	82
Finance costs									**(682)**	(2,370)
Interest on vendor earn out liabilities									**(51)**	(106)
Impairment of non-current assets									**(3)**	(9,252)
Profit/(loss) before tax									**88,025**	(12,019)
Income tax (expense)/benefit									**(1,796)**	48
Profit/(loss) after tax									**86,229**	(11,971)

5. Segment information (continued)

(c) Segment assets and liabilities

Segment assets and liabilities have not been disclosed on the basis that this information is not reported to the chief operating decision maker.

6. Events after the balance date

There are no subsequent events after balance date that require adjustments to, or disclosure in, these financial statements.

7. Intangible assets

	Consolidated	
	31 Dec 13 $000	30 Jun 13 $000
Computer Software		
Cost	**5,248**	5,171
Accumulated amortisation and impairment	**(4,963)**	(4,951)
Net carrying value	**285**	220

8. Borrowings

	Consolidated	
	31 Dec 13 $000	30 Jun 13 $000
Current		
Unsecured liabilities		
Vendor earn-out liability (b)	**839**	955
Other	**28**	471
	867	1,426
Secured liabilities		
Bank overdraft (c)	**-**	3,965
Subordinated facility (d)	**-**	33,000
Term facility (net of borrowing costs) (e)	**-**	50,200
Debtor finance facility (net of borrowing costs) (f)	**8,772**	-
Finance lease obligation (g)	**-**	4
	8,772	87,169
	9,639	88,595
Non-Current		
Secured liabilities		
Finance lease obligation (g)	**-**	10
	-	10

(a) Restructure of debt facilities

In July 2013 the Company restructured its debt facilities. As a result, all debt obligations in respect of the Loan facilities (Term and Subordinated facility) and Bank Overdraft facility, which in aggregate amounted to $95.6 million at settlement, have been extinguished in full, in exchange for $7.0 million. This has resulted in a gain of $88.6 million. The Company secured new funding in the form of a debtor finance facility with an initial limit of $15 million (refer Note 8(f)).

Other facilities (rental guarantees) in the amount of $1.6 million remain in place in the short term, and have been cash backed by funds (disclosed in other non-current assets) drawn from the debtor finance facility.

8. Borrowings (continued)

(b) Vendor earn-out liability

The Vendor earn-out liability comprises the fair value of 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, 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 share consideration payments. The cash flows have been discounted at rates between 11.4% and 12.5% representing the assessed risk-adjusted rate of return for the acquired businesses at their acquisition dates.

(c) Bank overdraft facility

This facility was extinguished in July 2013. Refer Note 8(a) (30 June 2013: $10.0 million cash overdraft facility to assist with ongoing working capital requirements).

(d) Subordinated facility

The subordinated facility was extinguished in July 2013. Refer Note 8(a).

(e) Term facility (net of borrowing costs)

The term facility was extinguished in July 2013. Refer Note 8(a).

(f) Debtor finance facility (net of borrowing costs)

The facility was established in July 2013 and has an initial limit of $15 million. The facility provides funding based on approved receivables and the limit adjusts in line with the value of the approved receivables. This facility has a three year term with no annual review, no financial covenants and no facility amortisation repayments. Funding provided under this facility is however dependent upon the purchased receivables remaining approved until they are collected.

At 31 December 2013, this facility attracted interest at a margin over bank reference rates.

(g) Assets pledged as security in respect of secured liabilities

Existing facilities

The finance lease obligation was extinguished in July 2013. (30 June 2013: secured against the underlying finance lease assets with net book value of $0.010 million).

The debtor finance facility is secured by general security deed over all present and after acquired property of the parent and subsidiaries together with cross guarantees over all entities within the group including the parent entity.

9. Other liabilities

This represents extension fees incurred in respect of extending the debt facilities in August 2010. The extension fees were included in the debt facilities restructure and extinguished in July 2013 (refer Note 8(a)).

10. Contingent liabilities

The Group has provided bank guarantees amounting to $1.6 million (30 June 2013: $2.3 million) in respect of leasehold agreements. These bank guarantees are fully cash backed by funds drawn from the debtor finance facility (refer Note 8(a)) and are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.

11. Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Company details

The registered office and principal place of business of the Company is:

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Sydney NSW 2000