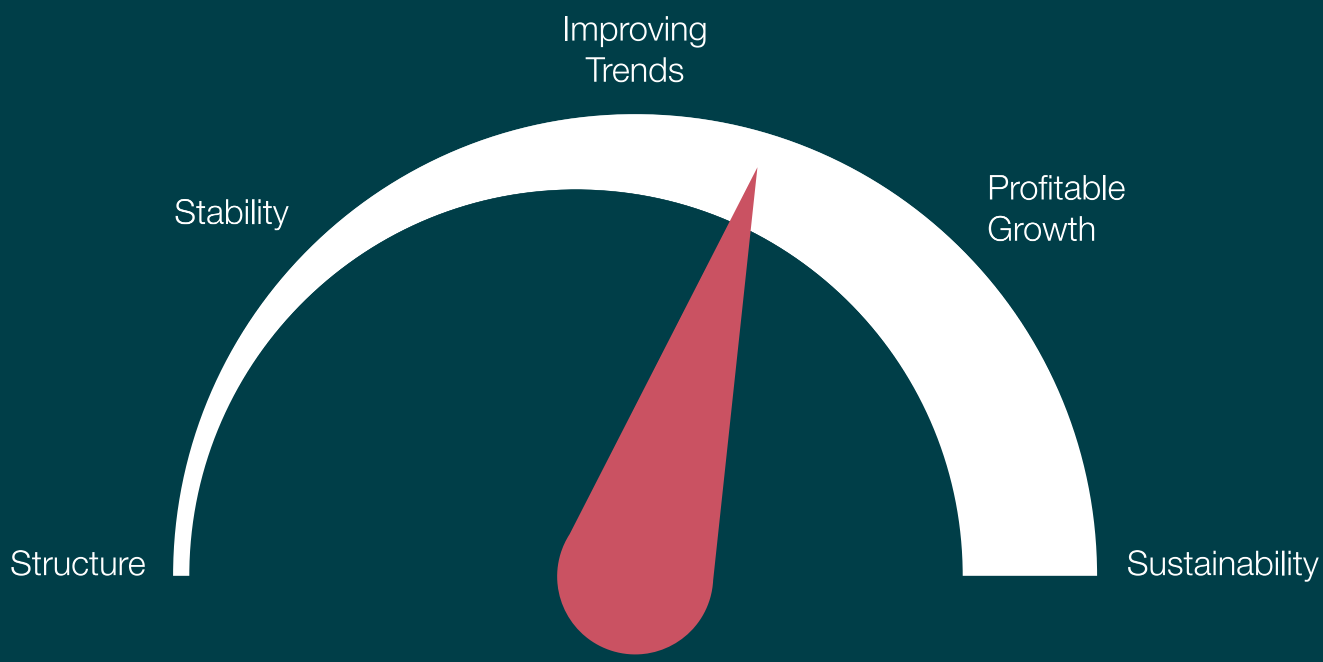
Foundations for the future



Rubicor
CONNECTED PEOPLE

Annual Report 2014

Rubicor Group
Annual Report 2014

Rubicor
CONNECTED PEOPLE

Financial Summary

Financial Highlights	30 June 2014	30 June 2013	%Change
Total Revenue	**$198.0m**	$237.7m	(16.7%)
Gain on debt forgiveness	**$88.6m**	$0.0m	
NDR Statutory[1]	**$125.9m**	$39.7m	
NDR Underlying[2]	**$37.1m**	$39.7m	(6.5%)
EBITDA Statutory [1,3]	**$89.2m**	($2.2m)	
EBITDA Underlying [2,4]	**$1.3m**	$1.6m	(18.8%)
NPAT attributable to equity holders Statutory [1,3]	**$84.4m**	($24.4m)	
NPAT attributable to equity holders Underlying [2,4,5]	**($1.0m)**	($3.4m)	70.6%
EPS before interest and tax Statutory (cents) [1,3]	**77.0**	(22.3)	
EPS before interest and tax Underlying (cents) [2,4,5]	**(0.9)**	(3.1)	70.6%

1 Includes gain on debt forgiveness of $88.6m (FY13: $Nil) and abnormal revenue of $0.2m (FY13: $Nil).

2 Excludes gain on debt forgiveness of $88.6m (FY13: $Nil) and abnormal revenue of $0.2m (FY13: $Nil).

3 Includes restructuring costs of $0.9m - $0.6m onerous lease provision, $0.2m redundancy payments and $0.1m other restructuring expenses (FY13: $3.8m - $1.6m onerous lease provision, $0.6m redundancy payments, $0.9m transaction costs, $0.3m other restructuring expenses and $0.3m foreign exchange losses).

4 Excludes restructuring costs of $0.9m - $0.6m onerous lease provision, $0.2m redundancy payments and $0.1m other restructuring expenses (FY13: $3.8m - $1.6m onerous lease provision, $0.6m redundancy payments, $0.9m transaction costs, $0.3m other restructuring expenses and $0.3m foreign exchange losses).

5 Excludes taxation relating to gain on debt forgiveness of $1.8m (FY13: $Nil), notional interest on vendor liabilities of $0.1m (FY13: $0.2m) and asset impairment of $Nil (FY13: $15.7m), net of tax effect.

Chairman's Review

The year in review

The recruitment industry has always been intrinsically linked to the economic cycle, and last year was no exception. Business conditions and underlying business confidence were negatively affected during the year by prevailing political and economic instability and Rubicor was not immune to this.

Entering the new financial year, business and consumer sentiment was buoyed with a cut in interest rates in April and July 2013, alongside the expectation that greater stability would be instilled following the federal election. In line with this optimism, job advertisements rose as the year commenced, unfortunately it was to be short lived. The drawn out election process, an unclear political mandate and further instability following the federal budget were all critical factors that made this a challenging year.

At the start of the financial year Rubicor restructured its debt facilities and finalised its organisational restructure, which positioned the Group to execute its business strategy, continue to grow its footprint and deliver on expectations over the medium term. Despite external conditions mentioned earlier, Rubicor achieved underlying stability and demonstrated improving trends, with gross margin and underlying EBITDA growing sequentially over each of the last three half year periods.

In New Zealand conditions improved during the year in the light of a resilient government and continuing growth post the global economic downturn. Relatively strong government fiscal management and a well-capitalised banking system have provided a solid base for the economy, which was underpinned by the rebuilding of Christchurch. Similarly, Singapore has continued to expand amongst a robust Asian economy and we experienced improved operating performance in the second half as a result of an investment in people in the first half.

As a result of a somewhat patchy year, the Group reported Underlying EBITDA (earnings before interest, tax, depreciation and amortisation) of $1.3m for the full year ended 30 June 2014, in line with previous guidance, as compared to $1.6m in the prior year. Statutory NPAT (net profit after tax) attributable to equity holders was $84.4m, as compared to a net loss of $24.4m in the previous corresponding period (pcp). This result included a gain on debt forgiveness of $88.6m, arising from the restructure of the Group's debt facilities in July 2013. An underlying NPAT loss of $1.0m was reported, which was a 71% or $2.4m improvement on the previous corresponding period.

Chairman's Review
John Pettigrew

Debt reduction and capital management

In July 2013, the Company completed the restructure of 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 $95.6m at settlement, were extinguished in full, in exchange for $7.0m. This resulted in a gain of $88.6m. The Company secured new funding in the form of a debtor finance facility with an initial limit of $15m.

Other facilities (rental guarantees) in the amount of $2.1m have been cash-backed by funds drawn from the debtor finance facility.

Consistent with the successful debt restructure, prudent capital management remains a key focus for Rubicor and the Directors have again decided not to declare a dividend.

Operating cash flow was an outflow of $5.8m, a direct result of outstanding payments deferred, pending the debt restructure. Operating cash flow for the second half reflected an outflow of $0.7m, which included vendor earn-out exit payments of $0.04m. Remaining vendor earn-out payments are estimated at $0.8m.

Board changes

Following Rob Aitken's resignation in September 2013, and in a decisive step to introduce additional industry knowledge to the Board, Steven Hatch was appointed as a non-executive Director. Steven brings in excess of 20 years' experience from within the recruitment and human resources industry.

Building on our resolve for sustainable growth, the Board looked to further enhance its industry and commercial expertise appointing CEO Kevin Levine to the Board as Managing Director. Kevin has made significant contributions to the Group throughout the complex debt and organisational restructure.

Outlook

We acknowledge that economic and structural change continues to have an ongoing effect on the recruitment industry. We remain cautiously optimistic but are confident we have structured our operations appropriately to execute on short and medium-term opportunities.

At this time, it is important to highlight that we have recovered from a difficult period in our history and despite an inconsistent economic and political backdrop, the Group has delivered stability in the form of improving trends, with gross margin and underlying EBITDA growing sequentially over the last 18 months. We have identified opportunities for growth in some of our areas of operations and acknowledged the need to rationalise in other areas to optimise our structure.

To conclude, on behalf of the Board, I would like to take the opportunity to thank all staff and management for their contribution and efforts throughout the year. In particular I would like to thank Kevin for his strong guidance and leadership. I would also like to thank our shareholders for continuing support as we work to rebuild Rubicor.

"We remain cautiously optimistic but are confident we have structured our operations appropriately to execute on short and medium-term opportunities."

Chief Executive Officer's Review

Market and results overview

Trading conditions this year were typically characterised by false starts and periods of momentum quashed by political and economic uncertainty. While the first quarter commenced with a bullish spirit, heightened by improved business and consumer confidence, it was only to be short lived. Following the much hyped federal election, business confidence levels reversed most of the prior gains, leading to challenging conditions experienced in the second quarter.

Improved activity levels experienced from the start of the second half of the year, translated into improved performance as the Group neared the end of the third quarter. However the fourth quarter was impacted by reduced volumes, primarily as a result of the timing of the Easter break period. Alongside this, conditions in May were adversely affected by the federal budget which saw business conditions worsen from the resultant sharp downward swing in consumer confidence. As we approached the end of the year, conditions recovered somewhat in June, evidenced with renewed and increased activity levels supported by an increase in job advertisement numbers.

Abroad, the Group experienced more positive displays of stable economic recovery in both the New Zealand and Singapore markets as detailed earlier in the Chairman's Review.

Despite these volatile operating conditions, and while we acknowledge there is still a way to go to achieving profitable and sustainable growth, Rubicor achieved improving trends over the last 18 months, delivering improved temp margins, increased perm revenue in the second half and cost reduction across all categories.

"Rubicor has achieved improving trends over the last 18 months, delivering improved temp margins, increased perm revenue in the second half and cost reduction across all categories."

Chief Executive Officer's Review
Kevin Levine

Results highlights

The Group's second half performance was stronger than the first half. Volatility in economic and business conditions, primarily in the first half of the year, combined with client inactivity associated with the federal budget, led to an abnormally soft May and contributed to a 16.7% reduction in year-on-year revenue. Despite this, NDR only reduced by 6.5% year-on-year largely driven by continued uplift in temp margins, an increase in other revenue, and growth in permanent recruitment in the second half. NDR in the second half was up 1.6% over the first half and up 3.3% over the second half of the prior year.

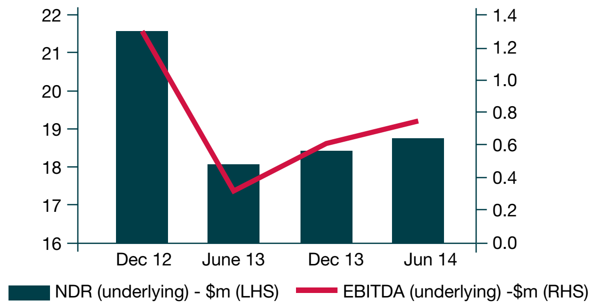
Underlying EBITDA of $1.3m was recorded, down 18.8% on the prior corresponding period. Underlying EBITDA in the second half was up 16.7% over the first half and up 133.3% over the second half of the prior year. These results were as a result of higher NDR, and cost reduction across all cost categories.

A reduction in employee benefits expense, rental and other expenses, amounting to $2.7m or 7% over the prior year was a direct result of the operational restructure, achieved through the streamlining of operations, improved operational efficiencies and a reduction in corporate and support staff.

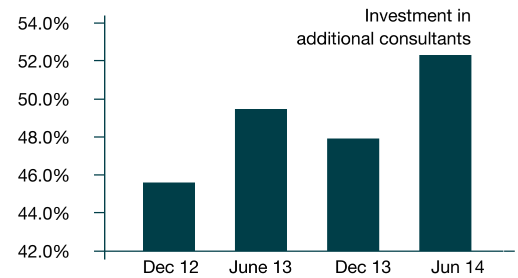
The financial summary below highlights the improving trends over the last 18 months.

Financial Summary	H2 2014	H1 2014	H2 2013	H1 2013
Total Revenue	**$96.3m**	**$101.7m**	$111.2m	$126.5m
NDR Statutory	**$18.8m**	**$107.1m**	$18.1m	$21.6m
NDR Underlying	**$18.7m**	**$18.4m**	$18.1m	$21.6m
EBITDA Statutory	**$0.1m**	**$89.1m**	($2.3m)	$0.1m
EBITDA Underlying	**$0.7m**	**$0.6m**	$0.3m	$1.3m
NPAT attributable to equity holders Statutory	**($1.6m)**	**$86.0m**	($12.2m)	($12.2m)
NPAT attributable to equity holders Underlying	**($0.5m)**	**($0.5m)**	($1.9m)	($1.5m)

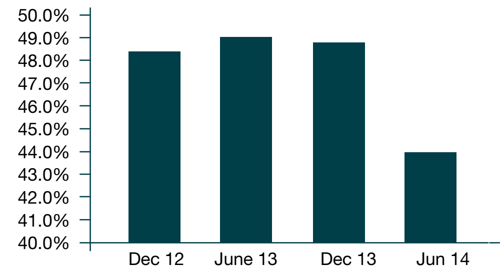
NDR and Underlying EBITDA



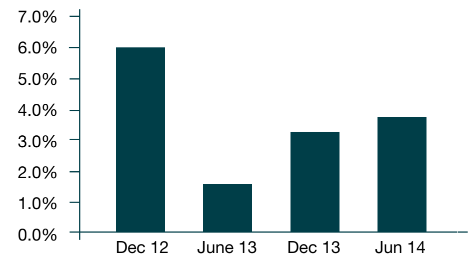
Consultant costs: NDR



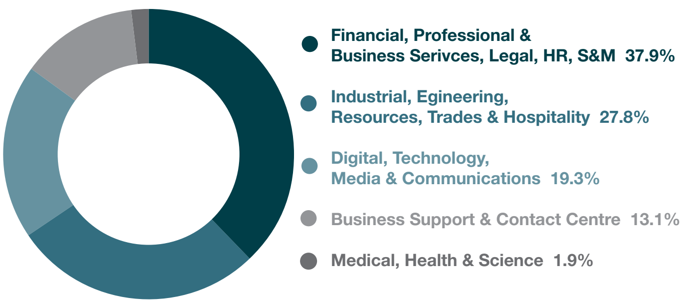
Other Costs: NDR



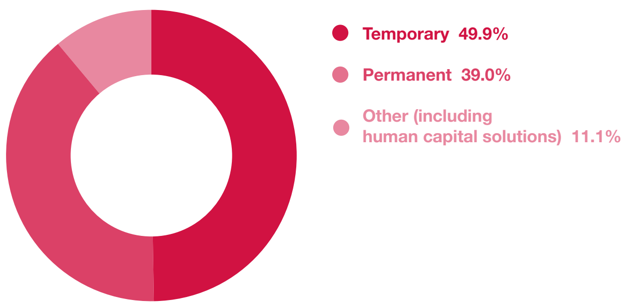
Underlying EBITDA: NDR



Industry



Service



Chief Executive Officer's Review

Kevin Levine

Strategic Initiatives

This financial year marked a significant turning point for the Group, facilitated by the debt forgiveness, which served to re-energise and release the constraints under which we had been operating for many years. Management were focused on ensuring our strategic objective, of delivering the necessary stability to position us for medium-term sustainable growth and profitability was achieved. Despite volatile economic conditions, we remained committed to delivering on these strategic initiatives. Below we outline the outcomes and status of these initiatives, in order to track the advances we have made to date:

Management and operational restructure: In January 2013, we commenced a management and operational restructure aimed at delivering significant changes and positive improvements. This period marked a clear shift in our strategy to unlock the existing value within our network of brands through increasing efficiencies, extracting synergies and reducing costs.

As a result, operations were restructured, aligning complementary specialist brands, and where appropriate brands were merged or closed in accordance to sector and market demand. Throughout the year we demonstrated the benefits of streamlining the operations (reducing 23 brands to 17 brands), rationalising brand management overheads, reducing corporate and support staff and resultant cost efficiencies. Employee benefits expense reduced by $0.9m or 3.5%, even though additional cost was incurred in relation to headcount added. Other expenses reduced by $1m or 11% and rental expense reduced by $0.8m or 20%.

In addition, a significant increase in cross-selling and collaboration across the Group has been achieved, allowing us to flex our existing talent pools to service a much wider customer base.

Office co location and brand alignment The consolidation and reduction of brands subsequently facilitated the reduction in offices from 23 to 17. In addition to the rental savings achieved from this, further rental reductions were realised as a result of additional office co-locations and exiting premises, in exchange for improved premises with more space at a lower cost. This reduced rental expense by $0.8m or 20% over the prior period. The Company will continue to optimise rental space and expense where opportunities exist.

Improve operating performance
While the Group's overall performance levels declined year-on-year, we achieved underlying stability and demonstrated improving trends as outlined earlier, with gross margin and underlying EBITDA growing sequentially over each of the last three half year periods. At the same time, and in line with the strategic plan, the Group re-invested back into the business, adding to consultant numbers and entering new markets and sectors experiencing growth, in order to drive its medium-term growth strategies at the expense of short term profitability.

Growth in consultant head count
Increasing consultant headcount continues to be a primary objective for Rubicor. During the year, the Group achieved a net growth of 11 consultants (6% increase on June 13). This investment is essential to both fill strategic gaps and direct energies into areas of potential development and opportunity.

Improved consultant productivity
Consultant productivity levels were marginally down on the prior year. The Group deems this as an acceptable result given the net growth in consultant numbers and the associated delay in achieving full billing recovery from new consultants. Improving consultant productivity will be a key focus for FY15, along with continuing to attract and retain the best talent.

To drive the strategic initiatives of growing consultant head count and improving consultant productivity we have appointed a General Manager, People & Performance who commenced in September 2014.

Expansion plans Pursuing growth opportunities remains fundamental to the Group's strategy, and Asia was identified as a significant geography to underpin this. We continue to make inroads in growing the existing Singapore operation alongside increasing headcount. Having seconded the Xpand Group Managing Director to Singapore at the start of the second half, the operation has experienced improved results and performance. Visibility and active participation in the region has since facilitated further opportunities across Asia, including signing several client agreements covering Singapore and Hong Kong. Rubicor plans to open a second Asian office in FY15.

Over the course of the year we also sought to identify additional sectors displaying encouraging growth and Ensure Health was established at the end of the financial year to provide recruitment services to the robust healthcare market.

Greater demand for the Organisational Development sector has led to expansion of the Locher OD business nationally. In addition to its base in Adelaide, personnel were added in Sydney in July, with further growth planned in eastern states.

Penetration of RPO offering The continued commercialisation of our RPO offering remains a focus for the Group, which generated greater billings within the client base.

Group Technology Strategy As part of the strategic focus articulated last year, it remains paramount to the Group to implement a robust operating platform to facilitate and enhance a culture of collaboration to unlock the full value and synergies across the Group's specialist brands. To this end, the implementation of an enterprise level, common database platform is currently in development and scheduled to roll out in the second half of FY15 which will significantly enhance client and candidate visibility, reduce operating cost and maximise instances of cross-selling across our network of brands.

Outlook

The improved conditions, albeit minimal, coming off a low base, that we saw in the second half of the year are expected to continue. Irrespective of the market, the focus of the Group is to execute our strategies, improve bottom line results and increase shareholder value.

The Group has continued to refine a niche in our specialist markets which is enabled and enhanced through our trusted client relationships, industry knowledge, deep networks and reputation.

With the necessary changes executed, the Group is well placed to take full advantage of the opportunities in the markets in which we operate and we look forward to the year ahead.

Sustainability

Rubicor views sustainability and responsibility as integral to good business practice. In all of our dealings with our stakeholders – employees, clients, candidates, investors or the wider community – we strive to be accountable, ethical and principled.

Governance and risk

Rubicor has adopted a written Code of Conduct, which applies to all of its executive and non-executive Directors, officers, employees, contractors and consultants. This code ensures that all persons dealing with Rubicor can be guided by the stated values and practices of Rubicor. Rubicor has also endorsed each of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, exemplifying its commitment to good corporate governance. The Board ensures that Rubicor management maintains the highest level of corporate ethics.

People management – employees, clients and candidates

Rubicor recognises the value and contribution employees make to the ongoing success of our business. We have an established range of employee policies and procedures to support the recruitment, retention and recognition of employees, including equality and diversity, health and safety, reward and recognition, and training and development. To ensure that executive remuneration is aligned with shareholders' interests, a significant portion of executive remuneration is at risk and dependent upon both the short-term and long-term performance of the Company. Rubicor is committed to the highest standards of customer care, for both its clients and its candidates and to meeting or exceeding industry expectations of best practice. To support this, in September 2014 the Group appointed a General Manager, People & Performance.

Diversity

Rubicor has a greater diversity balance when compared to Australian workplace statistics. As at 30 June 2014, 53.0% of Rubicor's workforce was female, compared to the national average of 45.7%. 43.0% of our heads of business are women; and 33.0% of our executive team is female. Rubicor understands the value of balance in the workplace and actively promotes this. Our diversity policy recognises the needs of return-to-work employees, flexible work arrangements and other needs associated with diversity in the workplace. (National statistics sourced from Workplace Gender Equality Agency as at May 2014).

Environmental footprint

Rubicor has a relatively small carbon footprint, based on our employee numbers and the nature of our operations. However we continually strive to reduce the environmental impact of our organisational activities. Rubicor is developing and implementing strategies to manage carbon emissions across its businesses including: encouraging energy efficiency across all states and geographies; the purchase of energy efficient equipment; ongoing management of business related travel, in particular air travel; consideration of energy efficient alternatives in the design of Rubicor premises; the minimisation of waste and the recycling of resources; and encouraging the engagement of suppliers with energy efficient practices and policies. Rubicor also encourages shareholders to receive investor communications electronically. In light of the environmental initiatives implemented in 2014, Rubicor achieved the nationally accredited GreenBizCheck Silver Certification.

Social sustainability

Rubicor encourages its operating businesses to contribute back to the communities in which they operate. Some choose to do this through approved charitable donations, others by supporting grass roots community activities. We believe a proactive approach to community engagement is important in instilling a sense of social responsibility or 'good corporate citizen' in our work ethic. All employees are granted a special day each year to contribute to and support their charity or community body of choice.

Directors' Report

Your Directors present their annual financial report on the Company and its controlled entities for the financial year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

1. General information

(a) Directors

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

Names	Appointed
John Pettigrew	2 March 2007
Russel Pillemer	10 September 2004
Steven Hatch	3 September 2013
Kevin Levine	17 July 2014
Robert Aitken	6 May 2005

The above named Directors held office during the whole of the financial year and since the end of the financial year except for:

- Robert Aitken (retired 3 September 2013)
- Steven Hatch (appointed 3 September 2013)
- Kevin Levine (appointed 17 July 2014)

(b) Directors' information

John Pettigrew FCPA, FCIS, FCSA, FCIM, FAICD

John is Chairman and a non-executive Director of the Company, Chair of both the Nomination and Corporate Governance Committee and the Remuneration and Human Resources Committee, and a member of the Audit and Risk Management Committee. He joined the Company in March 2007.

John has extensive experience in senior finance and commercial roles in a number of corporations and industry sectors. Joining Stockland Trust Group in 1977 as Chief Financial Officer and becoming Finance Director in 1982, John established compliance, audit and risk management committees and led teams to accomplish several successful takeovers. He also had significant roles in structuring and managing listed property trusts, developing the first Australian stapled security and establishing domestic and international unsecured note programs for Stockland.

John is currently also a director of Astro Japan Property Group Limited.

Interests in shares and options:

1,180,000 shares in Rubicor Group Limited

Nil options in Rubicor Group Limited

Russel Pillemer BCom (Hons), CA

Russel is a non-executive Director of the Company, a member of the Remuneration and Human Resources Committee and Nomination and Corporate Governance Committee, and is the Chairman of the Audit and Risk Management Committee. He was one of the initial founders and sponsors of Rubicor.

Russel is the CEO and a Director of Pengana Capital Limited. He has over 23 years' experience in the investment banking and funds management industries. In 1994 he joined Goldman Sachs and Co, where he had responsibility for leading the financial institutions effort in Australia.

In 1999 he relocated to New York, working in the Financial Institutions Group for Goldman Sachs and Co, specialising in mergers and acquisitions, capital raisings and the provision of general strategic advice to financial services companies. Previously, Russel worked in the corporate finance group of Ernst and Young. He is a member of the Institute of Chartered Accountants in Australia.

Interests in shares and options:

2,993,084 shares in Rubicor Group Limited

Nil options in Rubicor Group Limited

Steven Hatch

Steven is a Director of the Company and a member of the Audit and Risk Management Committee, the Remuneration and Human Resources Committee, and the Nomination and Corporate Governance Committee. He joined the Company in September 2013.

Steven has more than 11 years' experience in the management of and consulting to a large number of companies across employment services, talent management and training.

Steven was a founder of the J2S Group a leading training and talent management company. Throughout his tenure at J2S, Steven took over a number of distressed businesses and restructured them to form the basis of the J2S Group. J2S was contracted by the federal government to design and deliver a program for recruitment and employment services companies on the benefits of employing mature aged workers. This program was delivered in association with the RCSA (Australia's Recruitment Body) to their member organisations. J2S was later awarded a further contract under the Wise Workforce program to promote mature aged employment to employers.

Steven has been involved in managing a large number of business restructurings, the most recent being a large international hospitality training and recruitment company under severe financial pressure. Steven was at the forefront of the restructure, splitting the business into four parts and brokered the sale of each.

Interests in shares and options:

13,221,252 shares in Rubicor Group Limited

Nil options in Rubicor Group Limited

Kevin Levine BCom, BAcc, CA

Kevin Levine is the Chief Executive Officer and Managing Director of Rubicor Group. He joined the Company in July 2005.

Kevin is responsible for the strategic, operational and financial management of the Group. Following the successful renegotiation of the Group's debt structure and arranging the new debt facility in 2013, Kevin is focused on unlocking the value from the Group's specialist brands, driving the Group's Asian expansion plans and leveraging and maximising the existing footprint and resources.

Kevin is a Chartered Accountant with more than 24 years' experience in executive operations and financial roles, in listed and unlisted companies, with particular exposure to startup, high growth, and distressed companies in the services sector. Prior to joining Rubicor, Kevin was the CFO of Trade Wind Communications Limited, an Australian public company previously listed in Canada and the USA.

Kevin has a Bachelor of Commerce and Bachelor of Accounting from the University of Witswatersrand, South Africa. Kevin was admitted as a Chartered Accountant in 1989 in South Africa and in 1995 in Australia.

Interests in shares and options:

937,405 shares in Rubicor Group Limited
975,744 options in Rubicor Group Limited

Rob Aitken BE (Chem) (Hons), MBA

Until his retirement on 3 September 2013, Rob was a non-executive Director of the Company and a member of the Audit and Risk Management Committee, Chair of the Remuneration and Human Resources Committee and a member of the Nomination and Corporate Governance Committee. He joined the Company in May 2005.

Rob has over 29 years' experience in senior international management roles. Throughout his career, Rob has worked across the manufacturing, industrial marketing and distribution business sectors including roles as Executive General Manager, Southcorp Limited and President, Formica Corporation, USA. Rob was Chairman of the Rubicor Group Board from 6 May 2005 to 1 April 2010. He is also currently a director of SAI Global Limited and Nuplex Industries Limited.

Interests in shares and options:

5,108,397 shares in Rubicor Group Limited
Nil options in Rubicor Group Limited

Directorships of other listed companies

Directorships of other listed companies held by Directors in the three years immediately before the end of the financial year are as follows:

Name:	Company:	Period of directorship:
John Pettigrew	Astro Japan Property Group Limited (formerly Babcock and Brown Japan Property)	Since 2005
Robert Aitken	Nuplex Industries Limited	Since 2006
	SAI Global Limited	Since 2013

(c) Principal activities

The principal activity of the Group during the financial year was the provision of contracting and recruitment services over a diversity of industry sectors throughout Australia, New Zealand ans Singapore.

There have been no significant changes in the nature of the Group's principal activities during the financial year.

(d) Company secretary

Sharad Loomba is General Counsel and Company Secretary of the Company and a Director of each of its controlled entities throughout Australia, New Zealand and South East Asia. Sharad advises the CEO and the Board in connection with legal and corporate governance matters and is responsible for the legal and company secretarial functions across the Rubicor Group.

Sharad is a corporate and commercial lawyer with over 20 years' experience in mergers and acquisitions, capital markets, joint ventures and corporate advisory (including banking, employment, leasing and litigation). He began his career as a solicitor with Allen Allen & Hemsley in 1993 and has since worked with Cravath, Swaine & Moore (New York), Clayton Utz and Landerer & Company, prior to joining the Rubicor Group in May 2007.

Sharad has a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales, and has been admitted as a Fellow of the Australian Institute of Company Directors.

Directors' Report

(e) Directors' meetings

	Board		Audit and Risk Management Committee		Remuneration and Human Resources Committee		Nomination and Corporate Governance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Pettigrew	18	18	2	2	2	2	1	1
Russel Pillemer	18	17	2	2	2	2	1	1
Steven Hatch	13	13	1	1	2	2	-	-
Robert Aitken	5	5	1	1	-	-	1	1

2. Business review

(a) Operating results

The consolidated profit of the Group attributable to equity holders after providing for income tax amounted to $84.4 million (2013: loss of $24.4 million).

(b) Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman's Review and the Chief Executive Officer's Review.

(c) Significant changes in state of affairs

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 14(a).

(d) Future developments

Likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations are referred to generally in the Chairman's Review and the Chief Executive Officer's Review.

Further information on likely developments, including expected results would, in the Directors' opinion, result in unreasonable prejudice to the Group and has therefore not been included in this report.

(e) Events subsequent to balance date

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

3. Other information

(a) Loans to Directors and executives

Information on loans to Directors and executives, including amounts, interest rates and repayment terms are set out in Note 6(c) of the financial statements.

(b) Options

Unissued shares of Rubicor Group Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
October 2005[1]	December 2015	Nil	57,611
August 2006[1]	December 2015	Nil	80,634
May 2008[1]	December 2018	0.37	165,512
July 2011[2]	June 2018	0.05	1,626,240
TOTAL			**1,929,997**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. A total of 303,757 options were capable of being exercised during the year ended 30 June 2014.

(c) Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided during the year are outlined in Note 4 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

– none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants'.

(d) 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 19.

(e) Dividends

In respect of the financial year ended 30 June 2014, no ordinary dividends have been paid (2013: nil).

No dividends were paid during the financial year on redeemable preference shares (2013: $0.01 million). These dividends are classified as part of vendor liabilities. Refer to Note 35.

(f) Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

(g) Indemnifying officers or auditors

Insurance of officers

During the financial year, Rubicor Group Limited paid a premium to insure the Directors and secretaries of the Company and its Australian, New Zealand, Singapore and United Kingdom based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

1 Options have a five-year vesting period and expire five years after they become exercisable. No options were exercised during the year via on-market share purchase and no options have been exercised post year end.

2 Options have a three-year vesting period and expire on 30 June 2018. The options are subject to performance hurdles based on compound annual EBITDA growth over the base year, 2011, calculated over a three-year period. The hurdle requires the meeting of a minimum of 10% compound annual EBITDA growth to participate and a 20% compound annual EBITDA growth in order for 100% of the options to vest. The options can be retested at the end of year four based on a four-year compound growth period.

3. Other information (continued)

(h) Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

(i) 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 financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

4. Remuneration report – audited

The remuneration report is set out in the following main headings:

(a) Key management personnel
(b) Relationship between the remuneration policy and Company performance
(c) Principles used to determine the nature and amount of remuneration
(d) Non-executive Director remuneration
(e) Details of remuneration
(f) Executive service agreements
(g) Share-based compensation
(h) Additional information
(i) Equity instrument disclosures relating to key management personnel

(a) Key management personnel

The following persons acted as Directors of the Company during or since the end of the financial year:

- John Pettigrew (Chairman)
- Russel Pillemer
- Steven Hatch [1]
- Kevin Levine (Chief Executive Officer) [2]
- Robert Aitken [3]

The term 'other key management personnel' is used in this remuneration report to refer to the following executives:

- Sue Turk (Chief Operating Officer)
- Sharad Loomba (General Counsel and Company Secretary)

Key management personnel include both the Directors and other key management personnel named above.

(b) Relationship between the remuneration policy and Company performance

Cash bonuses are linked to the annual profit levels of the Group.

The executive director and other key management personnel are aligned with the long-term Company performance via the participation through the Senior Executive Share Plan Scheme and the Key Employee Share Option Plan.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2014:

	30 June 2014 $000	30 June 2013 $000	30 June 2012 $000	30 June 2011 $000	30 June 2010 $000
Revenue	**198,028**	237,695	290,535	291,722	280,613
Net profit/(loss) before tax	**86,868**	(23,956)	(56,872)	(6,175)	(9,066)
Net profit/(loss) after tax	**84,781**	(23,940)	(61,127)	(5,446)	(8,199)

	30 June 2014 cents	30 June 2013 cents	30 June 2012 cents	30 June 2011 cents	30 June 2010 cents
Share price at end of year	**7.5**	0.4	1.0	2.0	4.0
Interim dividend	**-**	-	-	-	-
Final dividend	**-**	-	-	-	-
Basic earnings/(loss) per share	**77.0**	(22.3)	(56.2)	(5.3)	(7.6)
Diluted earnings/(loss) per share	**77.0**	(22.3)	(56.2)	(5.3)	(7.6)

1 Steven Hatch was appointed 3 September 2013.
2 Kevin Levine was appointed 17 July 2014 (appointed as Chief Executive Officer on 15 January 2013).
3 Robert Aitken retired 3 September 2013.

(c) Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

Alignment of shareholders' interest

- Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- Attracts and retains high-calibre executives

Alignment to program participants' interests

- Rewards capability and experience
- Provides a clear structure for earning rewards
- Provides recognition for contribution to the business

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The Board has established a Remuneration and Human Resources Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executives and Directors. The Corporate Governance Statement provides further information on the role of this committee.

Executive pay

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation
- Short-term performance incentives
- Long-term incentives provided through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration.

Base pay

Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience, the broad objective being to pitch fixed remuneration at median market levels.

Base pay is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion. There are no guaranteed base pay increases in any executives' employment contracts.

Short-term incentives

The Board determined there were no short-term incentives awarded for the year ended 30 June 2014.

Long-term incentives

The Board determined there were no grants under the long-term incentive plan for the year ended 30 June 2014.

(d) Non-executive Director remuneration

Non-executive Directors' fees are reviewed annually and are determined by the Board based on recommendations from the Remuneration and Human Resources Committee. In making its recommendations, the Remuneration and Human Resources Committee takes into account fees paid to other non-executive Directors of comparable companies and where necessary will seek external advice.

In accordance with the Company's Constitution, the Directors are entitled to receive fees not exceeding $600,000 per annum in aggregate to be divided among the Directors as they may determine. Fees for non-executive Directors are not linked to performance. The non-executives received fees of $346,500 during the year as follows:

- John Pettigrew - $156,345
- Russel Pillemer - $97,840
- Steven Hatch - $77,315
- Robert Aitken - $15,000

The Company does not operate equity plans for non-executive Directors.

Non-executive Directors are entitled to statutory superannuation. Amounts paid for statutory superannuation are included as part of the Directors' fees. There are no other schemes for retirement benefits for non-executive Directors.

(e) Details of remuneration

Details of remuneration of the Directors and other key management personnel of Rubicor Group Limited are set out in the tables on page 16.

The key management personnel of Rubicor Group Limited includes the Directors as per page 14 and the following executives who have authority and responsibility for planning, directing and controlling activities of the Group.

- Sue Turk (Chief Operating Officer)
- Sharad Loomba (General Counsel and Company Secretary)

2014	**Short-term employee benefits**		**Post-employment benefits**		**Long-term employee benefit**	**Share-based payment**	
Name	**Cash salary and fees $**	**Cash bonus $**	**Super-annuation $**	**Termination payments $**	**Long service leave $**	**Shares and Options $**	**Total $**
Non-executive Directors							
John Pettigrew	**143,108**	**-**	**13,237**	**-**	**-**	**-**	**156,345**
Russel Pillemer	**89,556**	**-**	**8,284**	**-**	**-**	**-**	**97,840**
Steven Hatch[1]	**70,769**	**-**	**6,546**	**-**	**-**	**-**	**77,315**
Robert Aitken[2]	**13,730**	**-**	**1,270**	**-**	**-**	**-**	**15,000**
Executive Director							
Kevin Levine[3]	**372,909**	**-**	**25,000**	**-**	**11,295**	**(6,621)[4,5]**	**402,583**
Other key management personnel							
Sue Turk	**315,495**	**-**	**22,838**	**-**	**8,043**	**(1,920)[5]**	**344,456**
Sharad Loomba	**255,979**	**-**	**24,657**	**-**	**-**	**(4,414)[4,5]**	**276,222**
Total key management personnel compensation	**1,261,546**	**-**	**101,832**	**-**	**19,338**	**(12,955)**	**1,369,761**

1 Steven Hatch was appointed 3 September 2013.
2 Robert Aitken retired 3 September 2013.
3 Kevin Levine was appointed as Director 17 July 2014 (appointed as Chief Executive Officer on 15 January 2013).
4 Includes expense of $1,355 (Kevin Levine - $813, Sharad Loomba - $542) being escrowed benefits relating to 2012. The amounts for Kevin Levine and Sharad Loomba are weighted 80% cash and 20% share options, payable to them if they continue employment with the Company until June 2014 and subject to satisfaction of a minimum performance hurdle of 10% compound annual growth in EBITDA of the Company for the period 1 July 2011 through 30 June 2014 from a base of $11.3 million (20% compound annual growth required for 100% vesting), with a re-test point at 30 June 2015. The executives have been issued with cash rights and share options to satisfy this grant, subject to the abovementioned performance hurdle.
5 Includes share-based payment true up adjustment of $14,310 (Kevin Levine - $7,434, Sharad Loomba - $4,956, Sue Turk $1,920) in relation to options that lapsed during the year. The options relate to 2011 and had a re-test point at 30 June 2014. The options lapsed as minimum performance hurdles were not met.

2013	Short-term employee benefits		Post-employment benefits		Long-term employee benefit	Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Super-annuation $	Termination payments $	Long service leave $	Shares and Options $	Total $
Non-executive Directors							
John Pettigrew	131,280	-	11,815	-	-	-	143,095
Robert Aitken	80,503	-	7,245	-	-	-	87,748
Russel Pillemer	82,154	-	7,394	-	-	-	89,548
Executive Director					-		
Jane Beaumont[2]	311,439	-	27,727	69,936[5]	-	-	409,102
Other key management personnel							
Kevin Levine[1]	328,933	-	21,974	-	19,385	3,292	373,584
Sharad Loomba	256,714	-	25,000	-	6,396	2,194	290,304
Geraldine Ellis-Maguire[4]	132,528	-	17,867	116,766[6]	12,394	(1,540)	278,015
Sue Turk[3]	278,123	-	25,000	-	5,993	640	309,756
Total key management personnel compensation	**1,601,674**	**-**	**144,022**	**186,702**	**44,168**	**4,586**	**1,981,152**

1 Kevin Levine was Chief Financial Officer of Rubicor Group Ltd before being appointed as Chief Executive Officer on 15 January 2013.
2 Jane Beaumont retired 15 January 2013.
3 Sue Turk was General Manager Operations before being appointed as Chief Operating Officer on 15 January 2013.
4 Geraldine Ellis-Maguire ceased employment with Rubicor Group Limited on 31 December 2012.
5 The termination amount for Jane Beaumont is a payment in lieu of notice.
6 The termination amount for Geraldine Ellis-Maguire includes payment in lieu of notice, and a bona fide redundancy payment.

Other transactions with key management personnel

Information on share-based payments and other transactions with key management personnel is set out in Notes 6 and 33.

(f) Executive service agreements

On appointment to the Board, all non-executive Directors sign a letter of appointment with the Company. The letter summarises the terms including compensation, relevant to the office of Director.

All contracts with executives may be terminated by either party with a notice period of three months, subject to termination payments detailed below. Executives are typically restricted for six months after termination from conducting or engaging in competing businesses and from solicitation of clients and employees of the Company.

Kevin Levine *Chief Executive Officer*

– Term of agreement – unlimited in term but capable of termination on three months' notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
– Base salary, inclusive of superannuation of $397,909 per annum for the year ended 30 June 2014, to be reviewed annually by the Remuneration and Human Resources Committee.
– Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to $91,533.

Sue Turk *Chief Operating Officer*

– Term of agreement – unlimited in term but capable of termination on three months' notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
– Base salary, inclusive of superannuation, of $338,333 for the year ended 30 June 2014, to be reviewed annually by the Remuneration and Human Resources Committee.
– Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the corresponding portion of salary package in lieu of any part of the notice period that the Company does not require the executive to serve.

Sharad Loomba *General Counsel and Company Secretary*

– Term of agreement – unlimited in term but capable of termination on three months' notice and the Company retains the right to terminate the contract immediately by making a payment in lieu of notice.
– Base salary, inclusive of superannuation, of $280,636 per annum for the year ended 30 June 2014, to be reviewed annually by the Remuneration and Human Resources Committee.
– Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to $37,100.

(g) Share-based compensation

Employee Share Option Plan

None of the non-executive Directors of Rubicor Group Limited, are eligible to participate in the Company's Employee Share Option Plan. For details in relation to the Employee Share Option Plan refer to Note 33.

(h) Additional information

Details of remuneration: options

For each grant of options, the percentage of the available grant that was vested in the financial year and the percentage forfeited because the person did not meet the service and performance criteria is set out below:

Senior Executive Options

Name	Grant date	Expiry date	Fair Value $	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for the current year consisting of plan shares and options
Options								
Kevin Levine	July 2010	Jun 2017	0.02	929,280	-	0%	100%[1]	0.00%
Kevin Levine	July 2011	Jun 2018	0.01	975,744	-	0%	0%	0.20%
Sharad Loomba	July 2010	Jun 2017	0.02	619,520	-	0%	100%[1]	0.00%
Sharad Loomba	July 2011	Jun 2018	0.01	650,496	-	0%	0%	0.19%
Sue Turk	July 2010	Jun 2017	0.02	150,000	-	0%	100%[2]	0.00%

No options were exercised during the year by any Director or other key management personnel. Refer to Note 33 for further details in relation to the Employee Share Option Plan.

1 Subject to satisfaction of a minimum performance hurdle of 10% compound annual growth in EBITDA of the Company for the period 1 July 2010 through 30 June 2013 from a base of $9.0 million (20% compound annual growth required for 100% vesting), with a re-test point at 30 June 2014. Performance hurdle was not met. Accordingly, grant was forfeited.

2 Subject to satisfaction of a minimum performance hurdle of 10% compound annual growth in EBITDA of the Company for the period 1 July 2010 through 30 June 2013 from a base of $9.0 million (10% compound annual growth required for 100% vesting), with a re-test point at 30 June 2014. Performance hurdle was not met. Accordingly, grant was forfeited.

3. Other information (continued)

The following table summarises the value of options granted, exercised or lapsed during the year to Directors and other key management personnel:

Name	Value of options granted at the grant date $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse[1] $
Kevin Levine	-	-	7,434
Sharad Loomba	-	-	4,956
Sue Turk	-	-	1,920

1 The value of options lapsing during the period is the total share-based payment expense from grant date until the date the options lapsed.

(i) Equity instrument disclosures relating to key management personnel

Share holdings

The number of shares in the Company held during the financial year by each Director and other key management personnel of the Group, including their personally related parties, is set out below:

Ordinary Shares

2014

Name	Balance at the start of the year	Sold	Lapsed	Balance at the end of the year
Directors				
John Pettigrew	1,180,000	-	-	1,180,000
Russel Pillemer	2,993,084	-	-	2,993,084
Steven Hatch	13,221,252[1]	-	-	13,221,252
Kevin Levine[2]	937,405	-	-	937,405

1 Steven Hatch was appointed as a Director on 3 September 2013. This was the balance as at this date.
2 Kevin Levine was appointed as Director 17 July 2014.

Options

The number of unissued shares in the Company held under option during the financial year by each Director and other key management personnel of the Group, including their personally related parties, is set out below:

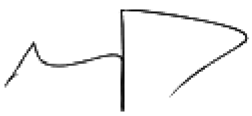
Options

2014

Name	Balance at the start of the year $	Number granted $	Number forfeited $	Balance at the end of the year $	Number vested at the end of the year $
Directors					
Kevin Levine[1]	1,905,024	-	(929,280)	975,744	-
Key management personnel of the Group					
Sharad Loomba	1,270,016	-	(619,520)	650,496	-
Sue Turk	150,000	-	(150,000)	-	-

1 Kevin Levine was appointed as Director 17 July 2014.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001*:



John Pettigrew
Director

Kevin Levine
Director

Sydney dated the 29th day of September 2014.

Auditor's Independence Declaration

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

29 September 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 the audit of the financial statements of Rubicor Group Limited for the financial year ended 30 June 2014, 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 audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants

Corporate Governance Statement

The Board of Directors of the Company (Board) is responsible for the overall corporate governance of the Company and has adopted as a guiding principle that it act honestly, conscientiously and fairly in accordance with the law and in the interests of the shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board has adopted a suite of governance materials which are available in the Corporate Governance section of the Company's website (www.rubicor.com.au), under "Investor Relations" then "Corporate Governance". The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value, and help to engender the confidence of the investment market.

This Statement sets out the material governance principles and processes adopted by the Board. The Board supports the Corporate Governance Principles and Recommendations, 2nd edition as released by the ASX Corporate Governance Council in 2007 and further amendments made in June 2010 (ASX Principles). The Board considers and applies these recommendations to the extent there is sound reason to do so given the circumstances of the Company. The Board will review its practices and in some cases update these to comply with the 3rd edition of the ASX Principles (released on 27 March 2014) for the financial year ended 30 June 2015.

The Board is responsible for the management of the affairs of the Company and its subsidiaries including:

- strategic and financial performance;
- executive management;
- audit and risk management;
- strategic planning;
- corporate governance; and
- performance evaluation.

The Board must comprise at least three Directors, and will meet no less than six times formally per year. The Board has met eighteen (18) times during the year.

Directors' attendance at Board and committee meetings this year is set out on page 12.

The role of senior management is to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board is to oversee the activities of management in carrying out these delegated duties. The Board shall approve all delegations of authority to Board committees and management.

Senior management is invited to attend Board meetings; however the initial part of each meeting is conducted in the absence of senior management.

Responsibilities reserved for the Board are contained in the Board Charter which is available on the Corporate Governance section of the Company's website. Management is responsible for the day to day operation of the Company in line with Board approved delegations of authority.

Board composition

The Board comprised of three (3) non-executive Directors as at 30 June 2014 (two (2) independent non-executive Directors and one (1) non-executive Director) and one (1) executive Director from 17 July 2014. The current members of the Board are:

- John Pettigrew – independent non-executive Chairman;
- Russel Pillemer – independent non-executive Director;
- Steven Hatch – non-executive Director; and
- Kevin Levine – Chief Executive Officer and Managing Director.

Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationship. It is the approach and attitude of each non-executive Director which is critical to determining independence and this must be considered in relation to each Director. Other relevant factors to be taken into account are set out in the Board Charter which is available on the Corporate Governance section of the Company's website.

In accordance with the criteria for an "independent" Director, as set out in the Company's Board Charter, John Pettigrew and Russel Pillemer are considered by the Board as independent non-executive Directors. However, in accordance with this Charter, Steven Hatch is not considered to be an independent non-executive Director of the Company, as Hatch Investments Pty Limited, a company of which he is a Director and shareholder is a substantial shareholder of the Company. Nevertheless, it is the attitude and approach of each Director and the ability to bring an independent judgement in Board deliberations that is critical in determining independence.

A Director may not simultaneously hold the positions of Chief Executive Officer and Chairman of the Board. The Chairman is a non-executive independent Director and there is a clear division of responsibility between the Chairman and the Chief Executive Officer. The Chairman's role is clearly defined in the Board Charter.

With the exception of the Chief Executive Officer, no Director is entitled to hold office for a period beyond three years from re-election, but is eligible for re-election by shareholders. The size and composition of the Board are determined in accordance with the Constitution of the Company. In addition, in accordance with the Board Charter, the Board will comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The Board considers that, collectively the Directors have the range of skills, experience and expertise necessary to govern the Company. Details of each Director's skills, experience and expertise relevant to their position and their term in office and details of their attendance at Board and/or committee meetings are set out in the Directors' Report included in this 2014 Annual Report.

The Board Charter also provides that a Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense, on any matter connected with the discharge of his or her responsibilities. A Director must obtain the approval of the Chairman prior to seeking such advice.

The Board has established a Nomination and Corporate Governance Committee which is primarily responsible for:

- establishing a criteria for Board membership, having regard to the desired mix of skills and diversity for the Board;
- periodically assessing the skills required to discharge the Board's duties, having regard to the strategic direction of the Company;
- proposing candidates for directorships for consideration by the Board by using a structured approach to identify a pool of candidates and using external experts where necessary, while having regard to the desired composition as stated in the Board Charter; and
- reviewing any retiring Director's performance and recommending to the Board whether that Director should be re-appointed.

The committee will consider whether it is necessary and desirable to recruit additional Directors, bearing in mind:

- the mix of skills, experience, expertise and diversity of existing Directors;
- the business and strategic needs of the Company;
- the need to replace Directors before scheduled retirements; and
- the opportunity to obtain the services of particular persons with desirable skills when they are available.

The committee is also responsible for implementing the Selection and Appointment of Directors Policy. This policy forms a part of the Nomination and Corporate Governance Committee Charter and is available on the Corporate Governance section of the Company's website.

New Directors are provided with formal appointment letters setting out the key terms and conditions of their appointment, including remuneration. In addition, all senior executives are provided with executive services contracts, which include expectations of their role, term of appointment, termination entitlements and rights and responsibilities.

Details of the Directors, their qualifications, period in office, skills and experiences are detailed on pages 10-11.

Conflicts of interests

Directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest. If a Director considers there may be a conflict, the Director is required to:

- immediately inform the Board of the potential conflict; and
- abstain from voting on any motion relating to the matter and be absent during all Board deliberations relating to the matter.

The Board Charter, available on the Company's website, provides further detail on managing conflicts of interest.

Board committees

In order to effectively fulfil its duties, the Board has established the following committees:

- the Audit and Risk Management Committee, which is responsible for monitoring and advising the Board on the Company's audit, risk management and regulatory compliance policies and procedures;
- the Remuneration and Human Resources Committee, which is responsible for overseeing the remuneration and human resources policies and practices of the Company; and
- the Nomination and Corporate Governance Committee, which is responsible for advising the Board on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual Directors and advising the Board on its corporate governance policies.

Each committee has a formal charter approved by the Board, outlining its composition, role and responsibilities. These charters are available on the Corporate Governance section of the Company's website.

Audit and Risk Management Committee

The Audit and Risk Management Committee's functions include:

- assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
- determining the scope of the internal audit function and ensuring its resources are sufficient and used appropriately;
- reviewing of internal audit performance and independence;
- assisting the Board with the adoption and application of appropriate ethical standards and management of the Company and the conduct of the Company's business;
- assisting the Board in supervising the Company's risk management framework (such framework is described under a separate heading "Risk management" later in this Statement); and
- reviewing the adequacy of the Company's insurance policies.

The Audit and Risk Management Committee also monitors the independence of the Company's external auditor. The committee must approve in advance the terms of engagement of the external auditor to perform audit and related work. Any non-audit work to be performed by the external auditor must be approved by the committee and, in doing so, the committee ensures the external auditor's independence and integrity is maintained. The lead engagement audit partners of the Company's external auditor will be rotated from the engagement after five years.

Corporate Governance Statement

The Audit and Risk Management Committee is responsible for reviewing the performance of the external auditors, and the selection and appointment of the external auditor. The committee will recommend to the Board the re-appointment of the current external auditor or a tender process to select a new external auditor.

The committee ensures that it meets with the external auditors, independent of management, and with management independent of the external auditor. The Board has requested that the external auditor attend the 2014 Annual General Meeting (AGM) and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Composition

The committee will comprise a minimum of three non-executive Directors, all who are financially literate, one of whom must have expertise in financial reporting and a majority of independent Directors. The Board of the Company will nominate the Chairman of the committee, who must be an independent, non-executive Director who is not the Chairman of the Board. The committee may invite other persons to attend meetings of the committee including the Chief Executive Officer, the Chief Financial Officer and the Company's external auditor.

The current members of the committee are Russel Pillemer (Chairman of the committee), John Pettigrew and Steven Hatch. Russel Pillemer and John Pettigrew are considered to be independent non-executive Directors. Details of the qualifications of the members are detailed on pages 10-11.

The committee will meet as often as required to undertake its role effectively. The committee met two (2) times during the year. Directors' attendance at meetings is set out on page 12.

A copy of the Audit and Risk Management Committee Charter is available on the Corporate Governance section of the Company's website.

Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee's functions are to endeavour to ensure:

- that the Directors and the executive management team of the Company are remunerated fairly and appropriately;
- that the Company's remuneration policies and outcomes strike an appropriate balance between the interests of the Company's shareholders, and reward and motivate the Company's executives and employees in order to secure the long-term benefits of their energy and loyalty;
- that the human resources policies and practices are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board; and
- that the organisation achieves the objectives set out in the Diversity Policy.

The committee also reviews and make recommendations to the Board regarding executive and senior management remuneration including, but not limited to, base pay, incentive payments, equity awards and service contracts and identifying any gender based disparities between comparable positions.

The committee may seek such advice from any external parties or professional advice as it may consider necessary or desirable to ensure informed decision making.

Composition

The committee will comprise a minimum of three non-executive Directors, including if practicable, a majority of independent non-executive Directors. The Board of the Company will nominate the Chairman of the committee, who must be an independent non-executive Director.

The current members of the committee are John Pettigrew (Chairman of the committee), Russell Pillemer and Steven Hatch. John Pettigrew and Russel Pillemer are considered to be independent non-executive Directors.

The committee will meet as often as required to undertake its role effectively. The committee met two (2) times during the year. Directors' attendance at meetings is set out on page 10.

A copy of the Remuneration and Human Resources Committee Charter is available on the Corporate Governance section of the Company's website.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee's functions are to:

- review and advise the Board on the composition of the Board and its committees (and in so doing, administer the Selection and Appointment of Directors Policy described earlier in this Statement);
- review the performance of the Board as a whole and the individual members of the Board;
- ensure that proper succession plans are in place for consideration by the Board;
- advise the Board on good governance standards and appropriate corporate governance policies for the Company; and
- critically review the Company's performance against its corporate governance policies.

Composition

The committee will comprise a minimum of two non-executive Directors, including if practicable, a majority of independent non-executive Directors. The Board of the Company will nominate the Chairman of the committee, who must be an independent non-executive Director.

The current members of the committee are John Pettigrew (Chairman of the committee), Steven Hatch and Russel Pillemer. John Pettigrew and Russel Pillemer are considered to be independent non-executive Directors.

The committee will meet as often as required to undertake its role effectively. The committee met once during the year. Directors' attendance at meetings is set out on page 12.

A copy of the Nomination and Corporate Governance Committee Charter is available on the Corporate Governance section of the Company's website.

Performance review/evaluation

The Board and Nomination and Corporate Governance Committee Charters outline the responsibility for the performance review of the Board, the Chairman of the Board and the individual performance of all Directors and senior management.

During the year, the Chairman met with each Director and assessed the performance of the Board, committees and individual Directors as well as the members of the senior management team. The Chairman of the Audit and Risk Management Committee interviewed the Chairman of the Board. The observations from these interviews were communicated to and discussed amongst the Board and any actions to improve performance agreed. The process followed was consistent with that outlined in the Board Charter.

During the year, the Chief Executive Officer conducted performance reviews with the three (3) members of the executive team. The senior executives' performance was reviewed against performance measures which align with the Company's strategy with feedback from both the Board and the Chief Executive Officer conveyed.

Education and induction

New Directors will undergo an induction process in which they will be given a full briefing on the Company. Where possible, this will include meetings with Directors, key executives, tours of the premises, a Board manual and presentations from management.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. This includes education concerning key developments in the Company and in the industry and environment in which the Company operates.

Independent professional advice and access to the Company's information

Each Director has the right of access to the Company's information and to the Company's executives. Further, the Board collectively and each Director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, with the approval of the Chairman, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

General Counsel and Company Secretary

Each Director has access to the General Counsel and Company Secretary who is responsible to the Board through the Chairman on all matters relating to the conduct and functions of the Board and committees.

Risk management

The Company has a risk management framework to allow it to achieve its business objectives whilst assisting management and ideally, providing early warnings of risks. The Risk Management Policy, covering both financial and operating risks, documents this framework. The objective of this Risk Management Policy is to:

- encourage appropriate tolerance of risks across all the Company businesses;
- establish procedures to analyse risks within agreed parameters across all the Company businesses;
- establish appropriate risk delegations and corresponding frameworks across the Company; and
- ensure the Company has in place a risk framework which can measurably react should the risk profile change.

Key components of the Risk Management Policy which bring together a number of procedures and controls within the Company are as follows:

- identification and assessment of all risks;
- monitoring and wherever possible, mitigation of identified risks;
- periodic reporting; and
- assessment of effectiveness of the risk management framework.

The Risk Management Policy outlines guidance on the identification of commonly identified risks relevant to Rubicor, such as:

- financial risks;
- operations risks; and
- combined risks.

An executive Risk Management Committee has been established to assess identified risks as recorded on the risk register and review mitigation strategies. This committee meets bi-monthly and assists in reporting to the Risk Management Committee. The Audit and Risk Management Committee regularly reports to the Board about committee activities, issues, and related recommendations. As suggested by Recommendation 7.2 of the ASX Principles, management provides ongoing reporting to the Board through the Audit and Risk Management Committee that indicate that the Company's management of its material business risks is operating satisfactorily.

A copy of the Risk Management Policy is available on the Corporate Governance section of the Company's website.

Attestations by Chief Executive Officer and Chief Financial Officer

Prior to the Board's approval of Rubicor's half year and annual financial reports, the Chief Executive Officer and Chief Financial Officer must provide the Board with declarations required under section 295A of the Corporations Act and Recommendation 7.3 of the ASX Principles.

Corporate Governance Statement

For the half year ended 31 December 2013 and the financial year ended 30 June 2014, the Chief Executive Officer and Chief Financial Officer made the declarations to the Board in accordance with section 295A of the Corporations Act and Recommendation 7.3 of the ASX Principles. In order for the Chief Executive Officer and Chief Financial Officer to make the declarations, appropriate attestations were made by management to the Chief Executive Officer and Chief Financial Officer.

Remuneration

In relation to remuneration issues the Board (with the assistance of the Remuneration and Human Resources Committee) has established a policy to ensure that it remunerates fairly and responsibly.

The remuneration philosophy is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees.

Any equity-based executive remuneration will be made in accordance with thresholds set in plans approved by shareholders at the General Meeting. As prescribed in the Company's Share Trading Policy, executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

The structure of executive remuneration is distinctly different to that of non-executive Directors as detailed in the Remuneration Report. Executive officers and senior management acting in their capacity as employees of the Company and subsidiary(ies) may receive a mix of fixed and variable pay, and a blend of short and long-term incentives. Non-Executive Directors may receive only fixed remuneration.

There are no retirement schemes in place for the non-executive Directors, other than statutory superannuation benefits.

The Remuneration Report and details about the Remuneration Philosophy of the Company are set out on pages 14-18.

Continuous disclosure

The Company takes its disclosure obligations seriously and seeks to comply with the spirit as well as the content of the ASX requirements. The Company has adopted a Continuous Disclosure Policy in relation to information disclosures and relevant procedures.

The Policy sets out principles that the Company will apply in relation to the disclosure of material information, including that the Company:

- will not give analysts or other select groups of market participants any material price sensitive non-public information at any time;
- will not generally respond to market rumours and speculation except where:
  - the speculation or rumours indicate that the subject matter is no longer confidential and therefore the exception to disclosure set out in the Listing Rules no longer applies;
  - the ASX formally requests disclosure by the Company on the matter; or
  - the Board considers that it is appropriate to make a disclosure in the circumstances; and
- will only allow authorised company spokespersons to make any public statement on behalf of the Company.

A copy of the Continuous Disclosure Policy as revised and updated by the Board during the year under review is available on the Corporate Governance section of the Company's website.

In accordance with ASX Listing Rule 4.10.17, this Annual Report contains a review of the operations and activities of the Company which are set out on pages 6-8.

Share Trading Policy

The Company has adopted a Share Trading Policy in line with the updated ASX Listing Rules and Guidance Note issued by the ASX in respect of trading polices to regulate dealings by the Company's executives and non-executive Directors, officers, employees, contractors and consultants (employees). All employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the employee's personal interests and those of the Company and its clients.

The Company is keen to promote shareholder and general market confidence in the integrity of the Company's internal controls and procedures, and to provide guidance on avoiding any breach of the insider trading laws.

A copy of the Share Trading Policy is available on the Corporate Governance section of the Company's website and has also been lodged with the ASX on 1 December 2010 as required by the ASX Listing Rules.

Code of Conduct

The Company has adopted a written Code of Conduct, which applies to all of the Company's executives and non-executive Directors, officers, employees, contractors and consultants.

The purpose of the Code of Conduct is to ensure that:

- high standards of corporate and individual behaviour are observed by all employees in the context of their employment with the Company;
- employees are aware of their responsibilities to the Company under their contract of employment and always act in an ethical and professional manner;
- legal, ethical and other obligations to legitimate stakeholders are complied; and
- all persons dealing with the Company, whether it be employees, shareholders, suppliers, clients or competitors, can be guided by the stated values and practices of the Company.

Employees are encouraged to report any potential breaches of the Code, and the Company ensures employees are not disadvantaged for any reports made in good faith. The Company will deal with any reports promptly and fairly.

A copy of the Code of Conduct is available on the Corporate Governance section of the Company's website.

Shareholder communication

The Company respects the rights of its shareholders. To facilitate the effective exercise of those rights, the Company has established a Shareholder Communications Policy to:

- promote effective communications with shareholders of the Company;
- ensure all information relevant to their shareholding is disseminated to shareholders; and
- encourage effective participation by shareholders at the Company General Meetings.

The Company's website contains a comprehensive overview of the Company's profile and brands. In particular, its "Corporate Governance" section contains information to maintain effective communication with shareholders and stakeholders. The following Company and governance information is available on the website:

- Board and management profiles;
- Constitution;
- Corporate governance charters and policies;
- Annual reports – current and historical;
- Share price information;
- FAQs; and
- Share Registry contact details.

In the lead up to the 2014 AGM, the Company will facilitate effective two-way communications with shareholders. The Chairman of the Board will engage with shareholders in advance of the AGM as appropriate. All shareholders have the opportunity to submit written questions to the Chairman and/or external auditor, or make comments on the management of the Company and access AGM presentations and speeches made by the Chairman of the Meeting and Chief Executive Officer prior to the commencement of the meeting.

To encourage shareholder engagement and participation at the AGM, shareholders have the opportunity to attend the AGM, ask questions on the floor, participate in voting and meet the Board and management in person.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting or online through the Share Registry's website. The Company will release results of the meeting to the ASX and on its website following the conclusion of the AGM.

The contact details of the Company's Share Registry, Link Market Services are available to shareholders to address and facilitate any shareholder-related enquiries. Contact details for Link Market Services are available on Rubicor's website under "Investors" then "Policies and procedures" with methods of communication including telephone, mail and email.

Available to shareholders is the option of receiving all shareholder communications (including notification that the Annual Report is available to view, Notices of Meeting and Payment Statements) by email. Shareholders can contact Link Market Services to elect to receive electronic shareholder communications.

Shareholders can also contact the Company directly. Contact details for the Company are available on Rubicor's website under "Contact" with methods of communication including telephone, mail and email.

The Shareholders Communications Policy is available on the Corporate Governance section of the Company's website.

Diversity Policy

The Company is committed to workplace diversity, with a particular focus on improving the representation of women at the senior level of the Company and the Board, and has adopted a Diversity Policy. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. With this Policy, the Board also establishes measurable objectives for achieving gender diversity and assesses annually the objectives and progress in achieving them

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Diversity Policy, which takes into account the recommendations and guidance provided by the ASX Principles to the extent practicable, provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;

Corporate Governance Statement

- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Remuneration and Human Resources Committee has developed measurable objectives to achieve the objectives set out in the Diversity Policy, including identifying ways in which achievement of gender diversity is measured. The measurable objectives are as follows:

- embedding of diversity awareness and objectives into the day-to-day operations of the organisation to become part of the way we do business, through newsletters, conferences and other communication forums with staff;
- retain top talent by ensuring a workplace supportive of female success, through endorsement and delivery of a range of programs, events and policies; and
- ongoing improvement of core talent processes (performance, development and career) to ensure gender-based equity and transparency.

The Company launched the VIP (Valuing Internal People) Program in 2011, developed as part of facilitating the Company's achievement of its diversity objectives. The Program has been well received by employees and continues to successfully operate to progress the achievement of the Company's diversity objectives. The Program also maintains a number of benefits and initiatives for employees including educational support, study leave, employee assistance, sick leave conversion to annual leave days and a community day with the objective of engaging all employees, regardless of gender, to make the workplace more flexible and supportive for male and female staff generally.

In September 2014 the company appointed a General Manager, People & Performance. A responsibility of the General Manager, People & Performance is to assist the Remuneration and Human Resources Committee to develop the Company's diversity objectives, promote diversity within the organisation and report up to the committee on the progress and achievement of the measurable objectives.

The committee monitors annually the objectives and the progress on the achievement of the objectives.

The Nomination and Corporate Governance Committee will ensure Board appointment processes are conducted in a manner that promotes gender diversity.

The following table reflects the percentage of women employees in the whole organisation, head of business, senior management and the Board:

	%
Whole organisation	53.0
Heads of business	43.0
Senior Management[1]	33.0
Rubicor Board	-

The Diversity Policy is available in the Corporate Governance section of the Company's website.

Corporate social responsibility

The Company has a relatively small carbon footprint, based on the nature of its operations and employee numbers. It aims to be a responsible environmental manager and to minimise the impact of its operations on the environment. This includes reducing waste by recycling where possible, partnering with businesses and using products that consider environmental impact and supporting programs and initiatives that contribute to improving our environment.

The Company recently received a Silver certification from GreenBizCheck, a global technology-based environmental certification for companies in the services industry sector. The certification recognises Rubicor's commitment to implementation of sustainable environmental practices to conserve energy, water and resources and minimise waste.

1 Senior Management comprises the Chief Executive Officer and Managing Director, General Counsel and Company Secretary and Chief Operating Officer.

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Rubicor Group Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 29 to 66.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Independent Auditor's Report
To the members of Rubicor Group Limited

Opinion
In our opinion:

(a) the financial report of Rubicor Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion the Remuneration Report of Rubicor Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants

Sydney, 29 September 2014

Directors’ 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) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) 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; and

(d) the Directors have been given the declarations by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross-guarantee is such that each Company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross-guarantee.

In the Directors’ opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 23 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross-guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

John Pettigrew
Director

Kevin Levine
Director

Sydney dated the 29th day of September 2014.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

	Note	2014 $000	2013 $000
Revenue	2	**198,028**	237,695
Gain on debt forgiven	2	**88,608**	-
On hired labour costs		**(160,747)**	(197,952)
Employee benefits expense	3	**(24,230)**	(25,116)
Rental expense on operating leases		**(3,043)**	(3,823)
Restructuring expense	3	**(893)**	(3,452)
Other expenses	3	**(8,542)**	(9,586)
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)		**89,181**	(2,234)
Depreciation	3	**(567)**	(799)
Amortisation of intangible assets	10	**(103)**	(137)
Finance costs	3	**(1,640)**	(5,128)
Impairment losses relating to non-current assets	3,10,11	**(3)**	(15,658)
Profit/(loss) before income tax expense		**86,868**	(23,956)
Income tax (expense)/benefit	5	**(2,087)**	16
Profit/(loss) for the year		**84,781**	(23,940)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**43**	669
Other comprehensive income for the year, net of tax		**43**	669
Total comprehensive profit/(loss) for the year		**84,824**	(23,271)
Profit/(loss) for the year attributable to:			
Owners of the parent		**84,410**	(24,434)
Non-controlling interests		**371**	494
		84,781	(23,940)
Total comprehensive profit/(loss) for the year attributable to:			
Owners of the parent		**84,453**	(23,765)
Non-controlling interests		**371**	494
		84,824	(23,271)
Basic profit/(loss) per share (cents)	34	**77.0**	(22.3)
Diluted profit/(loss) per share (cents)	34	**77.0**	(22.3)

The accompanying Notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	2014 $000	2013 $000
Assets			
Current assets			
Cash and cash equivalents	7	**2,359**	791
Trade and other receivables	8	**24,253**	26,455
Other assets	9	**848**	798
Total current assets		**27,460**	28,044
Non-current assets			
Trade and other receivables	8	**115**	107
Property, plant and equipment	11	**1,820**	1,765
Deferred tax assets	12	**1,858**	3,562
Intangible assets	10	**796**	220
Other assets	9	**6**	132
Total non-current assets		**4,595**	5,786
Total assets		**32,055**	33,830
Liabilities			
Current liabilities			
Trade and other payables	13	**16,595**	22,665
Borrowings	14	**10,449**	88,595
Other liabilities	16	**-**	2,423
Current tax payable	12	**81**	254
Provisions	15	**2,157**	2,280
Total current liabilities		**29,282**	116,217
Non-current liabilities			
Borrowings	14	**785**	10
Provisions	15	**1,687**	1,503
Total non-current liabilities		**2,472**	1,513
Total liabilities		**31,754**	117,730
Net assets/(liabilities)		**301**	(83,900)
Equity/(deficiency)			
Share capital	17	**64,605**	64,605
Reserves	18	**242**	329
Accumulated losses	19	**(64,993)**	(149,403)
		(146)	(84,469)
Equity attributable to owners of the parent		**(146)**	(84,469)
Non-controlling interests		**447**	569
Total equity/(deficiency)		**301**	(83,900)

The accompanying Notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2014

	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
2014							
Balance at 1 July 2013	**197**	**132**	**64,605**	**(149,403)**	**(84,469)**	**569**	**(83,900)**
Profit for the year	**-**	**-**	**-**	**84,410**	**84,410**	**371**	**84,781**
Other comprehensive income for the year	**-**	**43**	**-**	**-**	**43**	**-**	**43**
Total comprehensive profit for the year	**-**	**43**	**-**	**84,410**	**84,453**	**371**	**84,824**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(493)**	**(493)**
Share-based payments	**(130)**	**-**	**-**	**-**	**(130)**	**-**	**(130)**
Balance at 30 June 2014	**67**	**175**	**64,605**	**(64,993)**	**(146)**	**447**	**301**
2013							
Balance at 1 July 2012	183	(537)	64,605	(124,969)	(60,718)	502	(60,216)
(Loss)/profit for the year	-	-	-	(24,434)	(24,434)	494	(23,940)
Other comprehensive income for the year	-	669	-	-	669	-	669
Total comprehensive profit/(loss) for the year	-	669	-	(24,434)	(23,765)	494	(23,271)
Dividends paid	-	-	-	-	-	(427)	(427)
Share-based payments	14	-	-	-	14	-	14
Balance at 30 June 2013	197	132	64,605	(149,403)	(84,469)	569	(83,900)

The accompanying Notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2014

	Note	2014 $000	2013 $000
Cash from operating activities			
Receipts from customers (inclusive of GST)		**219,386**	270,121
Payments to suppliers and employees (inclusive of GST)		**(223,167)**	(261,511)
		(3,781)	8,610
Finance costs paid		**(1,499)**	(4,692)
Interest received		**59**	152
Income taxes paid		**(556)**	(658)
Total cash (outflow)/inflow from operating activities	20(a)	**(5,777)**	3,412
Cash flows from investing activities			
Payment for property, plant and equipment		**(601)**	(864)
Payment for intangible assets		**(681)**	(31)
Payment for controlled entities acquired (net of cash acquired):			
- relating to prior years		**(43)**	(1,284)
Dividends paid to vendors – redeemable preference shares		**-**	(8)
Net cash outflow from investing activities		**(1,325)**	(2,187)
Cash flows from financing activities			
Repayment of third party borrowings		**(7,000)**	(2,604)
Proceeds from third party borrowings		**10,143**	-
Dividends paid to minority shareholders		**(493)**	(427)
Net cash inflow/(outflow) from financing activities		**2,650**	(3,031)
Net cash decrease in cash and cash equivalents		**(4,452)**	(1,806)
Cash and cash equivalents at beginning of year		**(3,174)**	(1,368)
Bank overdraft debt forgiven		**9,985**	-
Cash and cash equivalents at end of year	7	**2,359**	(3,174)

The accompanying Notes form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

(a) General information

The financial statements cover the Group (consolidated entity) of Rubicor Group Limited and its controlled entities (consolidated financial statements). Rubicor Group Limited is a public Company listed on the Australian Securities Exchange (trading under the symbol 'RUB'), incorporated and domiciled in Australia.

Rubicor Group Limited's registered office and principal place of business is as follows:

Rubicor Group Limited
Level 11, 1 Alfred Street
Sydney NSW 2000

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(b) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The Company is a for-profit entity.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Board of Directors on 29 September 2014.

(c) Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments which are carried at fair value. 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 financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(d) Going concern

The financial statements have been prepared 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 year ended 30 June 2014 reflects a consolidated Group loss of $1.7 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 $1.8 million as at 30 June 2014.

The statement of cash flows reflects net cash outflows from operations of $5.8 million, which arose predominantly from paying down the back log of payables owing at 30 June 2013.

The Directors have reviewed a cash flow forecast for the period through to 30 September 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 financial statements be prepared on the going concern basis.

(e) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Group's accounting policies, but has resulted in disclosure changes. Refer Note 1 (v).

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

Cost includes all directly attributable expenditure incurred, including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

(ii) Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The following useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Estimated Useful Lives
Leasehold improvements	4 – 7 years
Leased assets	5 – 10 years
Motor vehicles	5 years
Office equipment	2.5 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(g) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade receivables are non-interest bearing and credit terms are generally 30 days.

(ii) Investments

Investments in subsidiaries have been recognised at cost, less impairment losses, in the parent entity.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(v) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(vi) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Notes to the Financial Statements

1. Accounting policies (continued)

(h) Financial instruments (continued)

(vi) Bank borrowings (continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(vii) Equity instruments

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

(viii) Derivative financial instruments and hedge accounting

Foreign exchange forward contracts are entered into from time to time in order to manage the Group's exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 29 to the financial statements.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges). The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and if it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

(i) Intangible assets

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its identifiable net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Computer software is measured on the cost basis less amortisation and impairment losses. Computer software is amortised on a straight-line basis over its useful life to the Group of three years commencing from the time the software is held ready for use.

(iii) Brands

Acquired brands are recorded at fair value as at the date of acquisition. The Group has committed to continually use, invest in and promote acquired brands; therefore the Directors have assessed that the brands have an indefinite useful life. Consequentially, brands are not amortised but are subject to annual impairment testing.

(j) Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment testing is performed annually for goodwill, and identifiable intangible assets with indefinite useful lives (brands).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income in profit or loss. Impairments of goodwill are not reversed.

(k) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to have been completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated.

(l) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(m) Provisions

Provisions, including provisions for make good costs, are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured. Where the time value of money is material, these amounts have been discounted using an appropriate discount rate.

(n) Income tax

Current tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements used in the computation of taxable profit. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability, excluding a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items which are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

(o) Leases

Leases of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

The interest expense is recognised in profit or loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to profit or loss on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(p) Revenue recognition

Revenue from permanent placements is recognised as work is performed in accordance with agreed terms for retainer-based appointments, or on candidate appointment as accepted by both the client and candidate for non-retainer-based appointments.

Revenue from temporary placements is recognised at the time when the services are performed.

Revenue for the rendering of a service, including human capital consulting services, is recognised upon the delivery of the service to the customer by reference to the stage of completion of the contract.

1. Accounting policies (continued)

(p) Revenue recognition (continued)

Revenue from recharge of expenses incurred in connection with recruitment services is recognised when the related expense is incurred and on-charged to the customer in accordance with agreed contractual terms.

Interest revenue is recognised on an effective interest rate method in relation to the outstanding financial asset.

Revenue from management fees is recognised at the time the service is performed.

All revenue is stated net of the amount of goods and services tax (GST), returns, trade allowances and other duties and taxes paid.

(q) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is identified as the currency of the primary economic environment in which that entity operates, and is used in the recognition of transactions and balances for that entity. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed.

(r) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company (Rubicor Group Limited) and entities controlled by the Company and its subsidiaries. Rubicor Group Limited and its controlled entities are referred to in this financial report as the 'Group'. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of controlled entities acquired or disposed of during the year are included in the consolidated profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

A list of controlled entities is contained in Note 21 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Group.

(s) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting estimates may not always equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

(i) Estimated impairment of goodwill and brands

The Group annually tests whether goodwill and brands have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less costs to sell and value in use calculations.

(ii) Acquired intangible assets

The Group has purchased various entities. In the consolidated financial statements the purchase price has been allocated between identifiable intangible assets, such as preferred supplier agreements, course material content, brands and candidate databases, and goodwill. This allocation has been done based on a valuation of the identifiable assets and liabilities acquired. The valuation is based on estimated expected cash flows attributable to each applicable intangible asset.

(iii) Cost of business combinations and associated Vendor earn-out liability

As a consequence of the deferred earn-out structure of the business acquisitions, the cost of combination and the associated Vendor earn-out liability has been determined by calculating the present value of estimated future cash flows associated with the deferred earn-out consideration payments. These cash flows are based, among other things, on management's assessment as to both the likely period in which the earn-out payments will be made and the future operating results of the acquired entities. If any of the assumptions and estimates made in regard to these assessments were to change, this could have a material impact on the cost of combination and the associated Vendor earn-out liability which is disclosed in Note 14 in the financial report.

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flow.

(u) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 and that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

The fair value at grant date of instruments issued is independently determined using the Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Share-based compensation benefits are provided to employees via the Key Employee Share Option Plan (KESOP) (refer to Note 34) and Senior Executive Share Plan (refer to Note 33).

(v) Application of New and Revised Accounting Standards

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013. New and revised AASBs 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 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 consolidated financial statements.

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 consolidated financial statements.

Notes to the Financial Statements

1. Accounting policies (continued)

(v) Application of New and Revised Accounting Standards (continued)

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 2013 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 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 consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning or after	Expected to be initially applied in the financial year ending
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016	30 June 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

(w) Dividends

A liability is authorised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, after deducting any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. Revenue and other income

(a) Revenue

	2014 $000	2013 $000
Revenue from:		
Recruitment services	**193,527**	235,173
Interest	**59**	152
Recharge income	**58**	67
Organisational development fees	**1,072**	758
Other	**3,312**	1,545
Total	**198,028**	237,695

(b) Gain on debt forgiven

	2014 $000	2013 $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 14(a).

3. Expenses

(a) Other expenses

	2014 $000	2013 $000
Advertising and marketing	**588**	943
Administration	**6,940**	7,480
Payroll tax costs	**1,014**	1,163
Total	**8,542**	9,586

	2014 $000	2013 $000
(b) Employee benefits expense		
Salaries	**20,918**	22,206
Superannuation	**1,703**	1,773
Other	**1,609**	1,137
Total	**24,230**	25,116
(c) Profit/(loss) before income tax includes the following specific expenses:		
Finance costs:		
Interest expense on Vendor earn-out liability (refer to Note 14)	**97**	162
Amortisation of borrowing costs	**32**	521
Interest and finance charges on other borrowings	**1,356**	4,445
Interest charges on Australian Taxation Office payment plan [1]	**155**	-
	1,640	5,128
Depreciation:		
Property, plant and equipment	**317**	567
Leasehold improvements	**250**	232
	567	799
Defined contribution superannuation expense:		
On hired labour costs	**10,436**	12,161
Employee benefits expense	**1,703**	1,773
	12,139	13,934
Share-based payment (benefit)/expense	**(130)**	14
Allowance for impairment of trade receivables	**151**	(195)
Restructuring expense:		
Onerous lease expense	**581**	1,628
Staff redundancy	**248**	624
Transaction costs	**-**	909
Other restructuring expense	**64**	291
	893	3,452
Other significant expenses:		
Impairment of non-current assets:		
- Goodwill	**-**	14,374
- Brands	**-**	555
- Computer software	**1**	80
- Property, plant and equipment	**2**	440
- Leasehold improvements	**-**	209
	3	15,658
Foreign exchange losses	**18**	346

1 A payment plan with the Australian Taxation Office was established prior to the restructure of debt facilities (refer Note 14(a)). The amount subject to the payment plan was paid in full by 31 December 2013.

4. Auditor's remuneration

	2014 $	2013 $
Auditor of the parent entity – Deloitte Touche Tohmatsu		
Audit or review of financial reports under the *Corporations Act 2001*	**202,500**	266,500
Tax advisory	**28,820**	25,385
Consulting services	**-**	94,340
Total remuneration	**231,320**	386,225
Related practices of Deloitte Touche Tohmatsu		
Audit of financial reports[1]	**57,190**	52,566
Tax compliance services	**21,038**	27,036
	78,228	79,602

5. Income tax expense

(a) Components of tax expense/(benefit)	2014 $000	2013 $000
Current tax expense	**464**	658
Deferred tax assets written down due to debt forgiven	**761**	-
Deferred tax liabilities brought to account due to debt forgiven	**995**	-
Deferred tax – origination and reversal of temporary differences	**(52)**	(674)
Over provision of tax in prior year	**(81)**	-
Income tax expense/(benefit)	**2,087**	(16)
(b) Reconciliation of prima facie tax on profit/(loss) from ordinary activities to income tax expense/(benefit)		
Profit/(loss) before tax	**86,868**	(23,956)
Prima facie tax benefit on profit/(loss) from ordinary activities before income tax at 30% (2013: 30%)	**26,060**	(7,187)
Add:		
Tax effect of:		
- impairment loss on non-current assets that are not deductible	**-**	4,479
- non-deductible interest	**29**	1,037
- share option (benefit)/expense	**(39)**	4
- other non-allowable items	**299**	670
- over provision of tax in prior year	**(81)**	-
- difference in overseas tax rates	**97**	32
- effect of tax losses not brought to account	**641**	1,176
- other allowable items	**(93)**	(227)
- 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)	**2,087**	(16)
(c) Unrecognised deferred tax assets		
Tax losses – revenue	**948**	4,409
Temporary differences	**-**	4,077
	948	8,486

In July 2013 the Company restructured its debt facilities (refer Note 14(a)). The tax consequences of the transaction included tax losses (Australian Tax Consolidated Group) as at 30 June 2013 being reduced to nil. In addition, the tax cost base of assets as at 30 June 2013 were also reduced to nil.

1 Relates to Deloitte Touche Tohmatsu-New Zealand and Deloitte Touche Tohmatsu-Singapore.

Notes to the Financial Statements

6. Key management personnel disclosures

(a) Key management personnel compensation for the year was as follows:

	2014 $	2013 $
Short-term employee benefits	**1,261,546**	1,601,674
Post-employment benefits	**101,832**	144,022
Termination payments	**-**	186,702
Long service leave	**19,338**	44,168
Share-based payments	**(12,955)**	4,586
Total	**1,369,761**	1,981,152

(b) Individual director and key management personnel disclosures

Detailed remuneration disclosures are included in the Directors' Report. The relevant information can be found in sections 4(a)-(i) of the Remuneration Report on pages 14-18.

(c) Key management personnel transactions with the Company and its controlled entities

Information regarding individual key management personnel's service contracts with the Group is provided in the Remuneration Report (refer to page 17).

Loans to key management personnel

Details of loans made to key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year $	Loans made/ (repaid) $	Interest payable for the year $	Balance at the end of the year $	Highest indebtedness during the year $
2014					
Kevin Levine	**106,853**	**-**	**8,667**	**115,520**	**115,520**
2013					
Kevin Levine	99,773	-	7,080	106,853	106,853

7. Cash and cash equivalents

	2014 $000	2013 $000
Cash on hand	**6**	6
Cash at bank	**267**	785
Cash on deposit[1]	**2,086**	-
Total cash and cash equivalents	**2,359**	791

1 Cash on deposit in relation to rental and other guarantees. The balance is not available for use by the Group.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**2,359**	791
Bank overdraft (Note 14)	**-**	(3,965)
	2,359	(3,174)

8. Trade and other receivables

Current	2014 $000	2013 $000
Trade receivables	**22,437**	23,916
Allowance for impairment of receivables	**(184)**	(289)
	22,253	23,627
Other receivables	**2,000**	2,828
	24,253	26,455
The aging of past due trade receivables (including impaired trade receivables) at year end is detailed below:		
Past due 0 - 30 days	**4,421**	6,335
Past due 31 - 60 days	**1,497**	1,653
Past due 60+ days	**472**	453
Total	**6,390**	8,441
Age of impaired trade receivables:		
60 – 90 days	**53**	52
90 – 120 days	**65**	17
120+ days	**66**	220
Total	**184**	289
The movement in the allowance for doubtful accounts in respect of trade receivables is detailed below:		
Balance at beginning of year	**289**	700
Amounts written off as uncollectible	**(273)**	(217)
Increase/(decrease) in allowance recognised in profit or loss	**168**	(195)
Foreign currency exchange differences	**-**	1
Balance at end of year	**184**	289

The average credit period on provision of services is 30 days. No interest is charged on trade receivable balances overdue.

The Group has used the following basis to assess the allowance loss for trade receivables:

- a specific provision based on estimated irrecoverable amounts;
- historical bad debt experience;
- the general economic conditions;
- an individual account-by-account specific risk assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

Included in the Group's trade receivable balance are debtors with a carrying amount of $6.2 million (2013: $8.2 million) which are past due at the reporting date, which the Group has not provided for as there has been no significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2014 $000	2013 $000
Non-current		
Loan to key management personnel (Note 6(d))	**115**	107
	115	107

9. Other assets

	2014 $000	2013 $000
Current		
Prepayments	**848**	798
	848	798
Non-current		
Rental guarantee deposit	**-**	126
Other	**6**	6
	6	132

10. Intangible assets

	2014 $000	2013 $000
Computer software		
Cost	**5,836**	5,171
Accumulated amortisation and impairment	**(5,040)**	(4,951)
Net carrying value	**796**	220

(a) Intangible assets – detailed reconciliation

2014	Goodwill $000	Candidate database $000	Preferred supplier agreements $000	Computer software $000	Course material content $000	Brands $000	Total $000
Cost							
Cost brought forward	**100,019**	**22,757**	**2,014**	**5,171**	**542**	**599**	**131,102**
Additions other than through business combinations	**-**	**-**	**-**	**681**	**-**	**-**	**681**
Disposals/scrapping	**-**	**-**	**-**	**(23)**	**-**	**-**	**(23)**
Net foreign currency exchange differences	**-**	**-**	**-**	**7**	**-**	**-**	**7**
Balance at 30 June 2014	**100,019**	**22,757**	**2,014**	**5,836**	**542**	**599**	**131,767**
Depreciation and impairment losses							
Amortisation and impairment brought forward	**(100,019)**	**(22,757)**	**(2,014)**	**(4,951)**	**(542)**	**(599)**	**(130,882)**
Disposals/scrapping	**-**	**-**	**-**	**23**	**-**	**-**	**23**
Amortisation expense	**-**	**-**	**-**	**(103)**	**-**	**-**	**(103)**
Impairment losses	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Net foreign currency exchange differences	**-**	**-**	**-**	**(8)**	**-**	**-**	**(8)**
Balance at 30 June 2014	**(100,019)**	**(22,757)**	**(2,014)**	**(5,040)**	**(542)**	**(599)**	**(130,971)**
Closing written-down value	**-**	**-**	**-**	**796**	**-**	**-**	**796**

2013	Goodwill $000	Candidate database $000	Preferred supplier agreements $000	Computer software $000	Course material content $000	Brands $000	Total $000
Cost							
Cost brought forward	100,212	22,757	2,014	6,833	542	591	132,949
Decrease in estimated deferred vendor consideration	(870)	-	-	-	-	-	(870)
Additions other than through business combinations	-	-	-	31	-	-	31
Disposals/scrapping	-	-	-	(1,728)	-	-	(1,728)
Net foreign currency exchange differences	677	-	-	35	-	8	720
Balance at 30 June 2013	100,019	22,757	2,014	5,171	542	599	131,102
Depreciation and impairment losses							
Amortisation and impairment brought forward	(85,645)	(22,757)	(2,014)	(6,114)	(542)	(44)	(117,116)
Disposals/scrapping	-	-	-	1,415	-	-	1,415
Amortisation expense	-	-	-	(137)	-	-	(137)
Impairment losses	(14,374)	-	-	(80)	-	(555)	(15,009)
Net foreign currency exchange differences	-	-	-	(35)	-	-	(35)
Balance at 30 June 2013	(100,019)	(22,757)	(2,014)	(4,951)	(542)	(599)	(130,882)
Closing written-down value	-	-	-	220	-	-	220

(b) Impairment tests for brands and goodwill

Brands and goodwill are allocated to recruitment cash-generating units (CGUs), being the autonomously operated businesses acquired by the Group. The recoverable amount of the CGUs is determined based on value-in-use calculations.

During the year ended 30 June 2013, the Group assessed the recoverable amount of brands and goodwill, and determined that brands and goodwill associated with the Group's CGUs was impaired by $14.9 million. Goodwill has been fully impaired on the basis that the current earnings of the business, the recognised volatility of the current market and the continued uncertainty as to when the market may recover, does not support any underlying goodwill value.

11. Property plant and equipment

2014	Motor vehicles $000	Office equipment $000	Leasehold improvements $000	Leased assets $000	Total $000
Cost					
Balance at the beginning of the year	**18**	**1,138**	**2,455**	**37**	**3,648**
Payment for purchase of property, plant and equipment	**-**	**197**	**404**	**-**	**601**
Disposals/scrapping	**-**	**(61)**	**(250)**	**-**	**(311)**
Net foreign currency exchange differences	**-**	**36**	**56**	**-**	**92**
Balance at 30 June 2014	**18**	**1,310**	**2,665**	**37**	**4,030**
Depreciation and impairment losses					
Balance at the beginning of the year	**(11)**	**(201)**	**(1,634)**	**(37)**	**(1,883)**
Disposals/scrapping	**-**	**61**	**250**	**-**	**311**
Depreciation expense	**(3)**	**(216)**	**(348)**	**-**	**(567)**
Net foreign currency exchange differences	**-**	**(31)**	**(38)**	**-**	**(69)**
Impairment losses	**-**	**(2)**	**-**	**-**	**(2)**
Balance at 30 June 2014	**(14)**	**(389)**	**(1,770)**	**(37)**	**(2,210)**
Closing written-down value	**4**	**921**	**895**	**-**	**1,820**

2013	Motor vehicles $000	Office equipment $000	Leasehold improvements $000	Leased assets $000	Total $000
Cost					
Balance at the beginning of the year	18	3,672	3,198	52	6,940
Payment for purchase of property, plant and equipment	-	690	472	-	1,162
Disposals/scrapping	-	(3,286)	(1,261)	(15)	(4,562)
Net foreign currency exchange differences	-	62	46	-	108
Balance at 30 June 2013	18	1,138	2,455	37	3,648
Depreciation and impairment losses					
Balance at the beginning of the year	(7)	(2,683)	(2,129)	(52)	(4,871)
Disposals/scrapping	-	3,286	1,228	15	4,529
Depreciation expense	(4)	(302)	(493)	-	(799)
Net foreign currency exchange differences	-	(62)	(31)	-	(93)
Impairment losses	-	(440)	(209)	-	(649)
Balance at 30 June 2013	(11)	(201)	(1,634)	(37)	(1,883)
Closing written-down value	7	937	821	-	1,765

Certain assets have been pledged as security – see Note 14(g).

Impairment losses relate to various property, plant and equipment no longer in use. The majority relates to the co-location of various brands within the group, resulting in assets surplus to requirements.

Notes to the Financial Statements

12. Taxation

Assets

	2014 $000	2013 $000
Non-current		
Deferred tax assets comprise the following temporary differences:		
Exchange difference on foreign operations	**433**	450
Make good costs	**67**	110
Property, plant and equipment	**(379)**	198
Accrued income	**(250)**	(173)
Accrued expenses	**16**	16
Accrued rent	**483**	494
Impairment of trade receivables	**55**	85
Employee benefits	**1,283**	1,358
Transaction costs	**-**	5
Other provisions	**209**	258
Borrowing costs	**-**	761
Other	**(59)**	-
	1,858	3,562

Movements

	Exchange difference on foreign operations $000	Accrued income $000	Accrued expenses $000	Capital assets $000	Make good costs $000	Fixed assets $000	Accrued rent $000
At 30 June 2012	(84)	(298)	44	-	112	311	107
Credited/(charged) to the income statement	534	125	(28)	-	(2)	(113)	387
At 30 June 2013	450	(173)	16	-	110	198	494
(Charged)/credited to the income statement	(17)	(77)	-	(59)	(43)	(577)	(11)
At 30 June 2014	**433**	**(250)**	**16**	**(59)**	**67**	**(379)**	**483**

	Impairment of trade receivables $000	Employee benefits $000	Transaction costs $000	IPO costs $000	Borrowing costs $000	Other provisions $000	Total $000
At 30 June 2012	209	1,477	25	9	725	251	2,888
Credited/(charged) to the income statement	(124)	(119)	(20)	(9)	36	7	674
At 30 June 2013	85	1,358	5	-	761	258	3,562
(Charged)/credited to the income statement	(30)	(75)	(5)	-	(761)	(49)	(1,704)
At 30 June 2014	**55**	**1,283**	**-**	**-**	**-**	**209**	**1,858**

Deferred tax assets have been recognised on the basis that there will be future taxable profits against which they can be utilised. The future taxable profits are based on management estimations that sufficient suitable taxable profit will be made against which to offset the deductions.

Liabilities	2014 $000	2013 $000
Current		
Income tax payable	**81**	254
	81	254

13. Trade and other payables

	2014 $000	2013 $000
Current		
Trade payable	**1,473**	2,074
Other creditors and accruals	**15,122**	20,591
	16,595	22,665

The average credit period on purchases of certain products is 30 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

14. Borrowings

	Note	2014 $000	2013 $000
Current			
Unsecured liabilities			
Vendor earn-out liability	(b)	**-**	955
Other		**274**	471
		274	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)	**10,175**	-
Finance lease obligation	(g),31	**-**	4
		10,175	87,169
		10,499	88,595
Non-Current			
Unsecured liabilities			
Vendor earn-out liability	(b)	**785**	-
		785	-
Secured liabilities			
Finance lease obligation	(g),31	**-**	10
		-	10
		785	10

14. Borrowings (continued)

(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 14(f)).

Other facilities (rental guarantees) in the amount of $1.3 million remain in place in the short term, and have been cash backed by funds (disclosed in cash and cash equivalents (refer Note 7)) drawn from the debtor finance facility.

(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 14(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 14(a).

(e) Term facility (net of borrowing costs)

The term facility was extinguished in July 2013. Refer Note 14(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 availability of funding 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 30 June 2014, 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.

(h) Other facilities

These relate to bank guarantees in respect of rental properties. These bank guarantees are fully cash backed by funds drawn from the debtor finance facility (refer Note 14(a) and Note (7)) and are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.

(i) Financing arrangements

	2014 $000	2013 $000
Restricted access was available at balance date to the following lines of credit:		
Loan facilities		
Subordinated facility (d)	**-**	33,000
Term facility (e)	**-**	50,200
	-	83,200
Used at balance date		
Subordinated facility (d)	**-**	33,000
Term facility (e)	**-**	50,200
	-	83,200
Unused at balance date		
Subordinated facility (d)	**-**	-
Term facility (e)	**-**	-
	-	-
Credit standby arrangements		
Bank overdraft (c)	**-**	10,000
Other facilities (h)	**1,280**	2,531
Debtor finance facility (f)	**15,000**	-
	16,280	12,531
Used at balance date		
Bank overdraft (c)	**-**	3,965
Other facilities (h)	**1,275**	2,268
Debtor finance facility (f)	**10,175**	-
	11,450	6,233
Unused at balance date		
Bank overdraft (c)	**-**	6,035
Other facilities (h)	**5**	263
Debtor finance facility (f)	**4,825**	-
	4,830	6,298

15. Provisions

	2014 $000	2013 $000
Current	**2,157**	2,280
Non-current	**1,687**	1,503
	3,844	3,783

	2014 $000	2013 $000
Current		
Employee benefits	**1,495**	1,447
Straight-lining of rent provision	**140**	117
Onerous lease provision	**522**	716
	2,157	2,280
Non-current		
Employee benefits	**367**	254
Make good	**329**	397
Straight-lining of rent provision	**327**	263
Onerous lease provision	**664**	589
	1,687	1,503

(a) Make good provision
The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Straight-lining of rent provision
The Group has office space leases that are recorded as operating leases. A number of the lease contracts have rent-free periods. The total of rent payments due under the lease is being recognised on a straight-line basis in profit or loss. Accordingly, there is a liability recorded for accrued rent equal to the difference between the rent expense charged against income and actual cash payments required under the terms of the lease.

(c) Onerous lease provision
The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from 3 months to 3.5 years.

(d) Movement in provisions
Movement in each class of provision during the financial year, other than employee benefits, is set out below:

	Straight-lining of rent		Make good provision		Onerous lease provision	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Carrying amount at beginning of year	**380**	355	**397**	488	**1,305**	-
Increase/(decrease) in provision	**87**	25	**(68)**	(91)	**(119)**	1,305
Carrying amount at end of year	**467**	380	**329**	397	**1,186**	1,305

16. 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 14(a).

17. Share capital

	2014 $000	2013 $000
109,610,814 (2012: 109,610,814) fully paid ordinary shares	**65,343**	65,343
Treasury shares	**(738)**	(738)
	64,605	64,605

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares 2013 and 2014	Number of shares	$000
Balance at 1 July 2012	110,628,015	65,343
Treasury shares	(1,017,201)	(738)
Balance at 30 June 2013 and 2014	**109,610,814**	**64,605**

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.

18. Reserves

	2014 $000	2013 $000
Equity-settled employee benefit reserve (a)	**67**	197
Foreign currency translation reserve (b)	**175**	132
	242	329

(a) Equity-settled employee benefit reserve

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

(b) Foreign currency translation reserve

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

The movement in each reserve during the financial year is set out below:

	Equity-settled employee benefit reserve		Foreign currency translation reserve	
	2014 $000	2013 $000	2014 $000	2013 $000
Balance 1 July	**197**	183	**132**	(537)
Share based payments	**(130)**	14	**-**	-
Currency translation differences arising during the year	**-**	-	**43**	669
Balance 30 June	**67**	197	**175**	132

19. Accumulated losses

	2014 $000	2013 $000
Accumulated losses at the beginning of the period	**(149,403)**	(124,969)
Net profit/(loss) attributable to members of the parent entity	**84,410**	(24,434)
Balance 30 June	**(64,993)**	(149,403)

20. Cash flow information

(a) Reconciliation of cash flow from operations to loss after income tax

	2014 $000	2013 $000
Net profit/(loss) for the year	**84,781**	(23,940)
Non-cash flows in profit/(loss)		
Amortisation of intangible assets	**103**	137
Depreciation of property, plant and equipment	**567**	799
Share-based payments (benefit)/expense	**(130)**	14
Amortisation of borrowing costs	**32**	274
Interest on Vendor earn-out liability	**97**	162
Impairment of non-current assets	**3**	15,658
Gain on debt forgiven	**(88,608)**	-
Adjustment to Vendor earn-out liability	**(240)**	-
Changes in operating assets and liabilities		
Decrease in trade and term receivables	**2,192**	8,976
Decrease in other assets	**76**	99
(Decrease)/increase in trade payables and accruals	**(6,242)**	910
(Decrease)/increase in income tax payable	**(173)**	55
Decrease/(increase) in deferred taxes	**1,704**	(675)
Increase in provisions	**61**	943
Cash (outflow)/inflow from operations	**(5,777)**	3,412

21. Controlled entities

Name	Country of incorporation	Percentage owned 2014	Percentage owned 2013
Parent entity			
Rubicor Group Limited	Australia	**-**	-
Subsidiaries of parent entity			
Locher & Associates Pty Limited	Australia	**100**	100
Locher Holdings Pty Limited	Australia	**100**	100
Gel Group Pty Limited	Australia	**100**	100
Cadden Crowe Pty Limited	Australia	**100**	100
James Gall & Associates Pty Limited	Australia	**100**	100
Apsley Recruitment Pty Limited (vii)	Australia	**100**	100
Cadden Crowe (Victoria) Pty Limited	Australia	**100**	100
Cadden Crowe (Queensland) Pty Limited	Australia	**100**	100
Skillsearch Contracting Pty Limited	Australia	**100**	100
Careers Unlimited Pty Limited	Australia	**100**	100
SMF Recruitment Pty Limited	Australia	**100**	100
Xpand Group Pty Limited	Australia	**100**	100
CIT Professionals Pty Limited	Australia	**100**	100
Rubicor CRS Pty Limited	Australia	**100**	100
Wizard Personnel & Office Services Pty Limited	Australia	**100**	100
Dolman Group Pty Limited (iii)	Australia	**100**	100
Challenge Recruitment Limited (vi)	Australia	**100**	100
Rubicor SW Personnel Pty Limited	Australia	**100**	100
Rubicor Gemteq Pty Limited	Australia	**100**	100
Orbis Hospitality Services Pty Limited (viii)	Australia	**100**	100
Ensure Recruitment Pty Limited (iv)	Australia	**50.1**	50.1
Rubicor (T1) Pty Limited	Australia	**100**	100
Rubicor Services Pty Limited	Australia	**100**	100
Ensure Health Pty Limited (iv) (ix)	Australia	**50.1**	100
Rubicor New Zealand Limited(v)	New Zealand	**100**	100
Wheeler Campbell Consulting Limited(i)	New Zealand	**100**	100
Health Recruitment NZ Limited (ii)	New Zealand	**100**	100
Gaulter Russell NZ Limited	New Zealand	**100**	100
Numero (NZ) Limited	New Zealand	**100**	100
Powerhouse People Ltd	New Zealand	**100**	100
Rubicor Group Pte Limited (Singapore)	Singapore	**100**	100
Rubicor Hong Kong Limited	Hong Kong	**100**	100
Rubicor UK Limited (x)	United Kingdom	**100**	-

(i) Includes Wheeler Campbell Management Leasing Limited and Intersearch NZ Limited.
(ii) Includes Care Direct Limited and Health Recruitment International Limited.
(iii) Includes subsidiary Dolman F-Lex Pty Limited, and Dolman Pty Limited.
(iv) Rubicor Group has immediate control over 50.1% of the economic benefits arising from Ensure Recruitment Pty Limited and Ensure Health Pty Limited. Rubicor has control over the strategic running of the Companies and has consolidated the Companies in full and disclosed the non-controlling interest.
(v) Includes Rubicor Services (NZ) Limited and Recruit Rubicor NZ Limited.
(vi) Includes Choice HR Pty Limited.
(vii) Includes ACN 101254022 Pty Limited and Apsley Recruitment Unit Trust.
(viii) Name changed to Orbis Hospitality Services Pty Limited (previously Orbis Recruitment Pty Limited) during the year ended 30 June 2014.
(ix) Name changed to Ensure Health Pty Limited (previously Rubicor Workforce Solutions Pty Limited) during the year ended 30 June 2014. Also refer (iv).
(x) Incorporated 15 October 2013.

22. Parent entity disclosures

(a) Financial position

	2014 $000	2013 $000
Assets		
Current assets	**114,117**	106,091
Non-current assets	**18,366**	21,162
Total assets	**132,483**	127,253
Liabilities		
Current liabilities	**172,723**	254,966
Non-current liabilities	**963**	108
Total liabilities	**173,686**	255,074
Net liabilities	**(41,203)**	(127,821)
Equity		
Share capital	**64,605**	64,605
Reserves	**123**	253
Accumulated losses	**(105,931)**	(192,679)
Total Equity	**(41,203)**	(127,821)
(b) Financial performance		
Profit/(loss) for the year	**86,748**	(38,705)
Other comprehensive income	**-**	-
Total comprehensive profit/(loss)	**86,748**	(38,705)

(c) Guarantees entered into by the Parent entity in relation to the debts of its subsidiaries

The Parent Entity and Challenge Recruitment Limited are parties to a deed of cross-guarantee under which each Company guarantees the debt of the other (refer Note 23).

(d) Contingent liabilities of the Parent Entity

	2014 $000	2013 $000
Bank guarantees and deposits in respect of leased premises totalling (refer Note 28):	**1,431**	1,918

(e) Commitments for expenditure for the Parent entity

The Parent had nil committed expenditure as at 30 June 2014 and 30 June 2013.

23. Deed of cross-guarantee

Rubicor Group Limited and Challenge Recruitment Limited are parties to a deed of cross-guarantee under which each Company guarantees the debt of others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of profit or loss and other comprehensive income

The above companies represent a 'Closed Group' for the purposes of the Class Order.

Set out below is a consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2014 and 2013 of the Closed Group consisting of Rubicor Group Limited and Challenge Recruitment Limited.

Statement of profit or loss and other comprehensive income

	2014 $000	2013 $000
Revenue	**84,315**	90,955
Gain on debt forgiven	**88,608**	-
On hired labour costs	**(72,390)**	(81,784)
Employee benefits expense	**(6,602)**	(7,913)
Rental expense on operating leases	**(634)**	(647)
Restructure expense	**(176)**	(1,444)
Other expenses	**(2,453)**	(3,062)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**90,668**	(3,895)
Depreciation of property, plant and equipment	**(174)**	(194)
Amortisation of intangible assets	**(88)**	(119)
Finance costs	**(794)**	(3,372)
Impairment losses relating to non-current assets	**-**	(29,699)
Profit/(loss) before income tax expense	**89,612**	(37,279)
Income tax expense	**(1,845)**	(282)
Profit/(loss) for the year	**87,767**	(37,561)
Other comprehensive income	**-**	-
Total comprehensive profit/(loss) for the year	**87,767**	(37,561)

23. Deed of cross-guarantee (continued)

(b) Statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2014 and 2013 of the Closed Group consisting of Rubicor Group Limited and Challenge Recruitment Limited.

Statement of financial position

	2014 $000	2013 $000
Assets		
Current assets		
Cash and cash equivalents	**1,482**	-
Trade and other receivables	**121,604**	117,198
Other assets	**367**	330
Total current assets	**123,453**	117,528
Non-current assets		
Trade and other receivables	**106,604**	98,764
Other financial assets	**1,008**	1,008
Property, plant and equipment	**865**	939
Deferred tax assets	**762**	1,666
Intangible assets	**112**	176
Total non-current assets	**109,351**	102,553
Total assets	**232,804**	220,081
Liabilities		
Current liabilities		
Trade and other payables	**5,948**	10,472
Borrowings	**264,031**	335,270
Provisions	**736**	755
Total current liabilities	**270,715**	346,497
Non-current liabilities		
Borrowings	**773**	-
Provisions	**267**	172
Total non-current liabilities	**1,040**	172
Total liabilities	**271,755**	346,669
Net liabilities	**(38,951)**	(126,588)
Equity		
Share capital	**64,605**	64,605
Reserves	**123**	253
Accumulated losses	**(103,679)**	(191,446)
Total Equity	**(38,951)**	(126,588)

24. Commitments for expenditure

The Group had nil committed expenditure as at 30 June 2014 and 30 June 2013.

25. Segment information

The Group's internal reporting systems produce 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 the 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; and
– 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.

There have been no changes in basis of segmentation or basis of segmental profit or loss since the previous financial report.

Segment revenues and results

The following is an analysis of the Group's revenue and result by reporting operating segment for the periods under review:

(a) Revenue

	Australia		New Zealand		Other		Unallocated		Economic entity	
	2014 $000	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000
Revenue	**183,839**	222,643	**13,104**	14,155	**1,085**	897	**88,608**	-	**286,636**	237,695
Total segment revenue:	**183,839**	222,643	**13,104**	14,155	**1,085**	897	**88,608**	-	**286,636**	237,695

(b) Result

	Australia		New Zealand		Other		Unallocated		Economic entity	
	2014 $000	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000
Segment results before depreciation and amortisation	**4,597**	5,644	**898**	891	**(503)**	(243)	**88,608**	-	**93,600**	6,292
Depreciation	**(500)**	(714)	**(46)**	(47)	**(21)**	(38)	**-**	-	**(567)**	(799)
Segment results after depreciation and before amortisation	**4,097**	4,930	**852**	844	**(524)**	(281)	**88,608**	-	**93,033**	5,493
Amortisation									**(103)**	(137)
Central administration costs and directors' salaries									**(3,585)**	(5,226)
Restructuring expense									**(893)**	(3,452)
Interest revenue									**59**	152
Finance costs									**(1,543)**	(4,966)
Interest on vendor earn-out liabilities									**(97)**	(162)
Impairment losses									**(3)**	(15,658)
Profit/(loss) before tax									**86,868**	(23,956)
Income tax (expense)/benefit									**(2,087)**	16
Profit/(loss) after tax									**84,781**	(23,940)

25. Segment information (continued)

(c) Segment assets and liabilities

The Group is not required to disclose information regarding segment assets and liabilities where that information is not reported to the CODM.

(d) Information about major customers

Included in revenues are revenues of $32.2 million (2013: $64.0 million) which arose from sales to one (2013: two) of the Group's customers whose individual revenue exceeds 10% of total revenue in the Australian segment.

26. Related party transactions

Group/Company transactions with related parties outside the Group

There have been no transactions with related parties outside the Group during the financial years ended 30 June 2014 and 30 June 2013, other than key management personnel disclosures in Note 6.

27. Secured liabilities

The debtor finance facility (refer Note 14(f)) 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.

28. Contingent liabilities

The Group had contingent liabilities at 30 June 2014 in respect of bank guarantees for leases (refer to Note 30), as set out below:

	2014 $000	2013 $000
Contingent liabilities		
Bank guarantees and deposits in respect of leased premises totalling:	2,162	2,268
	2,162	2,268

The bank guarantees are fully cash backed by funds drawn from the debtor finance facility (refer Note 14(a) and Note (7)) and are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.

29. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Notes 17, 18 and 19 respectively.

(c) Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial management framework. The Board has an established Audit and Risk Management Committee which is responsible for developing and monitoring the Group's financial management policies. The committee provides regular reports to the Board of Directors on its activities.

The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The main risks arising from the Group's financial instruments are market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Board reviews and approves policies for managing each of these risks.

The Board has approved written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- foreign exchange forward contracts to hedge the exchange rate risk arising from transactions not recorded in an entity's functional currency; and
- interest rate swaps to mitigate the risk of rising interest rates.

(e) Foreign currency risk management

The Group from time-to-time undertakes certain transactions denominated in foreign currencies that are different to the functional currencies of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated assets and liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities within the Group is nil (2013: nil).

(f) Interest rate risk management

The Group is exposed to interest rate risk associated with borrowed funds at floating interest rates. During the financial year, risks associated with interest rate movements were monitored by the Board; however, no hedging instruments were considered necessary to manage this risk.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's loss before tax would decrease/ increase by $0.10 million (2013: loss before tax decrease/ increase by $0.54 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying value of trade receivables recorded in the financial statements, net of any impairment allowances, represents the Group's maximum exposure to credit risks.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The maximum credit risk exposure of financial assets is their carrying amount in the financial statements.

Notes to the Financial Statements

29. Financial instruments (continued)

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the CEO and Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously forecasting and comparing actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 14(i) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

Financial liabilities

	Weighted average effective interest rate %	0-3 months $000	3 months to 1 year $000	1-5 years $000	5+ years $000	Total $000
2014						
Trade and other payables	**-**	**7,737**	**-**	**-**	**-**	**7,737**
Debtor finance facility	**8.47**	**215**	**646**	**11,683**	**-**	**12,544**
Vendor earn-out liability	**12.50**	**-**	**-**	**887**	**-**	**887**
Total		**7,952**	**646**	**12,570**	**-**	**21,168**
2013						
Trade and other payables	-	11,927	-	-	-	11,927
Bank overdraft[1]	9.59	3,965	-	-	-	3,965
Finance lease liability[1]	11.80	1	3	10	-	14
Subordinated facility[1]	-	-	33,000	-	-	33,000
Term facility[1]	6.58	1,457	50,483	-	-	51,940
Extension fees[1]	-	-	2,423	-	-	2,423
Vendor earn-out liability	12.50	-	988	-	-	988
Total		17,350	86,897	10	-	104,257

1 Included in the debt facilities restructure and extinguished in July 2013. Refer Note 14(a).

Net fair values of financial assets and liabilities

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2014				
Financial liabilities				
Vendor earn-out liability	**-**	**-**	**785**	**785**
2013				
Financial liabilities				
Vendor earn-out liability	-	-	955	955

Other than the above, the carrying amount of the consolidated entity's identified financial assets and liabilities represents materially their net fair value.

30. Operating lease arrangements

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2014 $000	2013 $000
Leases as lessee		
Less than one year	**2,627**	2,850
Between one and five years	**4,374**	5,481
Total	**7,001**	8,331

The Group leases a number of offices under operating leases. The leases run over varying periods, some with option periods. Some of the leases have fixed rate rental periods, and some have market rate rental adjustments.

31. Finance and hire purchase leases

The present value of finance lease liabilities is as follows:

	2014 $000	2013 $000
Less than one year	**-**	5
Between one and five years	**-**	12
Minimum future lease payments[1]	**-**	17
Less future finance charges	**-**	(3)
Present value of minimum lease payments	**-**	14
Recognised in the financial statements as:		
Borrowings:		
Current (Note 14)	**-**	4
Non-current (Note 14)	**-**	10
Total	**-**	14

All finance lease obligations were extinguished in July 2013. (2013: secured against the underlying assets, with a net book value $0.008m).

1 Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

32. Events after the balance date

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

33. Senior Executive Share Plan

Employee Share Option Plan

In the 2006 financial year, Rubicor Group Limited established the Key Employee Share Option Plan (the Plan). The Plan was established to retain and motivate eligible persons whose present and potential contributions are important to the success of the parent and its controlled entities by offering them an opportunity to participate in the Group's future performance through the awarding of share options. Eligible persons are full-time or part-time employees of the consolidated entity or other such persons as approved by the Board of Directors.

Vesting of the share options awarded takes place over a five-year period, with the first of the options vesting after two years and the rest vesting in tranches thereafter. The options cannot be exercised until the occurrence of a specified liquidity event.

On exercise, each share option entitles the eligible person holding that option to one ordinary share in the parent entity, ranking equally with all other shares. The exercise price of an option will be determined by the Board of Directors and set out in the Award Invitation.

The maximum number of shares to be issued to eligible persons on exercise of the share options is 5% of the issued share capital of the parent entity on a diluted basis at the valuation date.

The expiry date of the options is the earlier of:

- five years following the vesting period for options issued before July 2011, and 30 June 2017 for options issued from July 2011;
- the expiration date set out in the relevant Award Invitation;
- the date on which any condition relating to the exercise of the options can no longer be satisfied; or
- the date that the relevant participant ceased to be employed or engaged by the consolidated entity.

The fair value at grant date is independently determined using a Monte Carlo option pricing model.

The key model inputs for options granted before July 2010 include:

(a) Options are granted for no consideration, will vest over a five year period, with 40% vesting after two years, and the rest vesting in three equal tranches.
(b) The grant dates were 27 May 2008, 28 April 2008, 31 August 2006 and 31 October 2005.
(c) The expected dividend yield is 6%.
(d) The risk-free interest rate varied between 5.34% and 5.48%.
(e) The expected price volatility of the Company's shares is 45%, based on historical experience of similar companies.

The key model inputs for options granted in July 2010 include:

(a) Options are granted for no consideration, and will vest 3 years from the grant date.
(b) The grant date was 1 July 2010.
(c) The expected dividend yield is 0%.
(d) The risk-free interest rate varied between 5.10% and 5.48%.
(e) The expected price volatility of the Company's shares is 65%, based on historical experience of similar companies.

The key model inputs for options granted in July 2011 include:

(a) Options are granted for no consideration, and will vest 3 years from the grant date.
(b) The grant date was 1 July 2011.
(c) The expected dividend yield is 0%.
(d) The risk-free interest rate varied between 5.52% and 5.56%.
(e) The expected price volatility of the Company's shares is 69%, based on historical experience of similar companies.

A gain of $129,409 has been recognised as a share-based payment true up adjustment on a graded vesting pattern for the year ended 30 June 2014. (2013: expense of $13,139) and no options were exercised during the year (2013: nil) (refer to Note 18).

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Issued October 2005	1,847,459	October 2005	December 2015	Nil	0.37
Issued August 2006	1,028,843	August 2006	December 2015	Nil	0.58
Issued April 2008	957,415	April 2008	December 2018	0.37	0.11
Issued May 2008	170,000	May 2008	December 2018	0.26	0.04
Issued July 2010	1,548,800	July 2010	June 2017	0.05	0.02
Issued July 2010	1,210,000	July 2010	June 2017	0.05	0.02
Issued July 2011	1,626,240	July 2011	June 2018	0.05	0.01

The following table reconciles the outstanding share options granted under the Employee Share Option Plan at the beginning and end of the financial year:

	2014		2013	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	**4,892,742**	**0.07**	5,097,034	0.06
Granted during the year	**-**	**-**	-	-
Exercised during the financial year (i)	**-**	**-**	-	-
Expired during the financial year	**(2,962,745)**	**-**	(204,292)	-
Balance at end of the financial year (ii)	**1,929,997**	**0.07**	4,892,742	0.07
Exercisable at end of the financial year	**303,757**	**0.20**	657,702	0.16

(i) Exercised during the financial year
No share options granted under the Employee Share Option Plan were exercised during the financial year.

(ii) Balance at the end of the financial year
The share options outstanding at the end of the financial year had an average exercise price of $0.07 (2013: $0.06), and a weighted average remaining contractual life of 3.9 years (2013: 4.3 years).

34. Profit/(loss) per share

	2014 cents	2013 cents
(a) Basic profit/(loss) per share		
Profit/(loss) attributable to the equity holders of the Parent	**77.0**	(22.3)
(b) Diluted profit/(loss) per share		
Profit/(loss) attributable to the equity holders of the Parent	**77.0**	(22.3)

	2014 number	2013 number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**109,610,814**	109,610,814
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**109,610,814**	109,610,814

(d) Information concerning the classification of securities

(i) Options

Options granted to employees under the Employee Share Option Plan are considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share as they would be anti-dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 33.

35. Dividends
(a) Ordinary shares

	2014		2013	
	Cents per Share	Total $000	Cents per Share	Total $000
Ordinary shares				
Interim dividend:				
Franked to 100%	-	-	-	-

(b) Series B redeemable preference shares

No dividends were paid during the year (2013: Dividends totaling $0.01 million paid and applied against the Vendor earn-out liability as the liability includes the present value of future dividend payments (refer Note 14(b)).

(c) Franking credits

	2014 $000	2013 $000
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	**10,377**	10,197

The balance of the franking account includes:
(i) franking credits that arose from the payment of the amount of the provision for income tax;
(ii) franking debits that arose from the refund of the amount of the provision for income tax;
(iii) franking debits that arose from the payment of dividends recognised as a liability at the reporting date; and
(iv) franking credits that arose from the receipt of dividends recognised as receivables at the reporting date.

Shareholder Information
As at 18 September 2014

Number of security holders and securities on issue

Quoted equity securities
Rubicor has 110,628,015 fully paid ordinary shares on issue which are held by 734 shareholders.

Unquoted equity securities
Rubicor has 46 Series B redeemable preference shares on issue which are held by 12 shareholders.

Rubicor has 1,891,697 options on issue under the Employee Option Plan and these are held by 11 optionholders.

Voting Rights

Quoted equity securities
The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Unquoted equity securities
There are no voting rights attached to Series B redeemable preference shares.

Optionholders do not have any voting rights on the options held by them.

Distribution of security holders

Quoted equity securities
Fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	20	11,603	0.01
1,001 – 5,000	157	578,211	0.52
5,001 – 10,000	128	1,158,986	1.05
10,001 – 100,000	297	10,954,182	9.90
100,001 and over	132	97,925,033	88.52
Total	**734**	**110,628,015**	**100**

Unquoted Securities
Series B redeemable preference shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	12	46	100
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	0	0	0
Total	**12**	**46**	**100**

Rubicor employee options
Options granted on various dates with various vesting dates and various expiry dates – all vested options may be converted to fully paid ordinary shares on a one-for-one basis with a nil exercise price:

Holding	Number of optionholders	Number of options	%
1 – 1,000	-	-	-
1,001 – 5,000	1	2,594	3.4
5,001 – 10,000	1	5,189	6.8
10,001 – 100,000	4	68,806	89.8
100,001 and over	-	-	-
Total	**6**	**76,589**	**100**

Shareholder Information
As at 18 September 2014

Options granted on various dates with various vesting dates and various expiry dates – all vested options may be converted to fully paid ordinary shares on a one-for-one basis with a $0.37 exercise price:

Holding	Number of optionholders	Number of options	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	4	188,868	100
100,001 and over	-	-	-
Total	**4**	**188,868**	**100**

Options granted on various dates with various vesting dates and various expiry dates – all vested options may be converted to fully paid ordinary shares on a one-for-one basis with a $0.05 exercise price:

Holding	Number of optionholders	Number of options	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	2	1,626,240	100
Total	**2**	**1,626,240**	**100**

Unmarketable parcel of shares
The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 218. 10,000 fully paid ordinary shares comprise a marketable parcel at Rubicor's closing share price of $0.05.

Substantial shareholders
The number of securities held by substantial shareholders and their associates are set out below:

Fully Paid Ordinary Shares

Name	Number	%
Salmary Pty Limited, Pathold No. 107 Pty. Limited, George P Miltenyi, Mary E. Miltenyi, Peter J. Lewis and Susan E. Flynn	5,667,941	5.17[1]
Hatch Investments Pty Limited	13,221,252	12.00[2]
Cashel Capital Partners Fund 1 Pte Ltd	9,445,416	8.55[3]

Unquoted equity securities
Series B redeemable preference shares
There are 46 Series B redeemable preference shares on issue to 12 shareholders.

Mr Michael Crowe holds 11 Series B redeemable preference shares; a 23.91% interest in the total number of Series B redeemable preference shares on issue.

Rubicor employee options

There are 76,589 (with a nil exercise price) unquoted options on issue to 6 optionholders under the Employee Option Plan.

There are 188,868 (with a $0.37 exercise price) unquoted options on issue to 4 optionholders under the Employee Option Plan.

There are 1,626,240 (with a $0.05 cent exercise price) unquoted options on issue to 2 optionholders under the Employee Option Plan.

1 As notified to the Company on 21 June 2011.
2 As notified to the Company on 6 August 2013.
3 As notified to the Company on 6 May 2014.

On-market buy-back

There is no current on-market buy-back.

Twenty largest shareholders

Fully paid ordinary shares

Details of the 20 largest shareholders of quoted securities (grouped) by registered shareholding are:

Name		Number of shares	%
1	Hatch Investments Pty Ltd	13,221,252	11.95
2	Cashel Capital Partners Fund 1 Pte Ltd	10,450,862	9.45
3	RIA Super Pty Ltd	5,108,397	4.62
4	Salmary Pty Limited	5,019,178	4.54
5	ABN AMRO Clearing Sydney Nominees Pty Ltd	4,462,014	4.03
6	HSBC Custody Nominees (Australia) Limited	2,967,864	2.68
7	Mr Michael Shaun McLagan & Mrs Patricia Ann McLagan	2,775,400	2.51
8	MRJ Capital Pty Limited	2,550,000	2.31
9	Ms Nicola Jane Wilson & Mr David Jonathan Wilson & Mr Christopher Elliot Ritchie	1,935,793	1.75
10	Mr Richard Frank Agnew Wills & Mrs Margaret Afiatta Oscar Wills	1,500,000	1.36
11	Conquest Investments Pty Ltd	1,460,000	1.32
12	Mrs Donna Rose Braunthal	1,326,658	1.20
13	Mr James Malackey	1,326,150	1.20
14	Mijon Investments Pty Ltd	1,287,397	1.16
15	Brownvalley Investments Pty Ltd	1,202,897	1.09
16	Forsyth Barr Custodians Ltd	1,143,674	1.03
17	Andalusia Pty Ltd	1,000,000	0.90
18	Cadden Human Resource Services Pty Ltd	982,919	0.89
19	Mr Kevin Levine	937,405	0.85
20	Blackwood Investments Pty Limited	880,000	0.80
Total		**61,537,860**	**55.64**

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Corporate Directory

Directors

Executive Director

Kevin Levine
Chief Executive Officer

Non–Executive Directors

John Pettigrew, Chairman
Russel Pillemer
Steven Hatch

Company Secretary

Sharad Loomba

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Australian Company Number

110 913 365

Australian Business Number

74 110 913 365

Auditors

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Share Registry

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www.linkmarketservices.com.au

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ASX Code

RUB

About Rubicor

The Rubicor Group is of one Australasia's largest recruitment services companies providing services throughout Australia, New Zealand, and South East Asia. Operating as a network of 19 specialist recruitment brands, the Group offers search, selection, bulk recruitment, professional and support level contracting services and organisational development.

Established in 2005, The Rubicor Group operates from 19 offices and specialises in the provision of permanent and contact recruitment across the Public and Private Sector including Digital, Technology & Media Communications, Medical, Heath & Science, Financial, Professional & Business Services, Legal, HR and S&M, Industrial, Engineering, Resources, Trades & Hospitality, Business Support & Contact Centres.

The combined strength of our house of brands further cements Rubicor's position as a diverse and widely networked organisation with a consummate ability to match talent with global opportunities. More information is available at www.rubicor.com.au.

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