

**Rubicor Group Limited and Controlled Entities**  
**Preliminary Financial Statements**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the financial year ended 30 June 2015**

	Note	2015 \$000	2014 \$000
Revenue	2	204,314	198,028
Other gains and losses	2	403	-
Gain on debt forgiven	3	-	88,608
On hired labour costs		(166,585)	(160,747)
Employee benefits expense		(25,262)	(24,230)
Rental expense on operating leases		(2,482)	(3,043)
Restructuring expense	4	(2,500)	(893)
Transaction and capital advisory costs		(521)	-
Other expenses	4	(8,723)	(8,542)
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)		(1,356)	89,181
Depreciation of property, plant and equipment	4	(545)	(567)
Amortisation of intangible assets		(116)	(103)
Finance costs	4	(2,355)	(1,640)
Impairment losses relating to intangible assets	4	(718)	(3)
<b>(Loss)/profit before income tax expense</b>		<b>(5,090)</b>	<b>86,868</b>
Income tax benefit/(expense)	5	948	(2,087)
<b>(Loss)/profit for the year</b>		<b>(4,142)</b>	<b>84,781</b>
<b>Other comprehensive (loss)/income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(537)	43
Other comprehensive (loss)/income for the year, net of tax		(537)	43
<b>Total comprehensive (loss)/profit for the year</b>		<b>(4,679)</b>	<b>84,824</b>
 (Loss)/profit for the year attributable to:			
Owners of the parent		(4,382)	84,410
Non-controlling interests		240	371
		(4,142)	84,781
 Total comprehensive (loss)/profit for the year attributable to:			
Owners of the parent		(4,919)	84,453
Non-controlling interests		240	371
		(4,679)	84,824
 <b>Basic (loss)/profit per share (cents)</b>			
		(3.4)	77.0
 <b>Diluted (loss)/profit per share (cents)</b>			
		(3.4)	77.0

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

Preliminary Financial Statements  
Consolidated Statement of Financial Position  
As at 30 June 2015

	Note	2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,007	2,359
Trade and other receivables		27,884	24,253
Other assets		1,265	848
Current tax receivable		27	-
<b>Total current assets</b>		<b>32,183</b>	<b>27,460</b>
<b>Non-current assets</b>			
Trade and other receivables		-	115
Property, plant and equipment		1,628	1,820
Deferred tax assets		2,654	1,858
Intangible assets	7	838	796
Other assets		2	6
<b>Total non-current assets</b>		<b>5,122</b>	<b>4,595</b>
<b>TOTAL ASSETS</b>		<b>37,305</b>	<b>32,055</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		20,397	16,595
Borrowings	8	13,407	10,449
Current tax payable		-	81
Provisions		2,340	2,157
<b>Total current liabilities</b>		<b>36,144</b>	<b>29,282</b>
<b>Non-current liabilities</b>			
Trade and other payables		2,738	-
Borrowings	8	874	785
Provisions		1,595	1,687
<b>Total non-current liabilities</b>		<b>5,207</b>	<b>2,472</b>
<b>TOTAL LIABILITIES</b>		<b>41,351</b>	<b>31,754</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(4,046)</b>	<b>301</b>

The accompanying notes form part of these financial statements.

**Rubicor Group Limited and Controlled Entities**  
**Preliminary Financial Statements**  
**Consolidated Statement of Financial Position**  
**For the financial year ended 30 June 2015**

	Note	2015 \$000	2014 \$000
<b>(DEFICIENCY)/EQUITY</b>			
Share capital		65,385	64,605
Reserves		(333)	242
Accumulated losses		(69,375)	(64,993)
		<u>(4,323)</u>	<u>(146)</u>
Equity attributable to owners of the parent		(4,323)	(146)
Non-controlling interests		277	447
<b>TOTAL (DEFICIENCY)/EQUITY</b>		<u><u>(4,046)</u></u>	<u><u>301</u></u>

The accompanying notes form part of these financial statements

Rubicor Group Limited and Controlled Entities

Preliminary Financial Statements  
Consolidated Statement of Changes in Equity  
For the financial year ended 30 June 2015

2015

	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
<b>Balance at 1 July 2014</b>	67	175	64,605	(64,993)	(146)	447	301
(Loss)/profit for the year	-	-	-	(4,382)	(4,382)	240	(4,142)
Other comprehensive loss for the year	-	(537)	-	-	(537)	-	(537)
<b>Total comprehensive (loss)/profit for the year</b>	-	(537)	-	(4,382)	(4,919)	240	(4,679)
Dividends paid	-	-	-	-	-	(410)	(410)
Share-based payments	(38)	-	-	-	(38)	-	(38)
Issue of ordinary shares	-	-	780	-	780	-	780
<b>Balance at 30 June 2015</b>	29	(362)	65,385	(69,375)	(4,323)	277	(4,046)

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
<b>Balance at 1 July 2013</b>	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
<b>Total comprehensive Profit for the year</b>	-	43	-	84,410	84,453	371	84,824
Dividends paid	-	-	-	-	-	(493)	(493)
Share-based payments	(130)	-	-	-	(130)	-	(130)
<b>Balance at 30 June 2014</b>	67	175	64,605	(64,993)	(146)	447	301

The accompanying notes form part of these financial statements.

**Rubicor Group Limited and Controlled Entities**

**Preliminary Financial Statements**

**Consolidated Statement of Cash Flows**

**For the financial year ended 30 June 2015**

	Note	2015 \$000	2014 \$000
<b>Cash from operating activities</b>			
Receipts from customers (inclusive of GST)		220,719	219,386
Payments to suppliers and employees (inclusive of GST)		(219,861)	(223,167)
		858	(3,781)
Finance costs paid		(2,220)	(1,499)
Interest received		32	59
Income taxes paid		(390)	(556)
		(1,720)	(5,777)
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(388)	(601)
Payment for intangible assets		(1,067)	(681)
Payment for controlled entities acquired (net of cash acquired):			
- relating to prior years		-	(43)
Proceeds from disposal of property, plant and equipment		29	-
Net proceeds on sale of business		502	-
		(924)	(1,325)
<b>Cash flows from financing activities</b>			
Repayment of third party borrowings		-	(7,000)
Proceeds from third party borrowings		2,922	10,143
Dividends paid to minority shareholders		(410)	(493)
Proceeds from issue of ordinary shares		780	-
		3,292	2,650
<b>Net cash increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		2,359	(3,174)
Bank overdraft debt forgiven		-	9,985
<b>Cash and cash equivalents at end of year</b>	6	3,007	2,359

The accompanying notes form part of these financial statements.

**Rubicor Group Limited and Controlled Entities**

**Preliminary Financial Statements**

**Notes to the Financial Statements**

**For the financial year ended 30 June 2015**

**1. Accounting policies**

**(a) Basis of preparation**

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is based on accounts that are in the process of being audited.

The accounting policies applied are consistent with those applied in the 2014 annual financial statements.

**2. Revenue and other income**

	<b>2015</b> <b>\$000</b>	<b>2014</b> <b>\$000</b>
<b>Revenue</b>		
Recruitment services	200,147	193,527
Interest	32	59
Recharge income	25	58
Organisational development fees	1,603	1,072
Other	2,507	3,312
	<u>204,314</u>	<u>198,028</u>
<b>Other gains and losses</b>		
Profit on sale of business	403	-
	<u>403</u>	<u>-</u>

Powerhouse People (Wellington, NZ) was sold on 4 April 2015 and Care Direct (Wellington, NZ) on 19 April 2015. The combined contribution of these businesses for 2015 was an EBITDA loss of \$0.7 million and loss after tax of \$0.7 million.

**3. Gain on debt forgiven**

	<b>2015</b> <b>\$000</b>	<b>2014</b> <b>\$000</b>
Gain on debt forgiven	-	88,608
<b>Total gain on debt forgiven</b>	<u>-</u>	<u>88,608</u>

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, were extinguished in full, in exchange for \$7.0 million. This resulted in a gain of \$88.6 million.

**Rubicor Group Limited and Controlled Entities**

**Preliminary Financial Statements**

**Notes to the Financial Statements**

**As at 30 June 2015**

**4. Expenses**

**(a) Other expenses**

	2015 \$000	2014 \$000
Advertising and marketing	756	588
Administration	6,899	6,940
Payroll tax costs	1,068	1,014
<b>Total other expenses</b>	<b>8,723</b>	<b>8,542</b>

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

	2015 \$000	2014 \$000
<b>Finance costs:</b>		
Interest expense on Vendor earn-out liability	101	97
Amortisation of borrowing costs	34	32
Interest and finance charges on other borrowings	2,220	1,511
	<b>2,355</b>	<b>1,640</b>
<b>Depreciation:</b>		
Property, plant and equipment	258	317
Leasehold improvements	287	250
	<b>545</b>	<b>567</b>
<b>Defined contribution superannuation expense:</b>		
On hired labour costs	11,552	10,436
Employee benefits expense	1,800	1,703
	<b>13,352</b>	<b>12,139</b>
Share-based payment benefit	(38)	(130)
Allowance for impairment of trade and other receivables	294	151
<b>Restructuring expense:</b>		
Onerous lease expense	690	581
Staff redundancy and termination expense	917	248
Personnel and other costs in relation to new system implementation	893	-
Other restructuring expense	-	64
	<b>2,500</b>	<b>893</b>
<b>Other significant expenses:</b>		
Impairment of intangible assets:		
Computer software	718	3
	<b>718</b>	<b>3</b>
Foreign exchange (gains)/losses	<b>(149)</b>	<b>18</b>

**Rubicor Group Limited and Controlled Entities**

**Preliminary Financial Statements**

**Notes to the Financial Statements**

**As at 30 June 2015**

**5. Income tax expense**

**(a) Components of tax (benefit)/expense**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Current tax (benefit)/expense	(152)	464
Deferred tax assets written down due to debt forgiven	-	761
Deferred tax liabilities brought to account due to debt forgiven	-	995
Deferred tax income relating to the origination and reversal of temporary differences	(796)	(52)
Over provision of tax in prior year	-	(81)
<b>Income tax (benefit)/expense</b>	<b>(948)</b>	<b>2,087</b>

**(b) Reconciliation of prima facie tax on (loss)/profit from ordinary activities to income tax (benefit)/expense**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>(Loss)/profit before tax</b>	<b>(5,090)</b>	<b>86,868</b>
<b>Prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax at 30% (2014: 30%)</b>	<b>(1,527)</b>	<b>26,060</b>
<b>Add:</b>		
<b>Tax effect of:</b>		
- non-deductible interest	121	29
- share option benefit	(11)	(39)
- other non-allowable/non-assessable items	113	299
- over provision of tax in prior year	-	(81)
- difference in overseas tax rates	70	97
- effect of current year tax losses not brought to account	597	641
- effect of previously unrecognised tax losses and deductible temporary differences now brought to account	(311)	-
- other allowable items	-	(93)
- 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
<b>Income tax (benefit)/expense</b>	<b>(948)</b>	<b>2,087</b>

Rubicor Group Limited and Controlled Entities

Preliminary Financial Statements

Notes to the Financial Statements

As at 30 June 2015

6. Cash and cash equivalents

	2015 \$000	2014 \$000
Cash on hand	7	6
Cash at bank	713	267
Cash on deposit <sup>1</sup>	2,287	2,086
<b>Total cash and cash equivalents</b>	<b>3,007</b>	<b>2,359</b>

<sup>1</sup> Cash on deposit in relation to rental and other guarantees. The balance expected to be released and replaced with guarantees provided under the post year end variation to the debtor finance facility (refer Note 9).

	2015 \$000	2014 \$000
<b>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:</b>		
Cash and cash equivalents	3,007	2,359
	<b>3,007</b>	<b>2,359</b>

7. Intangible assets

	2015 \$000	2014 \$000
Computer software	838	796
<b>Total intangible assets</b>	<b>838</b>	<b>796</b>

**Rubicor Group Limited and Controlled Entities**

**Preliminary Financial Statements**

**Notes to the Financial Statements**

**As at 30 June 2015**

**8. Borrowings**

	Note	2015 \$000	2014 \$000
<b>CURRENT</b>			
<b>Unsecured liabilities</b>			
Other		276	274
		<u>276</u>	<u>274</u>
<b>Secured liabilities</b>			
Debtor finance facility (net of borrowing costs)	(a)	13,131	10,175
		<u>13,131</u>	<u>10,175</u>
		<u>13,407</u>	<u>10,499</u>
<b>NON-CURRENT</b>			
<b>Unsecured liabilities</b>			
Vendor earn-out liability	(b)	874	785
		<u>874</u>	<u>785</u>

**(a) Debtor finance facility (net of borrowing costs)**

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

At 30 June 2015, this facility attracted interest at a margin over bank reference rates.

Subsequent to year end the facility has been varied to provide for an increased limit of \$21 million (including a facility for bank guarantees). Refer Note 9.

**(b) Vendor earn-out liability**

The Vendor earn-out liability comprises dividend entitlements to holders of Series B Redeemable Preference Shares. 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.

**9. Events after the reporting period**

Subsequent to year end the debtor finance facility was varied as follows:

- Increase in the facility limit to \$21 million.
- Increase in the invoice advance rate.
- Inclusion of a bank guarantee facility to be provided from the available facility limit and secured against receivables.
- 48 month term, with no early termination fees if termination after 12 months.