

Appendix 4D

Half Year Report Half year ended 31 December 2017

Name of entity

Rubicor Group Limited

ABN

74 110 913 365

Half year ended
(current period)

31 December 2017

Half year ended
(previous period)

31 December 2016

2. Results for announcement to the market

| | | | | A\$'000 |
|--|------|-------|----|----------------|
| Revenues from ordinary activities | down | 11.3% | to | 93,152 |
| Loss before interest, taxation, depreciation, amortisation and impairment (EBITDA) | down | * | to | (836) |
| Net loss for the period after tax | down | * | to | (11,855) |
| Net loss for the period attributable to members | down | * | to | (11,855) |

*Percentage movement cannot be calculated as the previous period was a profit.

Dividends

No dividends have been paid or are due to be paid in relation to the current financial half year period.

Commentary

Please refer to the attached press release for a commentary on the performance of Rubicor Group for the half year period.

3. Earnings/(loss) per share

| | Current period | Previous period |
|--|----------------|-----------------|
| Undiluted earnings/(loss) per share (cents per share) | (4.8) | 4.7 |
| Diluted earnings/(loss) per share (cents per share) | (4.8) | 4.7 |

4. Net tangible assets

| | Current period | Previous Period |
|---|----------------|-----------------|
| Net tangible assets per security (cents per share) | (1.1) | 0.0 |

5. Control gained/lost over entities

| |
|--|
| Details of businesses over which control has been gained/ lost during the period. |
| No control has been gained/ lost over businesses during the financial period. |

6. Foreign entities

The results of foreign entities are presented in accordance with Australian Accounting Standards.

The remainder of the information requiring disclosure to comply with ASX Listing Rules is contained within the attached Financial Statements for the half year ended 31 December 2017.

7. Independent review

Emphases of matter- refer attached financial statements.

Rubicor Group Limited and Controlled Entities
ABN 74 110 913 365
General Purpose Interim Financial Statements
For the Half-Year Ended 31 December 2017

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Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Director's Report

For the half-year ended 31 December 2017

Your directors present their report on the Company and its controlled entities for the half-year ended 31 December 2017.

1) General Information

Directors

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

David Hutchison
Sharad Loomba
Angus Mason

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

2. Business Review

(a) Review of operations

The total revenue for the six month period to 31 December 2017 was \$93.2m (2016: \$121.2m). The Group loss after tax for the period from continuing operations was \$9.5m (2016: \$12.2m profit).

In December 2017 the Directors agreed a binding heads of agreement to sell Makesafe Traffic Management (MTM) back to the original owners. This decision is in line with continued brand consolidation and service offering alignment. The sale was finalised on 31 January 2018 with \$0.9m proceeds from the sale to be paid to Rubicor over a period 16 months. The sale is expected to strengthen the operating cashflow position of the group.

As part of the Group's brand consolidation and re-branding at the start of FY2018, all Orange Australia customer contracts in Choice HR (Logistics) Pty Ltd were transferred into Rubicor Workforce Pty Ltd. Due to this restructure, the Directors determined that it was no longer appropriate to separately identify or value these customer relationships due to them being merged into Rubicor Workforce. Accordingly the Customer Relationships intangible asset associated with these contracts has been fully impaired at 31 December 2017, with the recognition of an impairment loss of \$1.9m and an associated deferred tax write back of \$0.7m.

A deferred tax asset (DTA) in respect of historical tax losses has not been recognised as at 31 December 2017. Although the Directors are forecasting improved operating performance and return to profitability, based on the half-year results and twelve month forecast, the Directors believe it is prudent that the DTA only be recognised when there is a history of utilisation of those losses. Accordingly, the DTA has been derecognised resulting in an income tax expense of \$6.6m in the period to 31 December 2017.

Underlying EBITDA and NPAT were key metrics for Rubicor Group in HY2018 but are not calculated in accordance with International Financial Reporting Standards (IFRS) and have not been reviewed by Rubicor's Auditor.

Underlying EBITDA

| | 2017 | 2016 |
|---|-------|--------|
| 6 Months ended 31 December | \$m | \$m |
| Stat EBITDA | (0.8) | 15.0 |
| Significant items: | | |
| Gain on debt forgiven | - | (14.7) |
| One-off legal fees | 0.1 | 0.1 |
| Restructuring expense | 0.3 | 2.2 |
| New software research & development expense | 0.6 | - |
| Underlying EBITDA | 0.2 | 2.6 |

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Director's Report

For the half-year ended 31 December 2017

Underlying NPAT

| | 2017 | 2016 |
|---|-------------|-------------|
| 6 Months ended 31 December | \$m | \$m |
| Stat NPAT – Equity holders | (11.9) | 12.2 |
| Significant items: | | |
| Profit/(loss) from discontinued operations | 2.3 | - |
| Impairment losses | 2.0 | - |
| Gain on debt forgiven | - | (14.7) |
| One-off legal fees | 0.1 | 0.1 |
| Restructuring expense | 0.3 | 2.2 |
| New software research & development expense | 0.6 | - |
| Deferred tax asset reversal | 6.6 | - |
| Underlying NPAT from continuing operations | 0.0 | (0.2) |

(b) Dividends

No interim dividend has been paid in the current half-year period (2016: nil).

No dividends were paid on redeemable preference shares in the current half-year period (2016: nil).

3. Auditor's Independence Declaration

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

4. Rounding off of amounts

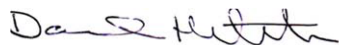
The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors made pursuant to s306 (3) of the Corporations Act 2001:

On behalf of the Directors

Director

Director



David Hutchison



Sharad Loomba

Dated this 28th day of February 2018



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NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

The Directors
Rubicor Group Limited
Level 24, 68 Pitt Street
SYDNEY NSW 2000

Auditor's Independence Declaration

To the Directors of Rubicor Group Limited.

In relation to the independent auditor's review for the half-year ended 31 December 2017, to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Rubicor Group Limited and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS

Nigel Batters

NIGEL BATTERS
Partner

Brisbane, Queensland
28 February 2018

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

| | Notes | Half-year ended 31 Dec 17 \$000 | Half-year ended 31 Dec 16 \$000 |
|---|-------|---------------------------------------|---------------------------------------|
| Revenue | | 93,152 | 104,978 |
| Gain on debt forgiven | | - | 14,692 |
| Gain from bargain purchase | | - | 1,521 |
| On hired labour costs | | (79,414) | (87,415) |
| Employee benefits expense | | (10,036) | (11,786) |
| Rental expense on operating leases | | (1,253) | (1,217) |
| Consultancy expense | | (181) | (210) |
| Computer costs and support | | (651) | (596) |
| Travel expense | | (456) | (383) |
| Restructure expense | | - | (1,724) |
| Other expenses | | (1,997) | (2,883) |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | (836) | 14,977 |
| Depreciation of property, plant and equipment | | (321) | (216) |
| Amortisation of intangible assets | | (122) | (17) |
| Finance costs | | (940) | (854) |
| Impairment losses | | (1,925) | (8) |
| Profit/(loss) before income tax expense | | (4,144) | 13,882 |
| Income tax expense | 2 | (5,385) | (1,668) |
| Profit/(loss) for the period from continuing operations | | (9,529) | 12,214 |
| Net loss after tax from discontinued operations | 7 | (2,326) | - |
| Profit/(loss) for the period | | (11,855) | 12,214 |
| Other comprehensive profit/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | (100) | (7) |
| Other comprehensive loss for the period, net of tax | | (100) | (7) |
| Total comprehensive profit/(loss) for the period | | (11,955) | 12,207 |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the parent | | (11,855) | 11,920 |
| Non-controlling interests | | - | 294 |
| | | (11,855) | 12,214 |
| Total comprehensive profit/(loss) for the period attributable to: | | | |
| Owners of the parent | | (11,995) | 11,913 |
| Non-controlling interests | | - | 294 |
| | | (11,995) | 12,207 |
| Basic profit/(loss) per share (cents) | | (4.8) | 4.9 |
| Diluted profit/(loss) per share (cents) | | (4.8) | 4.9 |

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Consolidated Statement of Financial Position

As at 31 December 2017

| | Notes | 31 Dec 17 \$000 | 30 Jun 17 \$000 |
|---|--------------|----------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 914 | 1,860 |
| Trade and other receivables | | 24,830 | 25,492 |
| Other financial assets | | 119 | 119 |
| Other assets | | 791 | 859 |
| Current tax receivable | | - | 2 |
| | | <u>26,654</u> | <u>28,332</u> |
| Assets of disposal group held for sale | 7 | <u>951</u> | - |
| Total current assets | | <u>27,605</u> | <u>28,332</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 1,441 | 2,169 |
| Deferred tax assets | | 1,857 | 6,249 |
| Intangible assets | 4 | <u>55</u> | <u>5,465</u> |
| Total non-current assets | | <u>3,353</u> | <u>13,883</u> |
| Total assets | | <u>30,958</u> | <u>42,215</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 14,229 | 16,032 |
| Borrowings | 5 | 16,237 | 13,903 |
| Provisions | | <u>1,797</u> | <u>1,459</u> |
| | | <u>32,263</u> | <u>31,394</u> |
| Liabilities of disposal group held for sale | 7 | <u>101</u> | - |
| Total current liabilities | | <u>32,364</u> | <u>31,394</u> |
| Non-current liabilities | | | |
| Borrowings | 5 | 1,042 | 1,110 |
| Provisions | | <u>474</u> | <u>663</u> |
| Total non-current liabilities | | <u>1,516</u> | <u>1,773</u> |
| Total liabilities | | <u>33,880</u> | <u>33,167</u> |
| Net assets/(liabilities) | | <u>(2,922)</u> | <u>9,048</u> |
| Equity | | | |
| Share capital | 6 | 70,127 | 70,142 |
| Reserves | | 1,024 | 1,124 |
| Accumulated losses | | <u>(74,073)</u> | <u>(62,218)</u> |
| Total equity attributable to owners of the parent | | <u>(2,922)</u> | <u>9,048</u> |
| Non-controlling interests | | - | - |
| Total Equity | | <u>(2,922)</u> | <u>9,048</u> |

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

2017

| | Equity-settled employee benefit reserve \$000 | Foreign currency translation reserve \$000 | Share capital \$000 | Accumulated losses \$000 | Attributable to owners of the parent \$000 | Non-controlling interests \$000 | Total \$000 |
|--|--|---|------------------------|-----------------------------|---|------------------------------------|----------------|
| Balance at 1 Jul 2017 | 29 | 1,095 | 70,142 | (62,218) | 9,048 | - | 9,048 |
| Loss for the period | - | - | - | (11,855) | (11,855) | - | (11,855) |
| Other comprehensive loss | - | (100) | - | - | (100) | - | (100) |
| Total comprehensive loss for the period | - | (100) | - | (11,855) | (11,955) | - | (11,955) |
| Buy back of ordinary shares | - | - | (15) | - | (15) | - | (15) |
| Balance at 31 Dec 2017 | 29 | 995 | 70,127 | (74,073) | (2,922) | - | (2,922) |

2016

| | Equity-settled employee benefit reserve \$000 | Foreign currency translation reserve \$000 | Share capital \$000 | Accumulated losses \$000 | Attributable to owners of the parent \$000 | Non-controlling interests \$000 | Total \$000 |
|---|--|---|------------------------|-----------------------------|---|------------------------------------|----------------|
| Balance at 1 Jul 2016 | 29 | (1,341) | 70,142 | (77,770) | (8,940) | 123 | (8,817) |
| Profit for the period | - | - | - | 11,920 | 11,920 | 294 | 12,214 |
| Other comprehensive loss | - | (7) | - | - | (7) | - | (7) |
| Total comprehensive profit/(loss) for the period | - | (7) | - | 11,920 | 11,913 | 294 | 12,207 |
| Balance at 31 Dec 2016 | 29 | (1,348) | 70,142 | (65,850) | 2,973 | 417 | 3,390 |

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

| Notes | Half-year ended 31 Dec 17 \$000 Inflows/(Outflows) | Half-year ended 31 Dec 16 \$000 Inflows/(Outflows) |
|--|---|---|
| Cash from operating activities: | | |
| Receipts from customers | 102,787 | 114,346 |
| Payments to suppliers and employees | (104,578) | (124,740) |
| | (1,791) | (10,394) |
| Finance costs paid | (940) | (854) |
| Interest received | - | 61 |
| Income taxes paid | - | (155) |
| Operating cash flow from discontinued operations | (419) | - |
| Net cash outflow from operating activities | (3,150) | (11,342) |
| Cash flows from investing activities: | | |
| Payment for property, plant and equipment | (41) | (32) |
| Payment for intangibles | (6) | (48) |
| Payment for businesses acquired | - | (5) |
| Proceeds from redemption of investments | - | 197 |
| Net cash (outflow)/inflow from investing activities | (47) | 112 |
| Cash flows from financing activities: | | |
| Proceeds from third party borrowings | 2,529 | 2,924 |
| Repayment of third party borrowings | (263) | (12) |
| Payment for ordinary share buy back | (15) | - |
| Net cash inflow from financing activities | 2,251 | 2,912 |
| Net decrease in cash and cash equivalents | (946) | (8,318) |
| Cash and cash equivalents at beginning of period | 1,860 | 10,134 |
| Cash and cash equivalents at end of period | 914 | 1,816 |

The accompanying notes form part of these financial statements.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements For the half-year ended 31 December 2017

1. Accounting policies

(a) General information

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

(b) Statement of compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial statements do not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements and other announcements to the Australian Stock Exchange.

(c) Basis of preparation

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

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half-year financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in preparing the financial statements for the half-year ended 31 December 2017 are consistent with those adopted and disclosed in the Group's annual financial statements for the financial year ended 30 June 2017.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

(d) Going concern

The Directors have prepared the half-year financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017 reflects a consolidated Group loss after tax from continuing operations of \$9.5m (2016 profit \$12.2m), and the statement of financial position reflects a deficit of current assets over current liabilities of \$5.6m (30 June 2017: \$3m net current liabilities) and a total net asset deficit of \$3.7m (30 June 2017 net surplus: \$9m) from continuing operations. The statement of cash flows reflects net cash outflows from operations of \$3.2m (2016: \$11.3m).

The Directors have reviewed the cash flow forecast for the Group through to 28 February 2019. The forecast indicates that the Group will operate within the overall finance facility limit with Scottish Pacific and that the Group will be able to pay its debts as and when they fall due. This is dependent on the ability of the Group in successfully finalising the remaining cost savings initiatives and achieving revenue growth.

If the Group is unable to achieve successful outcomes in relation to the above matters, uncertainty will exist as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

**Notes to the Financial Statements
For the half-year ended 31 December 2017**

2. Income tax expense

(a) Components of tax expense

| | | |
|--|--------------|--------------|
| Current tax expense | - | 180 |
| Deferred tax relating to temporary differences | (2,194) | 1,488 |
| Adjustments for deferred tax assets of prior periods | 6,557 | - |
| Income tax expense | 4,363 | 1,668 |

Income tax expense is attributable to:

| | | |
|--|----------------|--------------|
| Profit/(loss) from continuing operations | 5,385 | 1,668 |
| Profit/(loss) from discontinued operations | (1,022) | - |
| | 4,363 | 1,668 |

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

| | Consolidated | |
|--|------------------------|------------------------|
| | Half-year ended | Half-year ended |
| | 31 Dec 17 | 31 Dec 16 |
| | \$000 | \$000 |
| The prima facie tax payable on profit before income tax is reconciled To the income tax expense as follows: | | |
| Prima facie income tax payable on profit before income tax at 30% | (2,248) | 4,165 |
| Income tax at 30% - continuing operations | (1,244) | 4,165 |
| Income tax at 30% - discontinuing operations | (1,004) | - |
| Profit/(loss) before tax | (2,248) | 4,165 |

Add/(less) Tax effect of amounts which are not deductible/(taxable)

In calculating taxable income:

| | | |
|--|--------------|--------------|
| - non-assessable gain on debt forgiven | - | (4,407) |
| - non-assessable gain from bargain purchase | - | (456) |
| - other non-allowable/non-assessable items | 66 | 58 |
| - DTA arising from prior year timing differences | 6,557 | - |
| - difference in overseas tax rates | (12) | (6) |
| - effect of tax losses not brought to account | - | 1,314 |
| - reversal of deferred tax assets | - | 1,000 |
| Income tax expense | 4,363 | 1,668 |

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements For the half-year ended 31 December 2017

(c) Deferred Tax

| | Consolidated Half-year ended 31 Dec 17 \$000 | Half-year ended 30 Jun 17 \$000 |
|--|---|---------------------------------------|
| Deferred tax relates to the following: | | |
| Deferred Tax Assets balance comprises: | | |
| Provision for impairment loss | 112 | 111 |
| Other capital assets | 5 | - |
| Accruals | 1,193 | 1,381 |
| Current provision for annual leave | 333 | 291 |
| Current provision for long service leave | 187 | 164 |
| Provisions | 163 | 169 |
| Business related costs | 649 | 763 |
| Carried forward tax losses | - | 5,703 |
| | 2,643 | 8,582 |
| Deferred Tax Liabilities balance comprises: | | |
| Other receivables | (114) | (102) |
| Leasehold improvements | (28) | (80) |
| Motor vehicles | (111) | (79) |
| Office equipment | - | (1) |
| Furniture, fixtures and fittings | (341) | (410) |
| Computer equipment | (16) | (18) |
| Intangibles | (157) | (1,621) |
| FX Movement | (19) | (22) |
| | (786) | (2,333) |
| Net deferred tax | 1,857 | 6,249 |

3. Segment information

Business segments

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

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

- Australia;
- New Zealand;
- Other.

The Australian and New Zealand reportable segments supply recruitment services to the Australian and New Zealand geographical regions respectively. 'Other' is the aggregation of the Group's other operating segments that are not separately reportable. Included in 'Other' are operating segments for the Group's activities in supplying recruitment services in Singapore, Hong Kong and the United Kingdom.

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements For the half-year ended 31 December 2017

Segment revenues and results

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

| | Australia | | New Zealand | | Other | | Consolidated entity | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|
| | 2017 \$000 | 2016 \$000 | 2017 \$000 | 2016 \$000 | 2017 \$000 | 2016 \$000 | 2017 \$000 | 2016 \$000 |
| (a) Revenue | 85,663 | 99,058 | 2,525 | 2,386 | 4,964 | 3,534 | 93,152 | 104,978 |
| Total segment revenue: | 88,663 | 99,058 | 2,525 | 2,386 | 4,964 | 3,534 | 93,152 | 104,978 |
| (b) Result | | | | | | | | |
| Segment result (EBITDA) | (1,045) | 1,835 | 72 | (51) | 137 | (152) | (836) | 1,632 |
| Depreciation | (305) | (179) | (11) | (30) | (5) | (7) | (321) | (216) |
| Segment result after depreciation | (1,351) | 1,656 | 61 | (81) | 132 | (159) | (1,157) | 1,416 |
| Amortisation | | | | | | | (122) | (17) |
| Gain on debt forgiven | | | | | | | - | 14,692 |
| Gain on bargain purchase | | | | | | | - | 1,521 |
| Administration and other costs | | | | | | | - | (1,205) |
| Restructuring expense | | | | | | | - | (1,724) |
| Interest revenue | | | | | | | - | 61 |
| Finance costs | | | | | | | (940) | (854) |
| Impairment losses | | | | | | | (1,925) | (8) |
| Profit/(loss) before tax from continuing operations | | | | | | | (4,144) | 13,882 |
| Income tax (expense)/benefit | | | | | | | (5,385) | (1,668) |
| Profit/(loss) after tax from continuing operations | | | | | | | (9,529) | 12,214 |
| Net loss after tax from discontinued operation | | | | | | | (2,326) | - |
| Profit/(loss) after tax | | | | | | | (11,855) | 12,214 |

Segment assets and liabilities

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

4. Intangible assets

| | Consolidated | |
|--|--------------------|--------------------|
| | 31 Dec 17 \$000 | 30 Jun 17 \$000 |
| Computer software and other intangible assets | | |
| Cost | 4,987 | 4,988 |
| Accumulated amortisation and impairment | (4,932) | (4,927) |
| Net carrying value | 55 | 61 |
| Customer relationships | | |
| Cost | 2,200 | 5,606 |
| Accumulated amortisation and impairment | (2,200) | (202) |
| Net carrying value | - | 5,404 |
| Net carrying value | 55 | 5,465 |

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365 Notes to the Financial Statements For the half-year ended 31 December 2017

5. Borrowings

| | Consolidated | |
|--|--------------------|--------------------|
| | 31 Dec 17 \$000 | 30 Jun 17 \$000 |
| Current | | |
| Secured liabilities | | |
| Equipment finance loan | 160 | 156 |
| Insurance premium funding loan | 177 | 376 |
| Debtor finance facility (net of borrowing costs) (a) | 15,900 | 13,371 |
| | 16,237 | 13,903 |
| Non-Current | | |
| Unsecured liabilities | | |
| Vendor earn-out liability (b) | 874 | 874 |
| | 874 | 874 |
| Secured liabilities | | |
| Equipment finance loan | 168 | 236 |
| | 168 | 236 |
| | 1,042 | 1,110 |

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

The facility was established in July 2013 and had an initial limit of \$15m. During the 2016 financial year, the facility was varied to provide for an increased limit of AUD\$19.0m and NZD\$2.0m (including a facility for bank guarantees). On 22 June 2017, the Principal Deed was varied by a Deed of Variation to amend the minimum period of the facility to now read "40 months from the 26 June 2017".

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 40 month minimum term with no annual review, no financial covenants and no facility amortisation repayments. Funding provided under this facility is however dependent upon the purchased receivables remaining approved until they are collected.

At 31 December 2017, this facility attracted interest at a margin of 2.15% over bank reference rates.

(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.

6. Share Capital

At 31 December 2017 the Group had 245,755,165 ordinary shares on issue (31 December 2016: 246,147,315) including 1,017,201 (2016: 1,017,201) treasury shares. Movements in the number and carrying value of ordinary shares during the half-year are outlined below:

| | No. of Shares | | Carrying Value | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 Dec 17 No. | 30 Jun 17 No. | 31 Dec 17 \$000 | 30 Jun 17 \$000 |
| Balance at 1 July | 246,147,315 | 246,147,315 | 70,880 | 70,880 |
| Buy-back of ordinary shares | (392,150) | - | (15) | - |
| Balance at 31 December | 245,755,165 | 246,147,315 | 70,865 | 70,880 |
| Less: Treasury Shares | (1,017,201) | (1,017,201) | (738) | (738) |
| | 244,737,964 | 245,130,114 | 70,127 | 70,142 |

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

Notes to the Financial Statements For the half-year ended 31 December 2017

7. Discontinued operations

(a) Description

In December 2017 the Directors agreed a binding heads of agreement to sell Makesafe Traffic Management (MTM) back to the original owners. The associated assets and liabilities were consequently presented as held for sale in the consolidated statement of financial position. MTM was sold on 31 January 2018 for \$0.9m and is reported in the current period as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance

The financial performance and cash flow information presented are for the period ended 31 December 2017.

| | Half-year ended 31 Dec 17 \$000 | Half-year ended 31 Dec 16 \$000 |
|---|---------------------------------------|---------------------------------------|
| Revenue | 3,051 | - |
| Expenses | (6,399) | - |
| Loss before tax from discontinued operations | (3,348) | - |
| Income tax benefit | 1,022 | - |
| Loss after tax from discontinued operations | (2,326) | - |
| Other comprehensive income | - | - |
| Comprehensive loss for the period from discontinued operations | (2,326) | - |

(c) Assets and liabilities of disposal group classified as held for sale

| | 31 Dec 17 \$000 | 30 June 17 \$000 |
|--|--------------------|---------------------|
| Property, plant and equipment | 426 | - |
| Intangibles | 525 | - |
| Assets of disposal group held for sale | 951 | - |
| Trade and other payables | (56) | - |
| Provisions | (45) | - |
| Liabilities of disposal group held for sale | (101) | - |

8. Contingent liabilities

The Group has provided bank guarantees and deposits amounting to \$1.1m (30 June 2017: \$1.3m) in respect of leasehold agreements. These bank guarantees are fully cash backed by funds drawn from the debtor finance facility (refer Note 5) and are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.

9. Comparative information

Certain items have been reclassified in the comparatives to align with the current year presentation.

10. Events after the balance date

Other than the sale of Makesafe Traffic Management on 31 January 2018, which has been disclosed as discontinued operations at 31 December half year-end (refer Note 7), there are no other subsequent events after balance date that requires adjustment to, or disclosure in, these financial statements.

Company details

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

Rubicor Group Limited
Level 24, 68 Pitt Street
Sydney NSW 2000

Rubicor Group Limited and Controlled Entities

ABN 74 110 913 365

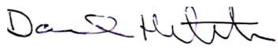
Director's Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



David Hutchison
Director



Sharad Loomba
Director

Sydney

Dated the 28th day of February 2018



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SIMON CHUN
JEREMY JONES

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Rubicor Group Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rubicor Group Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-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 period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rubicor Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(d) in the financial report which indicates that as at 31 December 2017, the consolidated entity's current liabilities exceeded its current assets by \$5.6 million and total liabilities exceeded total assets by \$3.7 million from continuing operations. The financial report also states that the ability of the group to pay its debts as and when they fall due is dependent on the consolidated entity's ability to successfully complete the remaining cost saving initiatives and achieving revenue growth. These conditions, along with the matters set forth in Note 1(d) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Pitcher Partners

PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
28 February 2018