Rubicor

Half Year Results
31 December 2012

Financial Summary

		1H 2013 $'m	1H 2012 $'m	Change %
Total Revenue		126.5	149.6	-15.4%
NDR (Gross Margin)		21.6	30.6	-29.4%
EBITDA	Statutory [1]	0.1	4.6	-97.8%
	Underlying [2]	1.3	4.6	-71.3%
NPAT attributable to equity holders				
	Statutory [3]	-12.2	-20.2	39.4%
	Underlying [4]	-1.4	0.0	
Statutory EPS before interest and tax (cents) [3]		-11.2	-18.4	
Underlying EPS before interest and tax (cents) [4]		-1.3	0.0	
Operating cash flow before interest and tax		2.2	6.1	-63.9%
Operating cash flow		-0.3	2.3	

1 After restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments).
2 Before restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments).
3 After $9.3m asset impairment (HY12:$19.5m) reflecting impact of challenging conditions and uncertainty over timing of recovery on certain Rubicor businesses. After restructuring costs of $1.2m ($0.7m onerous lease provision and $0.5m redundancy payments.)
4 Before $9.3m asset impairment (HY12:$19.5m), $0.7m onerous lease provision, $0.5m redundancy payments, $0.1m amortisation of intangibles (HY12:$0.8m) and $0.1m notional interest on deferred payments for business acquisitions (HY12:$0.4m) under AIFRS.

Overview of HY13

- Market conditions continued to be challenging, particularly in the second quarter, with global uncertainty and market confidence affecting levels of recruitment activity

- Aligned the business to market conditions:
  - Focussed on growth geographies and sectors
    - WA and Queensland
    - Blue Collar, Business Support and Finance
  - Total consultant numbers reduced

- Focus on productivity:
  - Implementation of projects to drive productivity and operational efficiencies
  - Continual focus on driving efficiency improvement
    - Co-location of synergistic businesses
    - Cloud outsourcing
    - Group procurement
    - Realigned consultant numbers to market conditions

Capital management

Capital management:

- No dividend declared
- Positive operating cash flow (before interest and tax) of $2.2 million
- Strong conversion of EBITDA to cash

Financing:

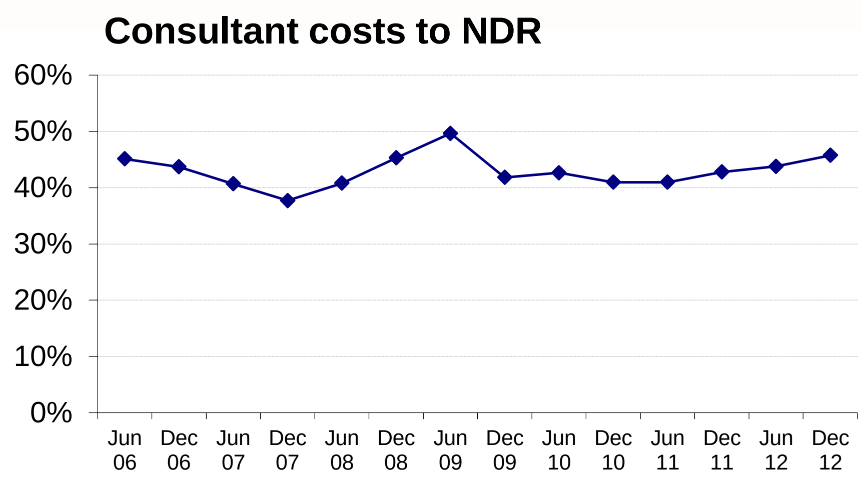
- Agreement with our bank for a framework on capital restructure
- Negotiations are progressing

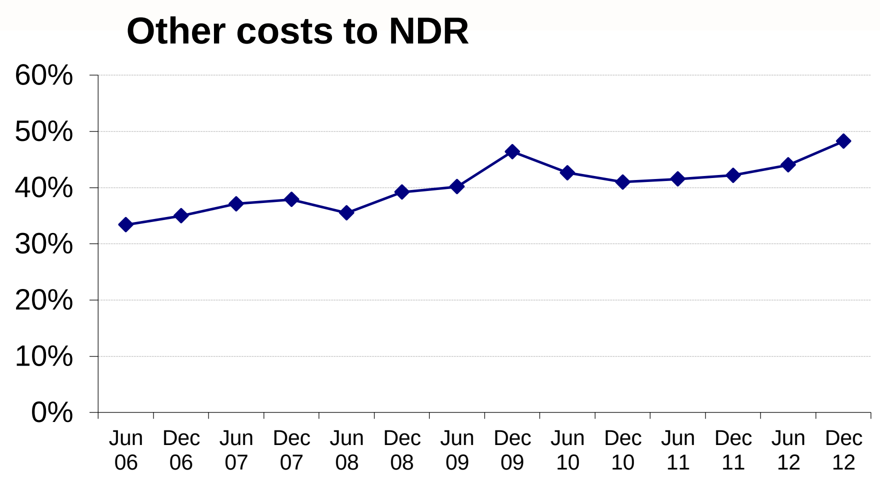
Vendor acquisition model:

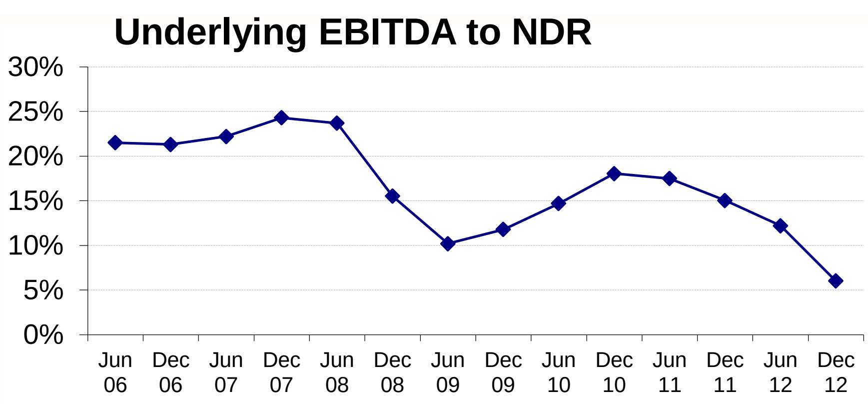
- Earn-out payments of $1.3 million paid during the 6 months to December
- Future earn-outs reduced as a result of lower earnings
- Balance on track to be extinguished by November 2013

Key operating indicators

- Challenging market conditions with marked deterioration in second quarter



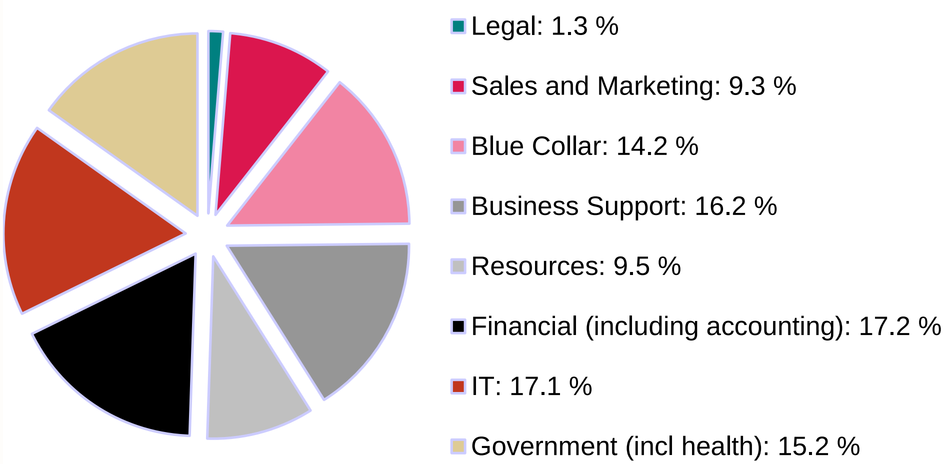




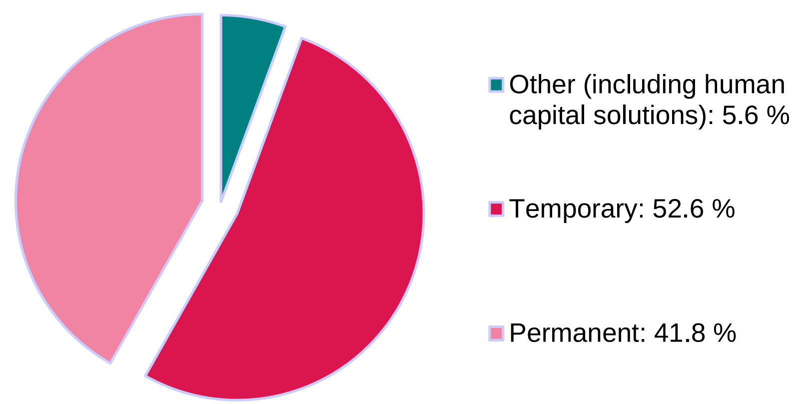
Business profile

- Rubicor's specialist group of businesses have diversity across industry sectors, geography and placement solutions
- Improvement in Blue Collar and Financial sectors and Temporary placements

Industry*



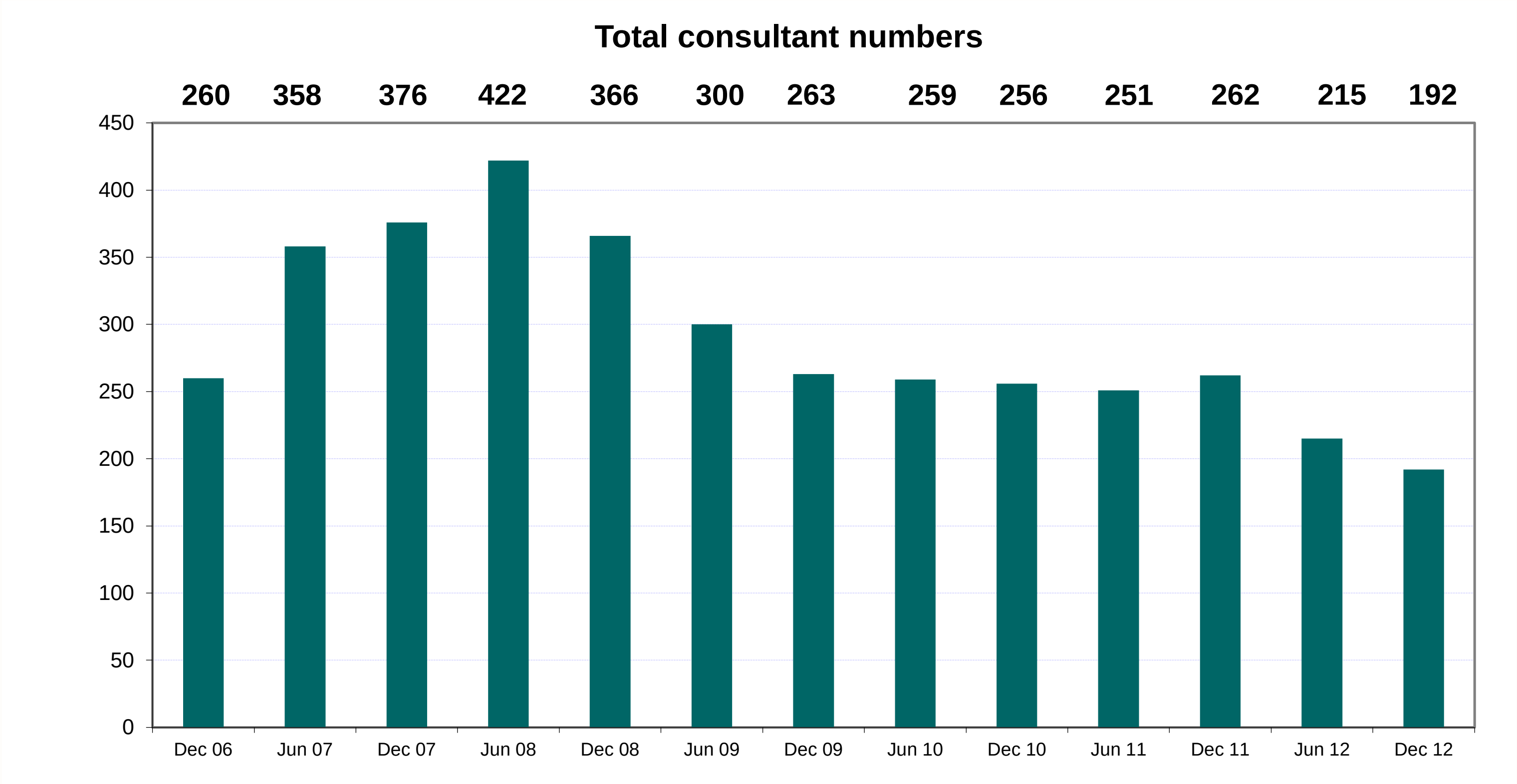
Service*



* Allocation of NDR by Industry and Service type

Consultants

- Aligned the business to market conditions, as a result total consultant numbers were reduced



Underlying performance

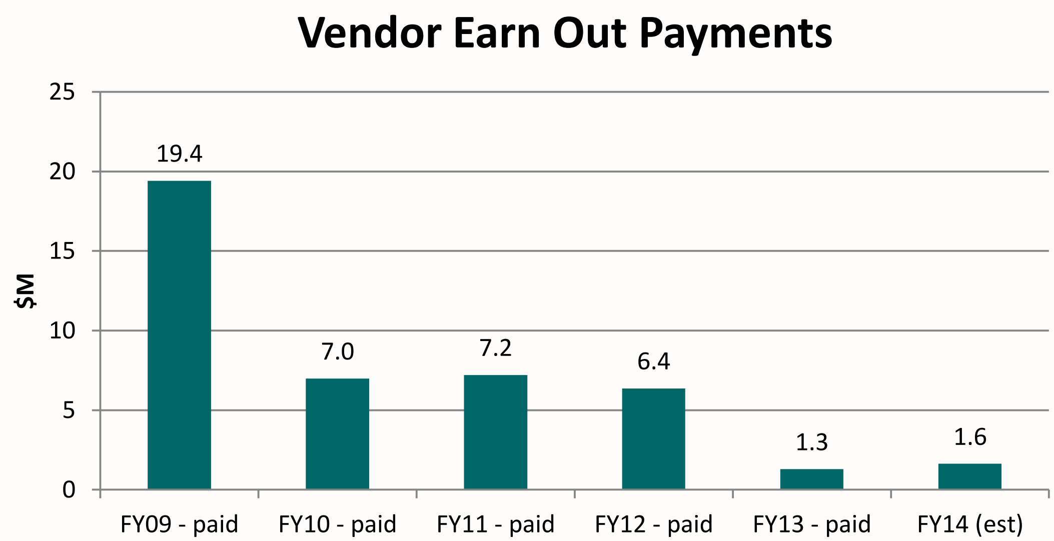
6 months ended 31 December	2012 $M	2011 $M	Change %
Revenue	**126.5**	**149.6**	**-15.4%**
NDR (Gross margin)	21.6	30.6	-29.4%
EBITDA	**1.3**	**4.6**	**-71.3%**
Depreciation	-0.3	-0.3	
EBIT	**1.0**	**4.3**	**-76.3%**
Finance costs – amortisation	-0.2	-0.4	
Finance costs – interest/charges	-2.1	-3.3	
Profit Before Tax	**-1.3**	**0.6**	
Tax	0.4	-0.2	
Cash interest on vendor liabilities	-0.3	-0.2	
NPAT	**-1.2**	**0.2**	
NPAT attributable to equity holders	**-1.4**	**0.0**	
EPS (cents)	**-1.3**	**0.0**	

Financial position

	31/12/12 $M	30/06/12 $M	Change %
Cash	0.9	1.4	-31%
Receivables	29.3	35.2	-17%
Goodwill	6.1	14.6	-58%
Identifiable intangibles	0.4	1.3	-68%
Other assets	6.9	6.3	9%
Total Assets	**43.6**	**58.7**	**-26%**
Current Liabilities			
Trade payables	18.3	22.6	-19%
Deferred vendor consideration	1.5	1.9	-20%
Borrowings	90.4	88.7	2%
Other liabilities	4.5	4.2	8%
Non Current Liabilities			
Deferred vendor consideration	0.0	0.6	-100%
Other liabilities	1.3	1.0	32%
Total Liabilities	**116.1**	**118.9**	**-2%**
Net Assets	**(72.5)**	**(60.2)**	**-20%**
Net Asset backing (cents)	**(66.2)**	**(54.9)**	**-21%**

Vendor payment profile

- Vendor payments on track to be extinguished in FY14



Strategic Initiatives

- Strategically reorganised business:
  - Brand alignment to industry sectors and vertical markets has streamlined operations to improve performance
  - Facilitates collaborative approach to service delivery and increased recruitment opportunities
  - Maximising exposure for clients and candidates throughout our network of specialist brands
  - Focus on volume-based recruitment services in temporary market
  - Annualised cost saving across the business
  - Positioned to ensure greater outcomes and relationships for our clients and candidates

- Negotiations are progressing for the restructuring of debt and the associated recapitalisation of the business

Outlook

- External conditions remain challenging, and expect the difficult conditions to persist
- Specialist brand alignment and implementation of a more operationally efficient structure, is expected to deliver cost savings and increased productivity
- Skills shortages and mobility of labour present good opportunities for recruiters when market conditions improve
- Rubicor is well placed to take advantage of market improvements

Appendices

Statutory performance

6 months ended 31 December	2012 $M	2011 $M	Change %
Revenue	**126.5**	**149.6**	**-15.4%**
NDR (Gross margin)	**21.6**	**30.6**	**-29.4%**
EBITDA	**0.1**	**4.6**	**-97.8%**
Depreciation	-0.3	-0.3	
Amortisation	-0.1	-0.8	
EBIT	**-0.3**	**3.5**	
Notional interest on vendor liabilities	-0.1	-0.4	
Finance costs – amortisation	-0.2	-0.4	
Finance costs – interest/charges	-2.1	-3.3	
Impairment charge	-9.3	-19.5	
Loss Before Tax	**-12.0**	**-20.1**	**40.3%**
Tax	0.0	0.1	
NPAT	**-12.0**	**-20.0**	**40.0%**
NPAT attributable to equity holders	**-12.2**	**-20.2**	**39.4%**
EPS (cents)	**-11.2**	**-18.4**	

Reconciliation: statutory to underlying

Underlying NPAT adjusts for significant items, AIFRS-required amortisation, notional interest on vendor liabilities and asset impairment

6 months ended 31 December	2012 $M	2011 $M
Statutory NPAT – Equity holders	**-12.2**	**-20.2**
Restructuring expense	1.2	0.0
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	0.1	0.8
Notional interest on vendor liabilities	0.1	0.4
Impairment charge	9.3	19.5
Deduct: Cash interest on vendor liabilities	-0.3	-0.2
Tax effect	0.4	-0.3
Underlying NPAT – Equity holders	**-1.4**	**0.0**

Overview of Rubicor's non-IFRS financial information

What is non-IFRS financial information?

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example:
  - Profit information calculated on a basis other than under accounting standard definitions or calculated in accordance with accounting standards and then adjusted, e.g. "normalised", "underlying" or "cash basis";
  - Profits that exclude certain transactions, e.g. exclude "one-off" or "non-recurring" items; and
  - Pro forma financial information

What *non-IFRS financial information does Rubicor disclose in its half year and full year results presentations?*

- In Rubicor's investor presentations, we aim to provide equal or greater prominence to IFRS financial information. However, we also present or refer to non-IFRS financial information.
- Non-IFRS financial information is calculated based on underlying IFRS financial information and adjusted to show either a position excluding certain items which have been removed OR included to reflect Rubicor's underlying financial performance.
- Rubicor provides reconciliations on the face of the slides, appendices and in the footnotes of the presentation in order allow the reader of the presentations to clearly reconcile between the IFRS and non-IFRS financial information.

Why does Rubicor disclose non-financial information in its half year and full year results presentations?

- Rubicor management believes that the presentation of additional non-IFRS information in its half year and full year results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or overall performance of Rubicor.
- The Australian Securities and Investments Commission ("ASIC") acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.