ASX Announcement 29 August, 2014

Rubicor: Full year results to 30 June 2014

FINANCIAL SUMMARY	FY14	FY13	FY14 vs FY13
Total Revenue ($m)	198.0	237.7	-16.7%
Gain on debt forgiveness ($m)	88.6	0.0	
NDR (Gross Margin)			
Statutory ($m) [1]	125.9	39.7	
Underlying ($m) [2]	37.1	39.7	-6.5%
EBITDA			
Statutory ($m) [1,3]	89.2	(2.2)	
Underlying ($m) [2,4]	1.3	1.6	-18.8%
NPAT attributable to equity holders			
Statutory ($m) [1,3]	84.4	(24.4)	
Underlying ($m) [2,4,5]	(1.0)	(3.4)	70.6%
Earnings per share			
Statutory (cents) [1,3]	77.0	(22.3)	
Underlying (cents) [2,4,5]	(0.9)	(3.1)	70.6%

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

Mr Kevin Levine, CEO of Rubicor, stated "Over the last eighteen months, Rubicor has achieved underlying stability and demonstrated improving trends, with gross margin and underlying EBITDA growing sequentially over each of the last three half year periods. Following the debt and operational restructure, the Group has positioned itself to execute the business strategy, continue to grow its footprint and deliver on expectations over the medium term".

"The result was driven by improved temp margins, increased perm revenue in the second half and cost reduction across all categories. The Group re-invested back into the business, adding to consultant numbers and entering new markets and sectors experiencing growth, in order to drive our medium-term growth strategies". Kevin Levine commented

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.

Business Performance

FINANCIAL SUMMARY	H2 FY14	H1 FY14	H2 FY13	H1 FY13
Total Revenue ($m)	96.3	101.7	111.2	126.5
NDR (Gross Margin)				
Statutory ($m) [1]	18.8	107.1	18.1	21.6
Underlying ($m) [2]	18.7	18.4	18.1	21.6
EBITDA				
Statutory ($m) [1,3]	0.1	89.1	(2.3)	0.1
Underlying ($m) [2,4]	0.7	0.6	0.3	1.3
NPAT attributable to equity holders				
Statutory ($m) [1,3]	(1.6)	86.0	(12.2)	(12.2)
Underlying ($m) [2,4,5]	(0.5)	(0.5)	(1.9)	(1.5)

The Group's second half performance was stronger than the first half. Volatility in economic and business conditions, primarily in the first half plus client inactivity associated with the federal budget, leading to an abnormally soft May 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 $1.3 million 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 $2.7 million 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.

Capital Management and Debt Refinancing

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 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.

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

Operating cash flow was an outflow of $5.8 million, a direct result of outstanding payments deferred, pending the debt restructure. Operating cash flow for the second half was an outflow of $0.7 million. Vendor earn-out exit payments of $0.04 million were paid in the period and the remaining vendor earn-out payments are estimated at $0.8 million.

Strategic Initiatives

"Following a significant period in the Group's history, as demonstrated with the debt forgiveness, this year we focused on ensuring we achieved the necessary stability to position us for medium-term sustainable growth and profitability. We committed to delivering on a number of strategic outcomes and have subsequently positioned the business well for the future." Mr Levine said.

Increasing consultant headcount continues to be a primary objective for Rubicor, with a net growth of 11 consultants (6% up on June 13) achieved throughout the year. This investment is essential to both fill gaps and direct energies into areas of potential development and opportunity. Despite the additional headcount, employee benefits expense reduced by $0.9 million or 3.5%, as illustrated earlier.

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 expense. This reduced rental expense by $0.8 million or 20% over the prior period. The Company will continue to optimise rental space and expense where opportunities exist.

Continuing to pursue growth opportunities, both within our current landscape and overseas remains fundamental to the Group's strategy, and over the course of the year we sought to identify such opportunities in strong sectors. Ensure Health was established in the latter end of the second half to provide recruitment services in four key areas of the robust and increasing healthcare market; doctors, nurses, allied health and pharmaceutical.

Rubicor continued to invest in our Singapore operation. Having seconded the Xpand Group Managing Director to Singapore at the start of the second half, the operation has experienced improved results, which has facilitated further opportunities across Asia, including signing several client agreements covering Singapore and Hong Kong. In line with this development, Rubicor is committed to growing its Asian footprint and has plans to open a second Asian office in the coming months.

Greater demand in the human capital solution 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.

As part of the strategic focus articulated last year, it remains paramount 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. Such collaboration is being evidenced through enhanced client and candidate visibility, and increased instances of cross-selling across our network of brands. 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 all these initiatives.

Mr Levine said, "While we still have a way to go in achieving sustainable growth for the business, this year Rubicor has restructured its debt, reduced operating costs, shown improvement in margins and bottom line trends, grown headcount and continued plans for Asian expansion."

Outlook

"While economic and structural change continues to have an ongoing effect on the recruitment industry and on our operations, 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". Mr Levine stated.

Commenting on the near term outlook, Mr Levine said, "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. We are well placed with the necessary stability and operational depth to take full advantage of the opportunities in the markets in which we operate."

APPENDIX: RECONCILIATION OF STATUTORY AND UNDERLYING RESULTS

Year ended 30 June	2014 Stat $M	2014 Underlying Adj'ments $M	2014 Underlying $M	2013 Underlying $M	Change %
Revenue	**198.0**	**(0.2)**	**197.8**	**237.7**	**-16.8%**
Gain on debt forgiveness	88.6	(88.6)	0.0	0.0	
On hired labour costs	(160.7)	0.0	(160.7)	(198.0)	
NDR (Gross margin)	**125.9**	**(88.8)**	**37.1**	**39.7**	**-6.5%**
EBITDA	**89.2**	**(87.9)**	**1.3**	**1.6**	**-18.8%**
Depreciation	(0.6)	0.0	(0.6)	(0.8)	
Amortisation	(0.1)	0.0	(0.1)	(0.1)	
EBIT	**88.5**	**(87.9)**	**0.6**	**0.7**	**-14.3%**
Interest on vendor liabilities	(0.1)	0.1	0.0	0.0	
Finance costs - Borrowing costs	(0.4)	0.0	(0.4)	(0.5)	
Finance costs - interest	(1.1)	0.0	(1.1)	(4.4)	
Profit Before Tax	**86.9**	**(87.8)**	**(0.9)**	**(4.2)**	**78.6%**
Tax	(2.1)	2.4	0.3	1.3	
NPAT	**84.8**	**(85.4)**	**(0.6)**	**(2.9)**	**79.3%**
NPAT - Equity holders	**84.4**	**(85.4)**	**(1.0)**	**(3.4)**	**70.6%**
EPS (cents)	**77.0**	**(77.9)**	**(0.9)**	**(3.1)**	**70.6%**

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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.