

Unaudited Results for the Year Ending 30 June 2015

Rubicor Group Limited (ASX: RUB) (“Rubicor” or “the company”), one of Australasia's largest recruitment services companies, today reported its unaudited financial results for the 2015 financial year.

- Total revenue: increased 3.2% to \$204.3m.
- Underlying gross profit¹: increased 1.6% to \$37.7m.
- Statutory net loss after tax (attributable to equity holders): \$4.4m.
- Underlying net loss after tax^{1,2,3}: \$1.3m.
- Cash flow from operations: \$1.7m outflow (FY14: \$5.8m outflow).
- Cash position at 30 June 2015: \$3.0m (FY14: \$2.4m).

Financial Performance

FINANCIAL SUMMARY (\$'million)	FY15 30 June 2015	FY14 30 June 2014	% Change
Total revenue	204.3	198.0	3.2%
Gross profit			
Statutory	38.1	125.9	
Underlying ¹	37.7	37.1	1.6%
EBITDA			
Statutory	(1.4)	89.2	
Underlying ^{1,2}	1.3	1.3	0%
NPAT (attributable to equity holders)			
Statutory	(4.4)	84.4	
Underlying ^{1,2,3}	(1.3)	(1.0)	(30.0)%
Earnings per share			
Statutory (cents)	(3.4)	77.0	
Underlying (cents) ^{1,2,3}	(1.0)	(0.9)	(11.1)%

1. Excludes: FY15 other gains and losses of \$0.4m; FY14 gain on debt forgiveness \$88.6m and other gains and losses of \$0.2m.

2. Excludes restructuring costs of \$2.5m - \$0.7m onerous lease provision, \$0.9m redundancy and termination expense, \$0.9m personnel and other costs for new system implementation; and transaction costs of \$0.5m (FY14: restructuring costs of \$0.9m - \$0.6m onerous lease provision, \$0.3m redundancy payments).

3. Excludes taxation relating to gain on debt forgiveness of \$Nil (FY14: \$1.8m), notional interest on vendor liabilities of \$0.1m (FY14: \$0.1m), net of tax effect.

Gross profit from continuing operations increased 1.6% to \$37.7m as a result of improvements in permanent recruitment volumes. Net loss after tax (attributable to equity holders) was down to \$4.4m (FY14: \$84.4m profit). It should be noted that FY14 included an exceptional one-off gain of \$88.6 million due to the restructuring of Rubicor's debt facility in July 2013. In addition, FY15 includes a number of non-core operational revenue items and expenses, mostly associated with the restructure initiatives undertaken throughout the financial year and as a result of board and management changes announced in June 2015. Notable non-core operational costs included in FY15 are:

- \$0.52m transaction and capital advisory costs including costs associated with the \$0.78m capital raising undertaken in March 2015;
- \$0.92m for staff redundancy and termination expenses associated with restructuring activities;
- \$0.72m impairment of intangible assets associated with certain previously flagged, but now disbanded, information technology assets; and
- \$0.69m in onerous lease provisions, associated with leased premises that are surplus to the company's requirements.

Cash and capital management

Cash at the end of FY15 was up 27% to \$3.0million (end of June 2014: \$2.4m). Cash flow from operations was \$1.7m outflow (FY14: \$5.8m outflow).

Remaining vendor earn-out considerations were \$0.9m (FY14: \$0.8m) and employee benefits expense was \$25.3m (FY14: \$24.2m).

Board and management changes

At the end of FY15 the company announced that following collaborative discussions with a number of shareholders it had implemented a number of changes to the board and senior management.

In particular, Kevin Levine resigned from his management role as CEO with effect from 22 June 2015, and David Hutchison was appointed in his place.

Further board and management changes which were announced on 20 August 2015.

Strategic review and turn-around

Since the appointment of Mr David Hutchison as CEO, the board together with external specialists have commenced a total review of the operations, structure and strategic direction of the company. While the board expects this review and subsequent implementation process to take up to three years to reposition the company in line with global industry performance benchmarks, we are pleased to see there have already been some quick wins. These include:

- Successful refinancing and extension of the debt facilities;
- Enhancing the delivery of the major systems implementation and transformation project;
- Identifying further savings in the back office/shared services area; and
- Commencement of a service delivery and business improvement initiative to streamline work processes.

Over the next 12 months, subject to the full findings of the current strategic review, the board will focus on building and optimising the current business structure to allow growth in both revenue and profitability over the next two to three years, including:

- Rightsizing the business for its current revenue, gross profit and cash flow needs;
- Implementing best of breed CRM, Payroll and ERP functionality via SAAS suppliers across the whole business;
- Rebuilding the support and finance function within the company to enable greater accountability, reporting and performance analytics;
- Completing a full value review of all suppliers in line with the one company focus;

- Retaining, promoting and supporting the productivity of high performing staff;
- Creating a national sales function drawing on the skills, knowledge and candidates across the whole company;
- Creating systems and culture that facilitate team work across the whole company;
- Capturing contracts previously announced alongside the appointment of Mr Hutchison; and
- Identifying new opportunities to generate greater margins and revenue from existing assets, clients, relationships and human capital.

As the above are achieved and as the board finalises its full review it will make announcements to ensure shareholders are fully informed on the substantial changes proposed.

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About Rubicor

The Rubicor Group is one of Australasia's largest recruitment services companies providing services throughout Australia, New Zealand, and South East Asia.

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

More information is available at www.rubicor.com.au.