RUBICON ANNUAL REVIEW 2012

This document is the Annual Review of operations for Rubicon's 2012 fiscal year (i.e. for the 12 months ended 30 June 2012). It addresses in summary the operational and financial highlights for the period in each of the Company's major business activities – ArborGen and Tenon.

Our Annual Review for 2011 and our Interim Review for 2012 (i.e. the six months ended 31 December 2011) are each available on our website at www.rubicon-nz.com. In addition to our shareholder Reviews, from time to time we make announcements to the New Zealand Exchange. These can be viewed either on the NZX website or on Rubicon's own website, where a complete history of our market releases is maintained.

There are statements included in this Review that are "forward looking statements." As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Rubicon, including – the markets and geographies in which ArborGen and Tenon operate and compete, foreign exchange rate fluctuations, US housing market conditions, US and global credit market conditions, intellectual property protection, regulatory approvals, public and customer acceptance of biotechnology products, the success of ArborGen's research and development activities, weather conditions – and other factors (many of which are beyond the control of Rubicon). Accordingly, actual results and conditions may differ materially from those expressed or implied by such statements.

Rubicon's functional currency is the US dollar, and accordingly, unless otherwise stated all references to dollars in this Review are references to US dollars.

ArborGen

The focus of ArborGen over the past 12 months has been on the commercial operating business that is already in place today, and on putting in place initiatives to grow and expand its product portfolio and reach, in order to accelerate revenue growth in future periods.

During the period under review, specific initiatives in relation to this focus included –

Expanding People Capability

- *The appointment of a new CEO.* Andrew Baum has extensive experience in scaling up operations in biotechnology and clean-technology businesses. He began his career at Calgene, an agricultural biotechnology firm, advancing to Senior Vice President of Operations, where he was responsible for ensuring the on-schedule launch of the world's first genetically engineered cotton and vegetable oil products, before going on to become President of the Oils Division. When Calgene was subsequently acquired by Monsanto, Andrew became Director of Business Development in Monsanto's Sustainable Development sector. He later joined Sembiosys Genetics as CEO, which he then led from its evolution from a university-based research initiative into a fully integrated publicly traded biotechnology company.

  Andrew has also served as a member of the Board of the Biotechnology Industry Organization (BIO) and as Secretary and Vice Chairman of Food and Agriculture at BIO.

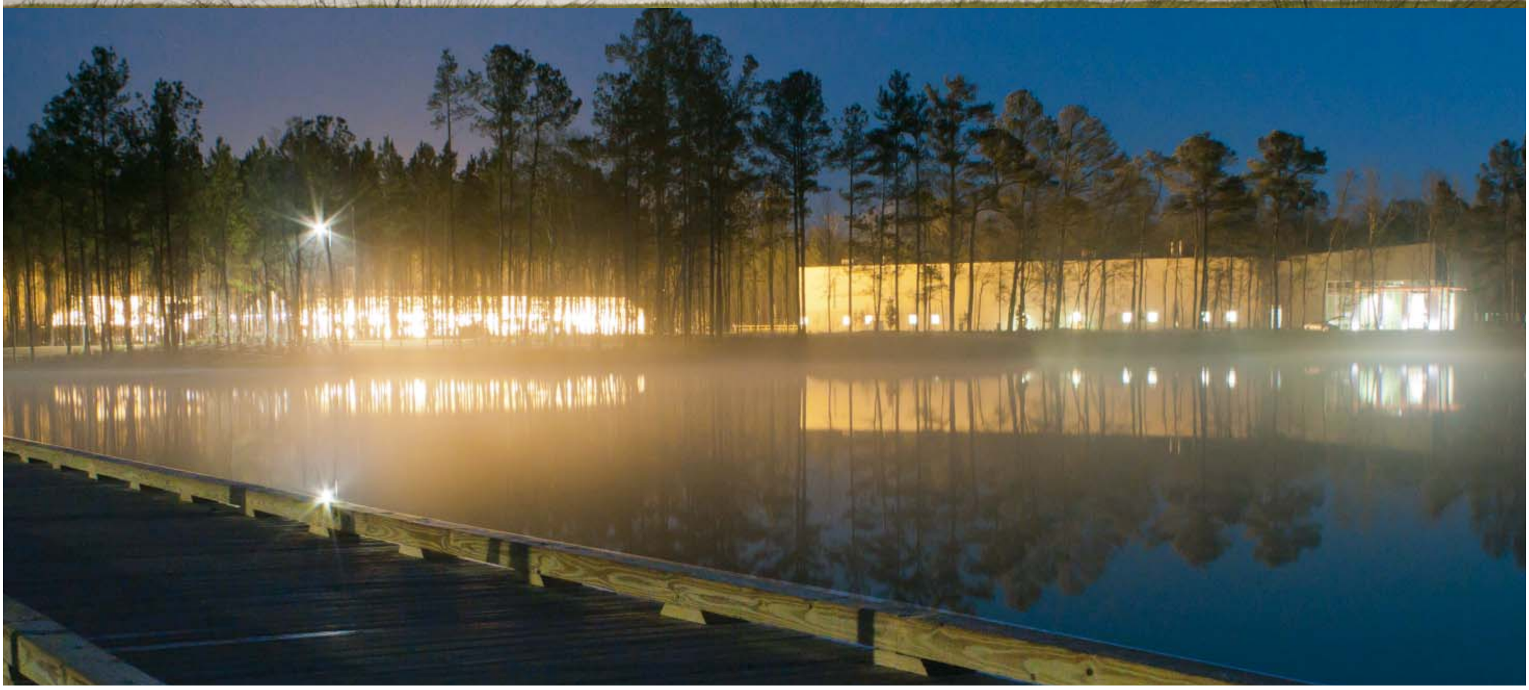
- *The appointment of a new VP of Marketing, Sales and Product Development.* John Pait brings to ArborGen an impressive career in forest sector management. He has a long history in the forestry sector, having previously worked as Director of Forest Productivity at Georgia Pacific and Plum Creek Timber, and more recently as Senior Vice President for US Markets for CellFor (see CellFor acquisition discussion below, under Accessing Growth). With his experience in forestry management, product development, and sales and marketing, John brings the critical skills needed to help drive the adoption of ArborGen's higher value MCP and varietal products, particularly in the US market – i.e. those products that can make a step-change difference to ArborGen's performance over the next 2-3 years.

  John will be expanding his sales and marketing team to ensure ArborGen has the complete set of resources necessary to allow the full market potential of ArborGen's products to be realised.

- *The appointment of a VP of Manufacturing.* Warren Banner, who for the past three and a half years has been responsible for developing ArborGen's varietal manufacturing capability, has been promoted to this new role, assuming responsibility for delivering ArborGen's traditional nursery crop in the US as well as the scale-up of all ArborGen's new high value softwood and hardwood products. Warren came to ArborGen with 26 years of management experience in the horticulture industry, having previously held positions as General Manager, Production Manager, and Director of Operations. Warren will work in close collaboration with John Pait to ensure manufacturing capability matches customer demand for ArborGen's higher value products.

- *The appointment of a new CFO.* ArborGen is well-advanced with a selection and appointment to this position. The CFO appointment is the final role required in order to establish the new ArborGen executive team, and the expectation is that this outstanding position will be announced early in the next quarter.

ArborGen



ArborGen

Expanding Physical Resources – Growing Manufacturing Capacity

ArborGen's new manufacturing scale-up facilities (pictured left), which were only completed in February this year, have been purpose built to meet ArborGen's expanding operational needs.

The complex, which is situated on 13.5 acres in South Carolina (US), comprises over 55,000 square feet of science laboratories, varietal and biotech manufacturing facilities, and certain specialist greenhouse and container grow-out operations. This site will be the core base for the manufacture of ArborGen's highest value (non-biotech) pine products – i.e. loblolly pine varietal seedlings – as well as for the development of its future generation biotech products.

Expanding Capital Resources – Funding the Base Business

As previously disclosed, the three existing Partners have agreed to fund ArborGen through to the completion of the 2012/13 fiscal year (i.e. the year ending 31 March 2013), at the rate of $6 million per partner.

In addition, ArborGen's core US bank has agreed to extend its existing financing facility out to 31 August 2013. This renegotiated facility (documentation was still being agreed at the time of writing this Review) will likely comprise a core loan plus a working capital line, and may expand the total bank commitment to $27 million. The structure of the new loan (when finalised) will be a reflection of the increasing commercialisation of ArborGen's operating business, and the resultant need for further working capital funding as the company continues to expand and grow its sales of higher-value products.

ArborGen's three-year Australasian bank facility expires later in the year, and the company has begun positive discussions with its existing New Zealand domestic bank to renew and extend the loan.

Reallocating Resources

Last month ArborGen undertook a company-wide restructuring process to refocus and align the organisation's resources - physical, people and financial – with the company's existing commercial base business. It is this base business, and the opportunities that its existing market channels and pipeline of fully developed (non-biotech) products currently offer, which has the potential to generate a step-change in ArborGen's near-term financial results.

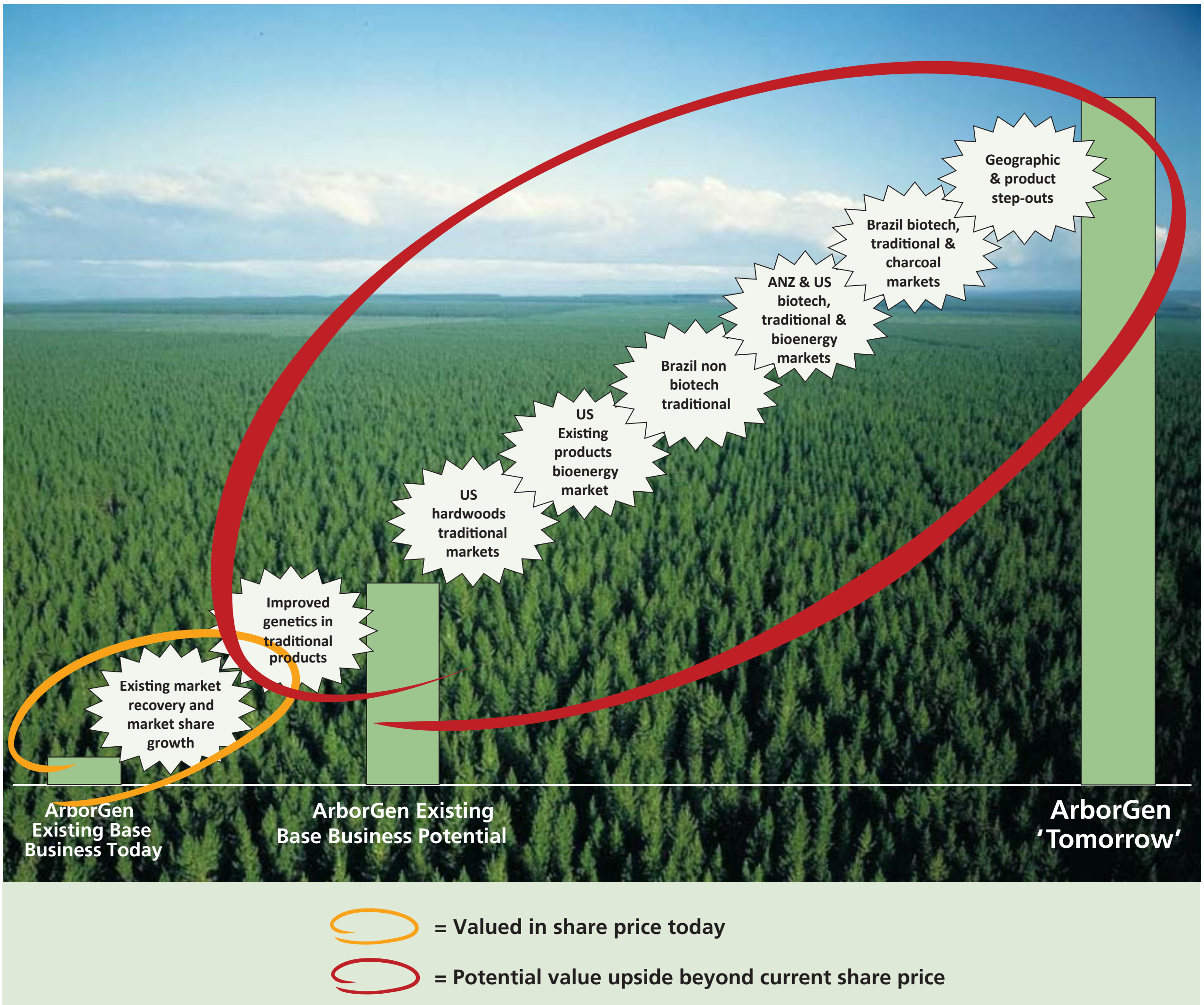
Whilst this restructuring has meant that some of the longer-term biotech 'discovery' projects have had to be scaled back in size and timing, for the most part it simply means that this work has to be done in another, smarter way. For example, ArborGen is now investing additional resource into marker-assisted breeding technology, which has the potential to 'short-cut' the considerable time and expense usually associated with varietal selection for future traditional and biotech products. Another example of this resource re-allocation, is the increased people resource that will now be applied to sales and marketing activities, in order to turn ArborGen's extensive forestry biometric product performance data into sales information, and, from that information, into realised higher value seedling sales.

In general, the restructuring will see greater resources being applied to the base business, and resources allocated to future biotech potential will be targeted on research and development for the creation of the truly 'blockbuster' category of products – i.e. traits that are highly demanded by customers but which are unattainable under traditional breeding technologies. Overall, this restructuring will see a reduction in pure science spend, and an increased spend in operational and commercial activities.

Accessing Growth

In our Interim Review we showed the schematic on the next page. ArborGen can expand into each of these stars off the back of its existing base business. The extracts that follow speak to the potential offered by just a few of these opportunities.

ArborGen

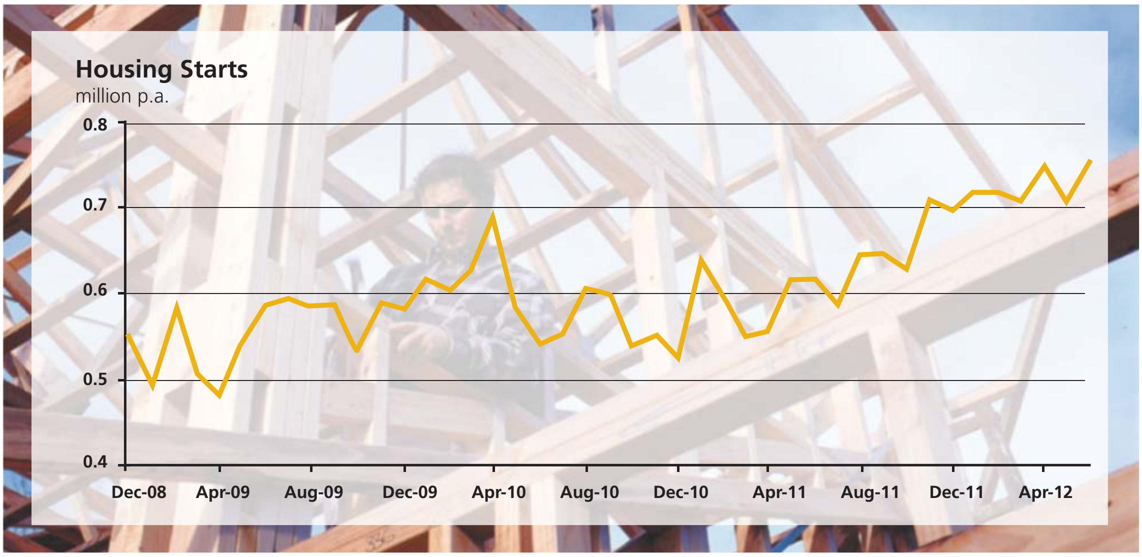

Existing market recovery and market share growth
Improved genetics in traditional products
US hardwoods traditional markets
US Existing products bioenergy market
Brazil non biotech traditional
ANZ & US biotech, traditional & bioenergy markets
Brazil biotech, traditional & charcoal markets
Geographic & product step-outs
ArborGen Existing Base Business Today
ArborGen Existing Base Business Potential
ArborGen 'Tomorrow'
= Valued in share price today
= Potential value upside beyond current share price

ArborGen

Existing market recovery and market share growth

Forestry planting levels are a reflection of the general level of activity in the economy, but more particularly of the level of activity in the housing sector, where forestry harvesting and replanting are highly correlated to the demand for wood fibre for structural lumber and manufactured building materials uses.

As is widely known, the US housing market has been severely depressed for the past five or so years – indeed, market conditions have been as bad as was experienced in the 1930s Great Depression. Most market commentators now believe that the US housing market is either about to turn, is turning, or has already turned. This is reflected in the latest US new home construction data (shown below) and the LIRA remodelling forecast (refer TENON section of this Review).



In the pre housing-bubble of the mid-2000s, loblolly plantings in the US-South were in excess of 900 million seedlings per annum. This compares with current planting levels of only circa 600 million. ArborGen estimates that a return to a mid-cycle housing activity level would see current annual planting levels increase by over 50%. Even absent any increase in the proportion of its sales in MCP and varietal form, ArborGen would still be a significant beneficiary of the housing market recovery alone, given its current share is approximately 33% of the existing loblolly pine seedling market in the US-South.

ArborGen

Improved genetics in traditional products

ArborGen is the US-leader in MCP loblolly pine breeding, and has a strong initial presence in the US varietal market. Recently ArborGen strengthened this position even further, when it announced that it had completed the acquisition of the assets, germplasm (i.e. genetics), technology, and intellectual property of the leading commercial loblolly pine varietal company in the US – CellFor Inc (CellFor). CellFor's business was the research, development and commercial sale of advanced technologies – specifically, the cloning of superior varietal pine seedlings for the forest industry.

Whilst ArborGen's strategy has always been to develop a wide portfolio of higher-value loblolly pine products (ranging from OP-elite, to MCP and MCP elite, and also varietals), CellFor's sole focus was on being the world's leading developer of varietal loblolly pine. The company had invested more than $140 million over 12 years to develop its varietal technology and products, and had demonstrated both the value of varietal pine products to foresters and its internal capability to produce these products at scale. When CellFor's varietal technology, trials, and current products, are combined with ArborGen's existing MCP products, varietal development program, and customer channels, ArborGen is clearly the global leader in advanced loblolly pine seedling products.

ArborGen believes the CellFor acquisition will provide it with the following strategic and operational benefits –

- *The integration of CellFor into ArborGen will strengthen its #1 position in the key US pine market, by allowing it to introduce a broader base of pine varietal products, at lower cost. Merging CellFor's technology with ArborGen's, will enable it to bring these highest value (non-biotech) varietal products to market in volumes earlier than had been assumed under ArborGen's previous business plan;*
- *CellFor's varietal products complement ArborGen's existing offerings, and allow ArborGen to offer its customers a full range of varietal products across the entire loblolly planting-region. ArborGen will have initial quantities of CellFor's varietal seedlings for sale in the 2012-13 season, and it is planning for full commercialisation the following year;*
- *A successful pine varietal program requires both the development of a propagation platform to make many millions of identical copies at a low cost, and an extensive trial program from which to make commercial selections. Up until now, ArborGen and CellFor have been separately working to develop these two elements, so bringing these operations together will provide many areas of synergy, including a much wider portfolio of varietal genetics with an expanded geographic reach, a reduction in future development costs, and the integration of the very best of two technology development programs;*
- *ArborGen is well positioned to leverage CellFor's assets given:*
  - *ArborGen's manufacturing capability is already producing commercial quantities of varietal loblolly pine from ArborGen's germplasm, and will now be able to incorporate varieties from CellFor's germplasm;*
  - *Combining the two varietal manufacturing platforms will enable costs to be brought down and the yields necessary for a commercially successful program, with each program having advantages in complementary areas;*
  - *CellFor's product portfolio and trial program will complement ArborGen's existing varietal portfolio and trial program in terms of geographic adaptation and value, providing ArborGen's customers a wider range of products to choose from;*

ArborGen

- *ArborGen already has in place sales and marketing channels that address the entire US-South loblolly pine market today; and*
- *With John Pait as ArborGen's new Vice President of Marketing, Sales and Product Development, ArborGen has someone who until recently held a similar role at CellFor, who understands CellFor's varieties and technology, and who will be able to help speed the integration of CellFor's germplasm and production technology into ArborGen's existing programs.*

The consideration paid by ArborGen for CellFor was CDN $1.1 million in cash plus a warrant over ArborGen's shares. These warrants are exercisable at the time of a liquidation event (including a sale transaction or IPO), and when exercised, will reduce Rubicon's (and International Paper's and MeadWestvaco's) interest in ArborGen from 33.33% to 31.67%. ArborGen believes that the future revenue and earnings streams that will accrue to the company from the CellFor acquisition will more than offset the dilution to the existing Partners from the issuance of the warrants.

Brazil non biotech traditional

We have discussed in previous Reviews the size of the Brazilian hardwood market, and in particular the Eucalyptus market, where the species is planted to meet the fibre needs of the large Brazil pulp and charcoal production sectors. As we have canvassed previously, that work continues with ArborGen's biotech product development activity with major customers currently focusing on improved pulping, increased wood density, and faster growth rates.

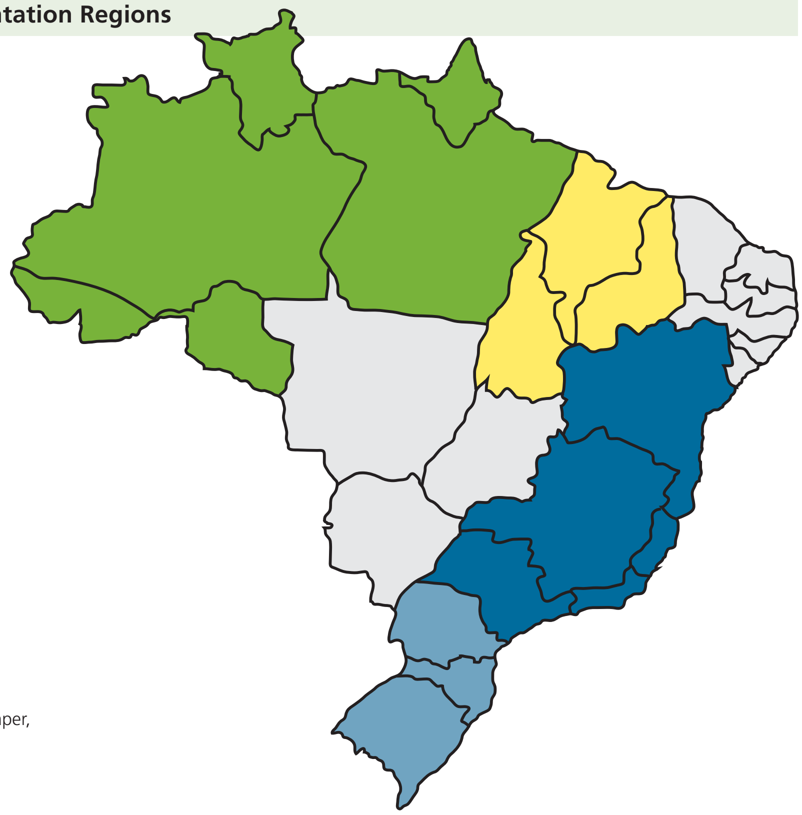
However, what we have not discussed before is the Brazil loblolly pine market, which offers considerable nearer-term opportunity to ArborGen, particularly in the light of the CellFor acquisition.

The map on the following page shows the key Eucalyptus and pine planting geographies within Brazil, by four distinct regions. The species planted within each region is determined predominantly by the targeted end-use of the forest estates. Over 1.6 million hectares of pine forests have been planted in Brazil. The predominant pine region (shown in light blue on the map, and making up over 60% of Brazil's pine plantations) is dedicated primarily to the conversion of logs into wood products (e.g. panel products, furniture, and lumber). This region alone represents well over one million hectares of pine forest estate. Across all of Brazil, annual pine seedlings planted amount to approximately 100 million per annum. Whilst this is, of course, well short of the circa 600 million loblolly pine planting level in the US-South today, it is still a very large opportunity, representing a potential market some 4 - 5 times the size of ArborGen's total radiata pine sales in the New Zealand market today. So, Brazil is a market well worth ArborGen applying its resources to.

Unfortunately, ArborGen has been unable to enter the Brazil market with pine products up until now, as it has not had the requisite breadth of customer trials in place there to allow it move to commercial sales. With the acquisition of CellFor, this position has now changed. This is because CellFor already has extensive varietal pine trial plantings on customers' lands in Brazil, which are now either at or are beyond typical customer selection age – i.e. customers have witnessed the performance of these varietals on their land for a long enough period of time to be sure of their likely performance at full rotation age. So, the CellFor acquisition has opened up a market not previously readily accessible to ArborGen, and this geographic growth opportunity has now become a project in its own right, relatively high on ArborGen's agenda. This is particularly the case given that varietals are readily accepted in the Brazil market, with the predominant species (i.e. eucalyptus) being almost 100% in varietal form today.

ArborGen

Brazil Commercial Forest Plantation Regions



- 70% Pine plantation with output used for building and furniture applications
- 90% Eucalyptus with output used in the well established pulp and pig iron industries
- An emerging region experiencing new pulp, pig iron and diversified wood products investment
- An emerging region expected to increasingly support new pulp & paper, pig iron and biomass investments

Geographic & product step-outs

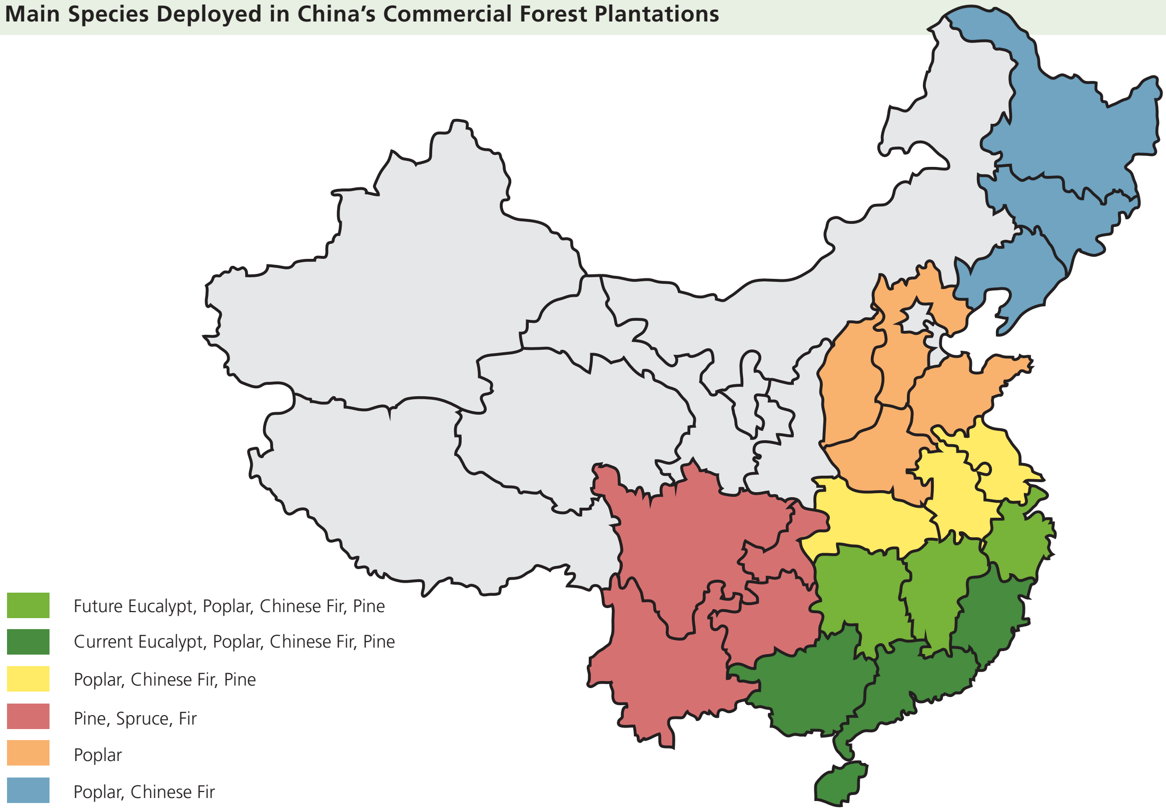
A second potential geographic step-out for ArborGen, is the China market - one that represents a very large market opportunity, although not yet as advanced (by ArborGen) as the Brazil market. In China there are favourable industry dynamics, with a national policy that focuses on the conservation of protected natural forests and the encouragement of the establishment of commercial plantations, in order to lift forest productivity and to meet increasing domestic demand for wood fibre. The 12th Five Year Plan (announced in 2011) targets an increase the country's forest stock by 600 million cubic metres and its area of forest cover by 12.5 million hectares by 2015 - in line with China's 2020 goal to increase forest coverage by 40 million hectares (which would (on average) equate to approximately 3 billion seedlings planted per annum). The driver for this policy is the fact that China continues to face challenges in meeting its demand for wood fibre and forest products – it is now the world's largest single importer of logs, wood pulp, and recovered paper (for recycle applications).

ArborGen

Because of this, China has established a number of policy initiatives aimed at expanding the country's area of forest cover. Financing programs are now in place to promote and subsidise the establishment of fast-growing and high-yielding timber plantations in selected regions, through the use of extended debt repayment periods, discounted state bank loans, and favourable interest rates.

Looking at the map below, the opportunity for ArborGen is in the South, where both pine and eucalyptus are grown. ArborGen already has loblolly pine trials established (through its partners, International Paper and MeadWestvaco) which have shown outstanding results compared to the local genetics. For Eucalyptus, the geography and climatic zones essentially replicate the US South, so ArborGen's cold tolerant eucalyptus program has the potential to be applied in China also.

Main Species Deployed in China's Commercial Forest Plantations



Tenon

There are many data points now emerging that indicate that after five years of year-on-year decline, the US housing cycle is at last showing signs of turning for the positive.

However, that was unfortunately not the case for the majority of fiscal 2012 reported upon in this Review. Indeed, Tenon believes that the financial year just completed will prove to have been the 'dead bottom' of the cycle from a macro-conditions and earnings perspective.

Despite the conditions, Tenon's revenues, at $334 million, were $8 million (or 2.5%) higher than the previous year. Pleasingly, in the second half of the fiscal year it recorded revenue of $172 million, which was $10 million up on the $162 million reported in the first half, and $8 million up on the corresponding period last year. This revenue performance is reflective of a considerable amount of hard work on the promotion of existing programs as well as on new product introductions. To this point, the chart below shows the increasing percentage of Tenon's distribution revenues that now comes from products introduced over the past six years.

Whilst Tenon's revenue performance was good, weak macro-conditions combined with a strong NZD:USD exchange rate, conspired to squeeze Tenon's overall gross operating margins. Although the second half gross profit was up 5% on the first half, the gross profit for fiscal 2012 was down $5 million on that recorded in fiscal 2011.

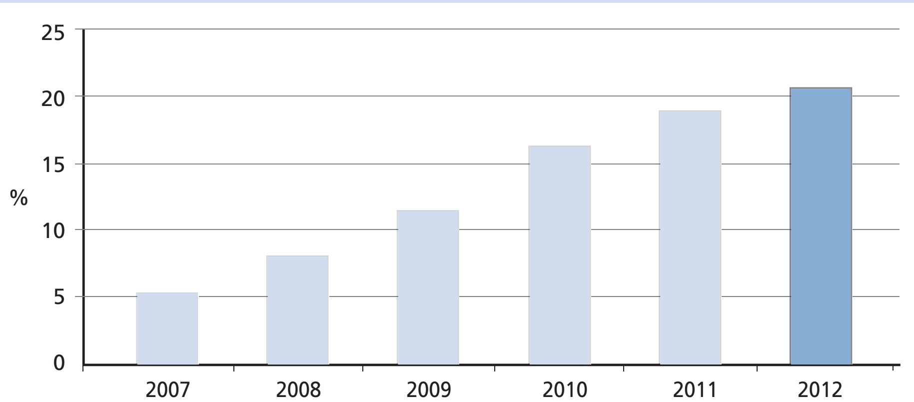
Tenon responded to these tough operating conditions by pushing harder on efficiency and cost-out initiatives. Examples of these restructuring and business re-engineering initiatives in the period included –

- The closure of Tenon's Canadian manufacturing site and the integration of that activity into the existing North Carolina operation. This restructuring will not only lower Tenon's overall North American manufacturing cost base through the manufacturing and labour efficiencies gained, but it will also release cash upon the sale of the now surplus Canadian land and buildings which can then be applied to debt reduction;

- A $5 million profit improvement program put in place at the large clearwood manufacturing operation at Taupo, targeted at ensuring the site's profitability at current demand levels and sustained high NZD:USD exchange rate;

New Products

As a % of total distribution revenue



Tenon

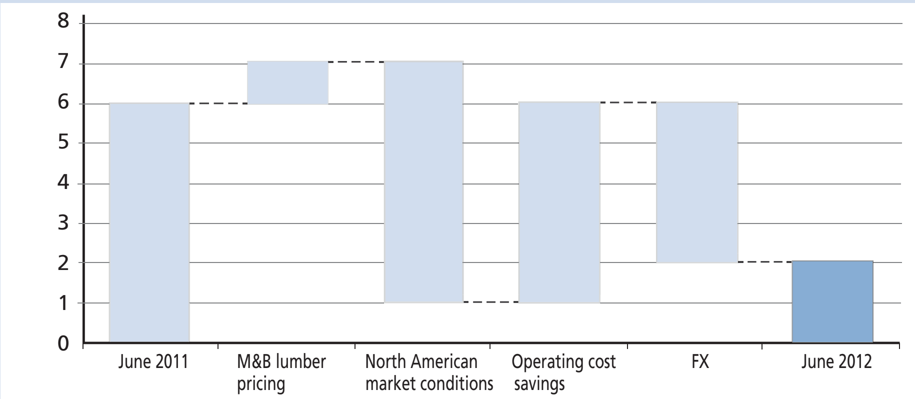
- A reorganisation of the US wholesale operation and vendor distributor arrangements in the decorative category;
- An operational efficiency program established at Empire, to reduce operating costs while maintaining Tenon's excellence standard in customer service; and
- The reduction in administrative costs through the closure of Tenon's Annapolis office.

While some of these initiatives were completed during the year, and made an initial contribution to the second half's result, some (such as the Canadian reorganisation) are on-going, which means that their full impact will not be felt until the second half of fiscal 2013.

Each of these initiatives involved some up-front costs, which have been provided for in the 2012 fiscal year results. In total, $5 million of costs relating to these initiatives was recorded in the period under review ($3 million of which is reported in the Restructuring line on the face of the Consolidated Income Statement, with the balance being in the administrative expense and gross earnings lines). While the cash component of these costs had an immediate negative impact on Tenon's debt level (with net debt rising from $36 million at December to $39 million at year end), these were changes that had to be made in order to enhance the future earnings power of the business. Tenon is confident that the expenditure on these initiatives will generate benefits in future periods well in excess of their cost. Indeed, Tenon will need to extract the lion's share of these benefits in fiscal 2013 in order to drive its debt balance back down to the targeted mid-$30 million level by June 2013.

Reported Operating earnings before financing expense was a loss of $8 million, or a loss of $3 million before the $5 million of costs noted above. However, the earnings figure that equity analysts tend to focus on for company comparative purposes is EBITDA (i.e. Operating earnings before financing expense, tax, depreciation, and amortisations), because that number removes distortions caused by differences in asset age and depreciation policies, and by different debt:equity funding structures. To assist the reader with that same analysis, this next chart shows Tenon's EBITDA reconciliation from last year's result to this year's result (adjusted for the $5 million of costs noted above).

EBITDA
Reconciliation
US$m



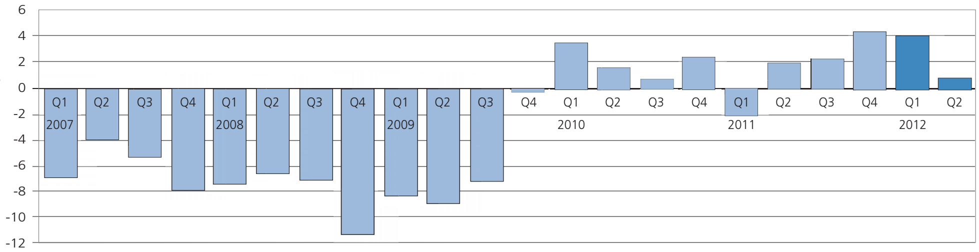
Excludes $2 million Fair Value gain on Forest Assets

Excludes $5 million restructuring and business re-engineering costs noted above

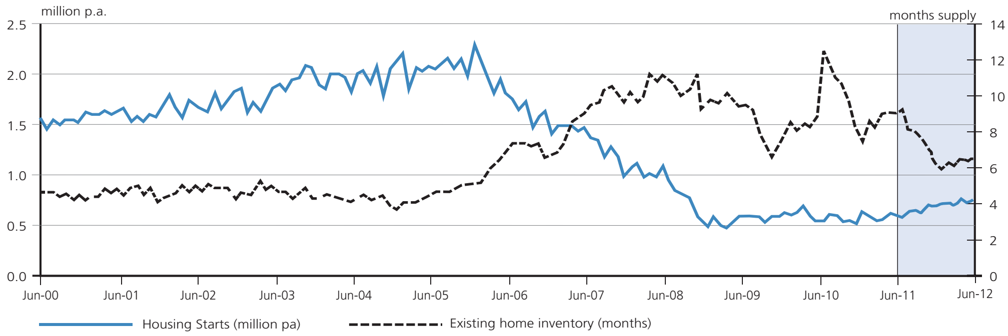
Tenon

Home Centre Retailers Average Same Store Sales

% change from previous comparable period

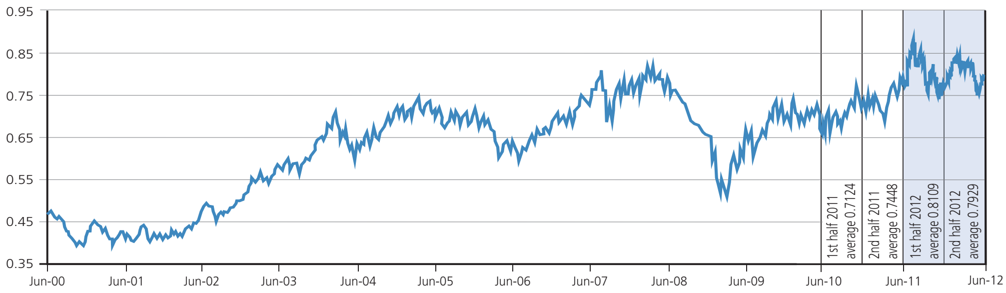


New and Existing Housing



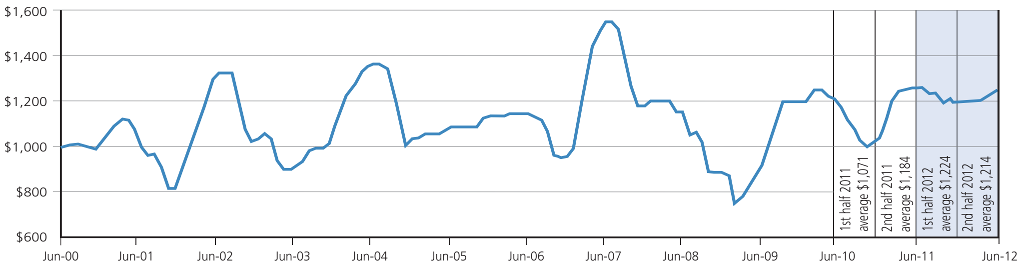
NZD/USD Exchange Rate

NZD/USD exchange rates shown are effective (i.e. hedged)



Moulding and Better Lumber Pricing

US$ mbf



Tenon

The short summary is that, had the NZD:USD cross rate not strengthened from an average (hedged) rate of 73 cents in fiscal 2011 to over 80 cents this last year, then Tenon's fiscal 2012 EBITDA (as shown above) would have equalled that of the previous year, despite the tougher market demand conditions experienced this past year. Attempting to hedge currency movements in the year proved extremely difficult, as the NZD:USD rate fluctuated widely across the period between a low of 74 cents and a high of 88 cents. Currency aside, it is also important to note that the gains from all of Tenon's cost-out and profit improvement plans that were operative in the period almost offset the significant decline in demand conditions sustained in fiscal 2012. So, if the consensus view is correct and the cycle has indeed bottomed (and assuming the NZ dollar does not strengthen from today), then this means Tenon will have traversed the longest and deepest housing recession since the 1930s depression without having recorded an EBITDA loss (adjusting for the restructuring and business re-engineering costs discussed above) in any reporting period – something few industry participants have been able to achieve.

Although relative performance may have been good, we are very conscious that Tenon's absolute performance in recent times – particularly this past year - has been quite underwhelming. We do believe that everything that could realistically have been done in order to address operating performance in Tenon's North American activities has been done. Extensive changes to Tenon's operating model have been made in recent times, including –

- ***Organic Growth*** – Tenon has expanded its presence in the retail, professional, and wholesale channels. It now services some 40% more retail stores than it did approaching the last cycle peak. It now has six distribution centres in the US, a global logistics operation that sources over 8,000 containers of product globally each year, and its products now appear in some 2,000 stores.

- ***Changed Customer Focus*** – Tenon has fundamentally restructured the way its core customers are serviced. Each customer now has a single interface with the company, regardless of where in the world, or from which Tenon manufacturing entity their products are produced or sourced. This customer-focus change has resulted in a higher level of service delivery and product innovation, and tighter customer relationships. This in turn has resulted in new opportunities with key customers, ranging from organically growing Tenon's existing business, to new product introductions, to entering new market segments.

  The launch in the period, of the new Perennial Wood™ outdoor decking range, is a good example of these latter two categories – i.e. a totally new product, in a new market segment. Perennial Wood™ has been developed by the Eastman Chemical Company, a global chemical manufacturing company with annual sales revenue of more than $6 billion. Eastman has partnered with Empire (Tenon's core distribution business in the US) in the initial roll-out of this new product into Lowe's stores in the US market. The initial launch into the retail market comprises a 100 Lowe's store trial in New England, and sees Empire as the exclusive Perennial Wood™ decking distributor into this channel.

  The potential outdoor applications for Perennial Wood™ in the US market are extensive. The first product being launched, Perennial Wood™ decking, will be sold into the $4 billion per annum US decking and railing market – a market larger than Tenon's entire traditional indoor mouldings segment, and this is only one market where Eastman's modified wood technology is applicable. There are many further applications for Eastman's technology in other outdoor applications, and Tenon believes they will be equally well received upon their future introduction.

- ***Profit improvement / Efficiency Programs*** – The restructuring and business re-engineering programs instituted in fiscal 2012 (discussed above) represent only a few of the total series of initiatives of this type that have been put in place to address the performance of the base US operating business. These initiatives, which began with the $5 million 'One-Company' program several years ago, have in total now either removed cost, or increased operational efficiencies, to the extent of $20 million per annum.

As a result of all these changes, Tenon's US business is far better positioned today, both operationally and strategically, than it was when the company entered the cycle downturn five or so years ago.

Tenon

To bring some perspective to that statement, Tenon believes it now holds the #1 position in interior mouldings (as sold through its full service distribution business), the #1 position in stair parts distribution in the large Texas pro-dealer market, the #2 position in imported clear and finger jointed mouldings (as sold through its US wholesale operation), and a leading position in decorative mouldings sold to the large format home improvement retailers.

In short, Tenon now holds industry-leading positions in each of the businesses in which it operates in North America, and a platform for growth is in place to take advantage of the increased demand that will occur as market recovery brings a return to mid-cycle conditions. The only change to Tenon's North American growth model moving forward is one of relative focus. Given the current point in the housing cycle, Tenon is keen to more aggressively consider acquisition opportunities, particularly in the professional builder market where it can leverage its existing positions to create additional value. In order to do this, Tenon will need to lower its current debt levels and / or access new equity funding, or just be financially 'smart' in the way it makes its acquisitions. Whilst the timing of these opportunities is not controllable – i.e. they arise when they arise – Tenon will be seeking them out in fiscal 2013.

Growth

Equally as important to this continued growth within North America, is the desire to also balance this current single-market exposure by establishing new revenue streams outside of North America, where Tenon can take its existing capabilities and establish new in-market positions that will allow it to replicate its North American success elsewhere. Tenon has been clear that this focus will be on two markets – Australia and China.

In that regard, Tenon announced in February this year that it had established an initial beachhead in Australia, by acquiring the #2 hardwood mouldings manufacturing and distribution position there (previously held by Whiteline Timber Products). Through established links to quality reseller chains (e.g. Mitre10) and independent stores, Tenon Australia will be offering a variety of mouldings, high-grade boards, and architraves into the Australian market, and it will become a comprehensive supplier of these products in multiple profiles and species.

Tenon would not have taken this initial Australia beach-head unless it was believed that a position of economic scale could be established, that would justify its presence there. We will comment on Tenon's progress towards this wider Australian growth goal in subsequent Reviews to shareholders.

China is, of course, quite a different proposition from either North America or Australia. To profitably enter China and make money under a sustainable business model, Tenon must ultimately have an in-market presence there. This in turn must involve the participation of joint venture Chinese partners, which was the successful model adopted when Tenon moved in-market into North America, either taking initial JV (e.g. American Wood Mouldings) or minority (e.g. The Empire Company) positions.

It is no secret that partner selection is critical, and that China is littered with "how not to do it" examples of Western companies poorly executing their entry strategies. We believe Tenon has the right approach – i.e. establish a sales history of delivering high quality product into China that builds company credibility, use that to develop an understanding of the wholesale and retail market channels there, and then build an in-market presence through local partnering to create a position of real scale.

The first of these steps has already been achieved, with manufactured product out of Tenon's Taupo site being sold into China now representing 15% of all its third party sales from New Zealand. We know that the China market is large and growing, that there is an increasing wood fibre deficit, and that there is a willingness of the Chinese consumer to pay for valuable product. By way of example, Tenon is now achieving in China the same price as it is receiving in the US market, for the highest grade of clear lumber it sells (i.e. mouldings and better lumber) – a product that increased in price, year-on-year, by $90 per thousand board feet – i.e. over 8% in the past year. There is every reason to believe that this demand for 'clear' products will continue as China grows (and as the US market recovers).

As to the second phase – i.e. developing an understanding of the customer channels in China, we believe the next step for Tenon should be to take a position in the wholesale market there. Understanding the wholesale market is the next natural move, as it 'follows' Tenon's current product flows one-step closer to the Chinese end-consumer. Supplying product into China through an 'owned' wholesale channel would, of course, be the other side of the 'China coin' for Tenon, as it currently sources an extensive

Tenon

amount of decorative and specialist millwork product from China and sells it through its US distribution entities into the North American retail and pro-builder markets. So it already has a good feeling for this type of activity. We do not believe the spend on establishing a wholesale market presence need be large, and Tenon is already well advanced in exploring opportunities in this regard. We will report on this later in the fiscal year.

The final step – establishing an in-market presence in China of scale – is the critical phase. While Tenon has also made progress on this, this work is still far from complete, and it will not be making the mistake of rushing this final phase, which is of course the defining step. Any such move would be transformative in nature, rather than incremental, and would likely require Tenon shareholder approval in order to proceed. You will read more on this in upcoming Reviews.

Rubicon

As Rubicon's functional currency is the US dollar, our financial statements generally refer to US dollars unless otherwise stated. All numbers are rounded to the nearest million. Rubicon has majority ownership (59%) of Tenon, and NZ International Financial Reporting Standards (IFRS) require Tenon's Income, Cash Flows and Balance Sheet financial statements to be consolidated into Rubicon's statements. This is the basis upon which our financial statements are presented in this Review.

The next table provides a 'snap-shot' of our consolidated operating earnings performance for the period under review – i.e. it reports on the Group's operating earnings before financing expense, depreciation and amortisations (i.e. EBITDA) for the twelve months to 30 June 2012, compared with the prior period (i.e. the 12 months to 30 June 2011). As discussed in the TENON section of this Review, we focus on EBITDA in this analysis, as that is the measurement most analysts use to compare companies, because EBITDA is a measurement that allows comparability across companies with different aged assets and depreciation policies, and different funding structures (i.e. different debt : equity mixes).

ArborGen's commercial tree sales operation reported EBITDA of $8 million in the period, from sales of 252 million seedlings globally. Of this sales volume, approximately 28 million were MCP seedlings, of which 16 million were sold in the US and 12 million were in New Zealand. In addition, small initial volumes (i.e. 2 million) of varietals were sold in the US and New Zealand. The US MCP sales volumes were not demand constrained but rather they were constrained by MCP seed supply, which was due to a lower than expected seed orchard harvest as a result of unfavourable weather conditions. This issue is being addressed through orchard expansion for the coming years, and ArborGen expects a significant lift in MCP sales this next season. MCP sales in the US and NZ combined, for the next fiscal year, are projected to be in the order of 40 million – i.e. up some 40% on the past year.

Netted off against this revenue, were costs of $7 million relating primarily to the on-going research and development of new products that ArborGen will bring to market in future periods. ArborGen actually invested $13 million on the research and development of new products in the period under review, however the amount expensed through earnings represents only that component of the total spend that is not allowed to be capitalised to its product pipeline under IFRS rules. These future products range from new OP-elite families right through to advanced biotech products, with some of the spend being on

Summary of Operating Earnings

US$ millions	Full year	Six months ended		Full year	Six months ended	
	June 2012	June 2012	Dec 2011	**June 2011**	June 2011	Dec 2010
ArborGen						
commercial tree operations	8	5	3	8	6	2
research and other costs expensed	(7)	(4)	(3)	(7)	(5)	(2)
IPO costs	-	-	-	(4)	(4)	-
	1	1	-	(3)	(3)	-
Rubicon's share of ArborGen's result	-	-	-	(1)	(1)	-
Tenon	2	2	-	6	2	4
Corporate	(2)	(1)	(1)	(2)	(1)	(1)
Forest revaluations	-	-	-	2	2	-
EBITDA excluding restructuring and business re-engineering costs	-	1	(1)	5	2	3
Tenon restructuring and business re-engineering costs not included above	(5)	(3)	(2)	-	-	-
Total EBITDA	(5)	(2)	(3)	5	2	3

Rubicon

traditional products that will be released within the next couple of planting seasons. It is important to understand that ArborGen's commercial operations are cash and EBITDA positive today, excluding this expenditure currently being made to develop these next generations of products.

Rubicon's consolidated EBITDA fell to a loss of $5 million (or breakeven excluding the $5 million of restructuring and business re-engineering costs incurred at Tenon), and this movement was solely attributable to the drop in earnings of Tenon that was recorded in the period. As noted in the TENON section of this Review, cost savings implemented were almost able to offset the decline in general US market conditions that was experienced in the year, which meant that the year-on-year reduction in Tenon's EBITDA (excluding the $5 million of costs noted above) was largely due to the NZD:USD exchange rate strengthening from a (hedged) average of 73 cents in fiscal 2011 to an average of over 80 cents for the year under review – i.e. a $4 million negative EBITDA impact from currency alone.

As discussed above, Tenon believes that its last 12 months result reflects the very bottom of its earnings cycle based on a consensus view that the US housing market is set to improve from this point on.

As we have said before, this result (which after financing expense, taxation and $5 million of restructuring and business re-engineering costs at Tenon noted above, fell to a bottom line loss of $12 million), is not at all indicative of the underlying value of our Tenon and ArborGen investments. In ArborGen's case, this is because it is still a developing business with the bulk of its value represented by its future higher genetic value products, which are yet to be commercialised in the market. In Tenon's case, it is because of the extremely depressed US housing market that has been operating at a level not seen since the 1930's depression era. We remain confident that as ArborGen matures and Tenon activities are supported by a recovering US housing market, our future earnings results will grow to reflect the true value of both of these businesses.

At balance date, Rubicon's consolidated debt was $59 million, made up of $39 million in Tenon and $20 million in Rubicon itself. Rubicon's facility with the ANZ was fully drawn at balance date, however immediately post balance date Rubicon completed a US$15 million capital raise (see GOVERNANCE section below) that reduced the facility balance to US$5 million. Upon completion of the capital raise, the ANZ agreed to extend the life of its bank facility out to 1 July 2014, subject to satisfactory progress being made towards an IPO of ArborGen.

As Rubicon owns only 31.67% of ArborGen, ArborGen is treated as an associate and its debt is not consolidated into Rubicon's balance sheet. ArborGen's debt is non-recourse to Rubicon Limited, and this is also the case for Tenon's debt. For the terms of these three debt facilities, shareholders' attention is drawn to the full description outlined in notes 5.1 (c), 5.2 (d), 5.3, and 19 to our full audited financial statements for fiscal 2012 (as shown in the Rubicon 2012 Statutory Report).

GOVERNANCE

Our ASM was held in Auckland (NZ) on 16th December 2011. Two new Directors were elected at the meeting – David Knott (who represents Knott Partners, who together with associated parties controls 28% of Rubicon's issued share capital, and who has been a very strong supporter of Rubicon for many years now) and George Karaplis (an independent Director, with a strong background in value creation in technology companies). We are very pleased and fortunate to have both David's and George's contribution moving forward as we look to unlock value in our ArborGen and Tenon investments. Over 80% of the Company's issued shares were voted at the ASM, and all resolutions were passed with more than a 99% majority.

Our next ASM will be held in Wellington (NZ) in December 2012. We will notify shareholders of the time and venue later in the year, and we look forward to meeting those shareholders who are able to attend.

On 5 July 2012 (i.e. after balance date) we concluded a capital raise by way of a 1:3 rights offering, raising the full NZ$21 million (US$15 million net of fees) we sought. All of Rubicon's Directors and officers took up their rights in full, and the fact that not one share of the offer needed to be allocated to outside investors, was an indication of the extremely strong support the offer received from the Company's existing shareholder base - support for which

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we are very grateful. The cash proceeds of the offer, which were used to reduce Rubicon Limited's existing debt balance, now provide us with the flexibility to meet our current and future potential commitments to ArborGen out to early calendar 2014 (should that be required). With that capital raise completed, we can now focus on rewarding shareholders by addressing the considerable value that we all see in our ArborGen and Tenon investments, according to the existing plans we have outlined.

OUTLOOK

ArborGen

During the period under review, ArborGen undertook a company-wide restructuring process. As summarised in the ARBORGEN section of this Review, the purpose of the restructuring was to –

'… refocus and align the organisation's resources - physical, people and financial – with the company's existing commercial base business. It is this base business, and the opportunities that its existing market channels and pipeline of fully developed (non-biotech) products currently offer, which has the potential to generate a step-change in ArborGen's near-term financial results.'

Growing the base business, by –

- Participating in increased industry sales that will occur with recovery in the US housing cycle;
- Moving customers up the genetic value ladder to MCP and varietal offerings;
- Building on new business opportunities - e.g. bioenergy in the US; and
- Investing in geographic growth – e.g. Brazil and China

will now be the immediate ArborGen focus going forward, and we will be reporting on each of these in subsequent Reviews.

The acquisition of CellFor is a good example of both the allocation of resources to, and increased intensity on, the base business that will be applied moving forward. As already discussed, the rationale for this resource reallocation is that a tighter strategic and operational focus on that business will yield benefits in the form of faster revenue and earnings growth. ArborGen's overall goal in this respect is to be both profitable and self-funding (i.e. Partner contributions no longer required) from completion of its fiscal 2014 year onwards. Whether this is achieved will ultimately depend on the success of this restructuring process in quickly increasing the size, scope and financial performance of the base business over the next 2-3 years.

ArborGen will also continue with its biotech investment program in the manner outlined –

"…resources allocated to future biotech potential will be targeted on research and development for the creation of the truly 'blockbuster' category of products – i.e. traits that are highly demanded by customers but which are unattainable under traditional breeding technologies."

This will mean, by way of examples, that the current work on freeze tolerant eucalyptus (which will have application both in the US and China markets), short rotation eucalyptus (for application in the pulp and biomass markets), and improved pulping eucalyptus products (for the large Brazil pulp market) will all continue as before. However, the superior performance now being generated from ArborGen's elite MCP and best varietal families requires the short rotation loblolly pine product to be redefined, to focus the targeted biotech trait on improved wood density – a trait which is so critical for structural lumber applications.

We will be reporting on progress towards all of these goals in subsequent Reviews.

Tenon

This Review has also presented the 'go-forward' plan for Tenon.

In North America, Tenon will complete the restructuring initiatives already under way, and release surplus cash to pay-down debt. New product introductions will continue, with the goal being to expand the breadth of product range into the retail and pro-builder channels that Tenon has created over the past five years. Examples of this, which will be reported on in the new fiscal year, are 'FindIt", a new internally developed proprietary pull-out

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kitchen cabinet product which Tenon has been asked by Lowe's to distribute into 800 stores commencing in the first quarter of next year, the addition of a new Empire range of "Plank Paneling" products into 815 Lowe's stores commencing October this year, and a new doors program at Southwest which will target the large Texas pro-builder market. As previously mentioned, Tenon will also be targeting expansion potential in the US pro-builder channel, by way of acquisitions, as opportunities present themselves.

In Australia, Tenon will be expanding its initial entry position and moving to build a position of scale in this close geographic market.

China will play an increasing role in Tenon's future. The immediate plan is to continue to increase the sale of product out of Taupo directed into the China market, and to take a position in the wholesale market there – a pre-requisite to building an in-market position of size.

Growth into Australia and China will eventually reduce Tenon's current single-market dependence on the US for cash flow. However, rebalancing Tenon's portfolio across geographies will take time, and the reality remains that despite best efforts, in the very immediate term Tenon's earnings will remain reliant on recovery in the North American market. In this respect, increasingly there are favourable data points emerging that indicate the worst is now behind us and that we will over time begin to see a return to mid-cycle operating conditions.

Factors supporting a US housing recovery which we have commented upon previously, include –

- US housing affordability at an all time high;
- US new home inventories at a 40-year low;
- US mortgage rates at an all time low;
- Robust population growth in line with long-term trends;
- Housing starts per head of population at a 60-year low;
- Housing activity well below the underlying long-term trend; and
- An aging housing stock, with two thirds of the total being well over 25 years old, and the median age over 35 years.

Although 'sticky' unemployment, constrained access to credit, and the shadow inventory of homes potentially for sale, remain outstanding as issues to be resolved before a full US housing recovery can take place, recent data highlight some emerging positives. These include –

- House prices, which are off their peak by approximately 33%, appear to have stabilised, and are now beginning to show some gains. The closely watched Case-Shiller 20-city composite price index rose 2.2% in May, marking two consecutive months of house price gains. The alternative CoreLogic index reported house prices rising 1.3% in June, and 2.5% on a June 'year-on-year' basis (or 3.2% excluding distressed sales). The National Association of Realtors commentary on existing house prices in July was as follows –

  "… all home price measures now are showing positive movement and that is building confidence in the market … The national median existing-home price for all housing types was $187,300 in July, up 9.4 percent from a year ago. The last time there were five back to back monthly price increases from a year earlier was in January to May of 2006. The July gain was the strongest since January 2006."

  Home prices are closely correlated with home sales in a housing recovery. That house prices now appear to be stabilising is a very important market signal, in that those potential buyers who may have been standing back waiting to see where the market 'floor' might be, should now be encouraged to re-enter the market. As house prices recover, the equity people have in their homes increases. This in turn goes to reduce the number of 'underwater' home mortgages, and therefore, the potential shadow inventory that might come onto the market. Increased home equity is also an important source of funding for homeowners (i.e. they can borrow against their home equity) that can be spent on other items, which in turn re-ignites the economy in a self-reinforcing cycle;
- Sales of existing homes in July (seasonally adjusted) were up 2.3% to 4.47 million (annualised), which was 10.4% above the July 2011 figure.

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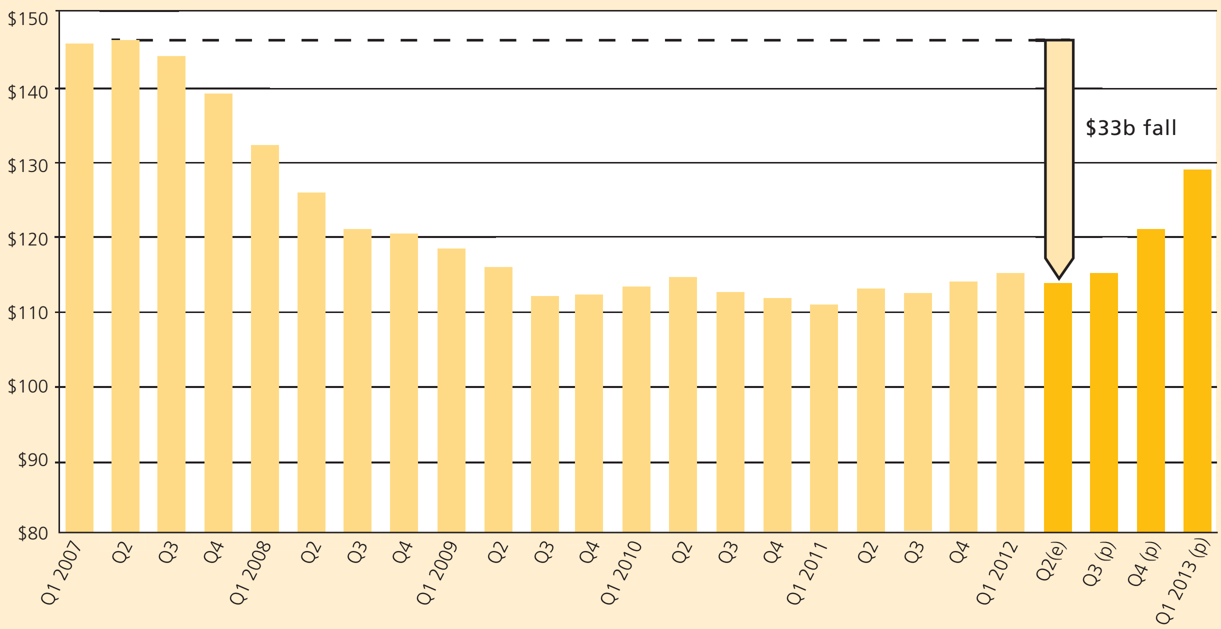
- Over the past two years, "for sale" existing housing inventory has declined from a peak of 12 months of demand, to now be at 6.4 months, and listed inventory in July was 23.8% lower than the level a year ago. While six months is considered to indicate a 'balanced' market, there remains the unquantifiable size of the 'shadow supply' of inventory that might come onto the market via foreclosures. To this point, a recent Goldman Sachs equity research report (July 23rd 2012) had the following to say –

  "Our housing checks have been indicating since the turn of the year that inventory is scarce in good markets and our state-wide analysis points to a 15% reduction in shadow inventory in the five key new home markets (Arizona, California, Florida, Nevada, and Texas). At the same time, the growth in building permits suggests a 34% increase in demand in those same states … bottom line, we expect any further decline in inventory to serve as a platform for price appreciation, further aiding sales";

- Housing starts increased to a seasonally adjusted annual rate of 746,000 in July, up 21.5% on July last year. Whilst this is well down on the previous cycle peak of 2.3 million homes, it is also well off the low of 500,000 new house starts recorded only 18 months ago;
- New home sales in July were up 3.6% on June, and up 25.3% on the July 2011 figure. Although the median sales price was down slightly (2.5%), inventory fell to a record low of 142,000 in the month, equating to only a 4.6 months supply at the current sales rate;

Lending indicator of remodeling activity (LIRA)

Homeowner Improvements 4-quarter moving totals
$ billions - July 2012 projections



Rubicon

- As an indicator of future expected activity, building permits for July were 812,000 units - 6.8% up on June and 29.5% up on the previous July. In addition, builder confidence increased in June to its highest point in over five years, with builders reporting the highest sales levels since February 2007; and

- While Tenon will participate in any recovery of new house construction through its existing positions in the pro-builder channel, it is recovery in the remodelling and renovation segment that Tenon is most exposed to. Here too, commentators are projecting a more positive outlook. By way of example, the chart on the previous page shows the remodelling activity forecast from the Joint Center for Housing Studies of Harvard University released last month.

Although recovery is likely to be gradual, these points are all indicative of a much stronger earnings profile for Tenon in the future. For now however, given the considerable uncertainty that remains as to both the movement in the NZ dollar and the timing of any recovery, like most industry participants Tenon will not be giving earnings guidance for fiscal 2013, other than to say that any short-term lift in its earnings as a result of market recovery is unlikely to be felt until the second half of fiscal 2013. We will however update you on Tenon's progress as events unfold during the year.

Finally, we would like to thank all of our shareholders, employees, customers, and other stakeholders for your continued support throughout this past year. As always, it is very much appreciated.

Steve Kasnet
Chairman

Luke Moriarty
Chief Executive Officer

24 August 2012

Rubicon Limited and Subsidiaries

Consolidated Income Statement

For the year ended 30 June 2012

	RUBICON GROUP	
	Year ended June 12 US$m	**Year ended June 11 US$m**
Revenue	334	326
Cost of sales	(254)	(241)
Gross earnings	**80**	**85**
Earnings from associate	-	(1)
Distribution expense	(71)	(72)
Administration expense	(16)	(15)
Fair value gain on forest assets	-	2
Restructuring costs	(3)	-
Operating earnings before financing expense	**(10)**	**(1)**
Financial expense	(4)	(4)
Earnings before taxation	**(14)**	**(5)**
Income tax benefit	2	(1)
Net Earnings	**(12)**	**(6)**
Attributable to:		
Equity holders of the parent	(8)	(5)
Minority interest	(4)	(1)
Net Earnings	**(12)**	**(6)**

Basic/diluted earnings per share information (cents per share):	(2.8)	(1.8)
Weighted average number of shares outstanding (millions of shares)	285	285

Rubicon Limited and Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	RUBICON GROUP	
	Year ended June 12 US$m	**Year ended June 11 US$m**
Net Earnings	**(12)**	**(6)**
Movement in currency translation reserve	(1)	2
Other comprehensive income (net of tax)	**(1)**	**2**
Total comprehensive income	**(13)**	**(4)**
Total comprehensive income attributable to:		
Rubicon shareholders	(8)	(4)
Minority shareholders	(5)	–
Total comprehensive income	**(13)**	**(4)**

Rubicon Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 30 June 2012

	RUBICON GROUP	
	Year ended June 12 US$m	**Year ended June 11 US$m**
Total comprehensive income	**(13)**	**(4)**
Movement in Rubicon shareholders' equity:		
Increase resulting from Tenon share buy back	1	–
Movement in minority shareholders' equity:		
Decrease resulting from Tenon share buy back	(1)	–
Total movement in shareholder equity attributable to:		
Rubicon shareholders' equity	(7)	(4)
Minority shareholders' equity	(6)	–
Opening equity attributable to:		
Rubicon shareholders	148	152
Minority shareholders	56	56
Opening total Group equity	204	208
Closing equity attributable to:		
Rubicon shareholders	141	148
Minority shareholders	50	56
Closing Total Group Equity	**191**	**204**

Rubicon Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	RUBICON GROUP	
	Year ended June 12 US$m	**Year ended June 11 US$m**
Cash was provided from operating activities		
Receipts from customers	327	328
Cash provided from operating activities	327	328
Payments to suppliers, employees and other	(333)	(324)
Income tax received/(paid)	–	(1)
Cash (used in) operating activities	(333)	(325)
Net cash from operating activities	**(6)**	**3**
Investment in fixed assets	(2)	(2)
Investment in associate	(9)	(4)
Net cash from (used in) investing activities	**(11)**	**(6)**
Debt drawdowns	19	51
Debt repayment	(1)	(42)
Interest paid	(3)	(5)
Capital return by way of share buy back		
To Tenon minority shareholders	(1)	-
Net cash from (used in) financing activities	**14**	**4**
Net movement in cash	**(3)**	**1**
Opening cash, liquid deposits and overdrafts	2	1
Closing Cash, Liquid Deposits and Overdrafts	**(1)**	**2**
Net earnings	(12)	(6)
Adjustment for:		
Financial expense	4	4
Depreciation	5	6
Taxation	(2)	–
Earnings from associate	–	1
Forest asset valuation	–	(2)
Other	2	(1)
Cash flow from operations before net working capital movement	(3)	2
Trade and other receivables	(7)	2
Inventory	(1)	6
Trade and other payables	5	(7)
Net working capital movement	(3)	1
Net cash from operating activities	**(6)**	**3**

Rubicon Limited and Subsidiaries

Consolidated Balance Sheet

As at 30 June 2012

	RUBICON GROUP	
	June 12 US$m	**June 11 US$m**
Current assets		
Cash and liquid deposits	–	2
Trade and other receivables	31	25
Inventory	53	53
Assets held for sale	3	2
Total current assets	**87**	**82**
Non current assets		
Fixed assets	25	29
Forest assets	3	3
Investment in associate	72	63
Goodwill	85	85
Deferred taxation asset	11	9
Total non current assets	**196**	**189**
Total assets	**283**	**271**
Current liabilities		
Bank overdraft	(1)	–
Trade, other payables and provisions	(33)	(27)
Current debt	(1)	(9)
Total current liabilities	**(35)**	**(36)**
Term liabilities		
Term debt	(57)	(31)
Total term liabilities	**(57)**	**(31)**
Total liabilities	**(92)**	**(67)**
Net Assets	**191**	**204**
Equity		
Share capital	163	163
Reserves	(22)	(15)
Equity attributable to Rubicon shareholders	**141**	**148**
Equity attributable to minority shareholders	50	56
Total Group Equity	**191**	**204**
Net Asset Backing	US 50 cps	US 52 cps

Stephen Kasnet
Chairman

Luke Moriarty
Chief Executive Officer

Mark Taylor
Chief Financial Officer

24 August 2012

Each of the above signatories certifies that these financial statements comply with generally accepted accounting standards and present a true and fair view of the financial affairs of the Rubicon Group.

Rubicon Limited and Subsidiaries

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

BASIS OF PRESENTATION

The summary financial statements presented are for the year to 30 June 2012 (with the comparative period being the year ended 30 June 2011) and are those of Rubicon Limited and its subsidiaries (the Rubicon Group). They have been prepared in accordance with New Zealand Financial Reporting Standard No 43 (Summary Financial Statements). They have been extracted from the full financial statements that have been prepared in accordance with New Zealand Standards, which ensures compliance with International Financial Reporting Standards. The full financial statements, signed on 24 August 2012, have been audited by KPMG and given an unqualified opinion. The Group is a profit-orientated entity. For a complete understanding of the affairs of the Group, the full financial statements can be found at www.rubicon-nz.com.

The consolidated financial statements are expressed in Rubicon's functional currency, US$.

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 17 September 2012 the following were substantial security holders in the Company. In terms of the Act, the number of shares and percentages shown below are as last advised to Rubicon by the substantial security holder and may not be their current holding.

Substantial security holder	Number of voting securities	% of issued Rubicon securities	Date of notice
David Knott [a]	107,488,210	28.307	23 July 2012 [1]
Third Avenue Management LLC	46,988,986	18.839	21 September 2006 [3]
Perry Corporation/Richard Perry [b]	31,260,698	10.977	14 December 2010 [2]
Sandell Asset Management Corp. [c]	41,098,869	10.823	10 July 2012 [1]
Sophrosyne Capital, LLC	28,424,742	7.486	6 July 2012 [1]

The following substantial security holder notices have been received (which are included in the substantial security holder notices above) relating to securities to which;

(a)	Mr Knott has disclosed he holds a relevant interest in:			
	Dorset Management Corporation	97,502,420	25.677	23 July 2012 [1]
	Knott Partners, L.P.	69,687,235	18.352	17 September 2012 [1]
(b)	Mr Perry has disclosed he holds a relevant interest in:			
	Perry Partners International Inc and Perry Partners International Master Inc.	15,149,855	5.320	14 December 2010 [2]
(c)	Castlerigg Master Investments Ltd has disclosed its benefical interest in the following shares for which Sandell Asset Management Corp. has the power to control the disposition of and voting for:			
		34,847,891	9.177	10 July 2012 [1]

The total number of issued voting securities at 17 September 2012 was 379,719,975.

(1) Shares on issue at date substantial security holder notice was received was 379,719,975
(2) Shares on issue at date substantial security holder notice was received was 284,788,155
(3) Shares on issue at date substantial security holder notice was received was 249,419,021

Rubicon Limited and Subsidiaries

Board of Directors

Stephen Kasnet
Director and Chairman
BA University of Pennsylvania (Philadelphia)

Steve is a former President and CEO of Raymond Property Company and Dartmouth Street Capital, which are real estate companies engaged in the acquisition, development, renovation, ownership and management of residential and commercial real estate in the Boston area. Prior to this he was President and CEO of Harbor Global Company Limited, which maintained the largest real estate investment fund in Russia and owned and managed one of Russia's leading asset management and mutual fund complexes.

He is CEO of Calypso Management LLC, Chairman of Directors of Columbia Labs, Inc, Trustee of Governors Academy, President of Ocean Manchester Corporation and Director of Tenon Limited, First National Bank of Ipswich and Two Harbours Investment Corp.

Hugh Fletcher
Director
MBA Stanford University; MCom (Hons), BSc University of Auckland

Hugh is Chairman of IAG (New Zealand) Holdings Limited and IAG (New Zealand) Limited, and a Director of Fletcher Building Limited, Vector Limited and Insurance Australia Group Limited.

He is also a Trustee of The University of Auckland Foundation, the Dilworth Trust, the Fletcher Trust and The New Zealand Portrait Gallery, and a member of the Asia Pacific Committee of the Trilateral Commission and the Australia and New Zealand Advisory Board of L.E.K. Consulting.

Hugh has broad pastoral farming interests. His executive experience includes six years as Managing Director and Chief Operating Officer of Fletcher Challenge Limited, before he became CEO from 1987–1997.

Bill Hasler
Director
MBA Harvard; BA Pomona College (California), CPA

Bill is former Vice Chairman and Board Director of KPMG Peat Marwick, a position he held from 1984–1991 after being responsible for KPMG's western US operations from 1984–1986, and subsequently heading their worldwide management consulting practice from 1986–1991.

Upon leaving KPMG, Bill became Dean and Departmental Chair of the Haas School of Business at the University of California in Berkeley. He held this position from 1991–1998, and continues today as Dean Emeritus.

In addition, Bill is a Director of Globalstar Inc, Inside Track Inc, Aviat Networks, TOUSA Inc, Mission West Properties Inc, BoardVantage and ETWater Inc and is a Trustee of Schwab Funds. He is also a consultant to, and investor in several private technology companies.

George Karaplis
Director
BEng. and MBA, McGill University

George has over 35 years' experience building and growing shareholder value and has a proven track record in 'turnaround' and high growth companies.

He is currently Deputy Chairman of Netia, a Polish integrated telecom services and media solutions' company, a Director of Tenon Limited, and he has previously led France Telecom's Global One business in Greece as Managing Director. He also acted as Chief Financial Officer and General Manager of International Investments for the Hellenic Telecommunications Organisation.

Prior to that Mr Karaplis held a number of management positions in Canada and Europe. He has relevant experience in the forestry and wood products industry from his previous employment with Domtar, a Canadian Paper and Forest Product producer.

Rubicon Limited and Subsidiaries

Board of Directors

David Knott
Director
B.A. University of Pennsylvania, M.B.A. Wharton School of the University of Pennsylvania

David is the Chief Executive Officer, Chief Investment Manager and Managing Partner of Knott Partners who, with associated entities, is Rubicon's largest shareholder. He has served as Chief Investment Manager of Knott Partners from 1987, and prior to this he was a General Partner and analyst at Mandrakos Associates.

David currently serves on the board of Directors of Paramount Resources and Ligand Pharmaceuticals, Inc. He is also a Director of Boy's and Girl's Harbor and Say Yes to Education, and the Undergraduate Financial Aid at the University of Pennsylvania.

Luke Moriarty
Chief Executive Officer
MS Stanford University; LLB (Hons) and BCA Victoria University

Luke has a strong background in business and commercial transactions, both in New Zealand and North America. His financial experience has included extensive international business valuation, acquisition, divestment and joint venture analysis and negotiation, and structuring and execution in multi-billion dollar transactions – ranging from minority buyouts to trade sales and IPOs.

He spent several years in North America, and while there led the financial restructuring of Fletcher Challenge Canada, through the sale of TimberWest Forests and Blandin Paper Company. He joined the Fletcher Challenge Executive Office in 1999, and in 2000 was instrumental in the structuring of the financial separation of the Fletcher Challenge Group, including the establishment of Tenon (then Fletcher Challenge Forests) and the formation of Rubicon in 2001.

Luke is a Director and the CEO of Rubicon, the Chairman of Tenon Limited, and a Director of ArborGen Inc. Luke is also a Monetary Policy Advisor to the Governor of the Reserve Bank of New Zealand.

Investor Enquiries/ Registered Office

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Email: information@rubicon-nz.com

Website: www.rubicon-nz.com

Stock Exchange Listing

The Company's shares (RBC) are listed on the NZSX.

Shareholder Enquiries

Shareholders with enquiries about share transactions or changes of address should contact the Share Registrar:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road

Takapuna, Auckland

Private Bag 92 119,

Auckland 1142, New Zealand

Telephone: 64 9 488 8777

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