RUBICON

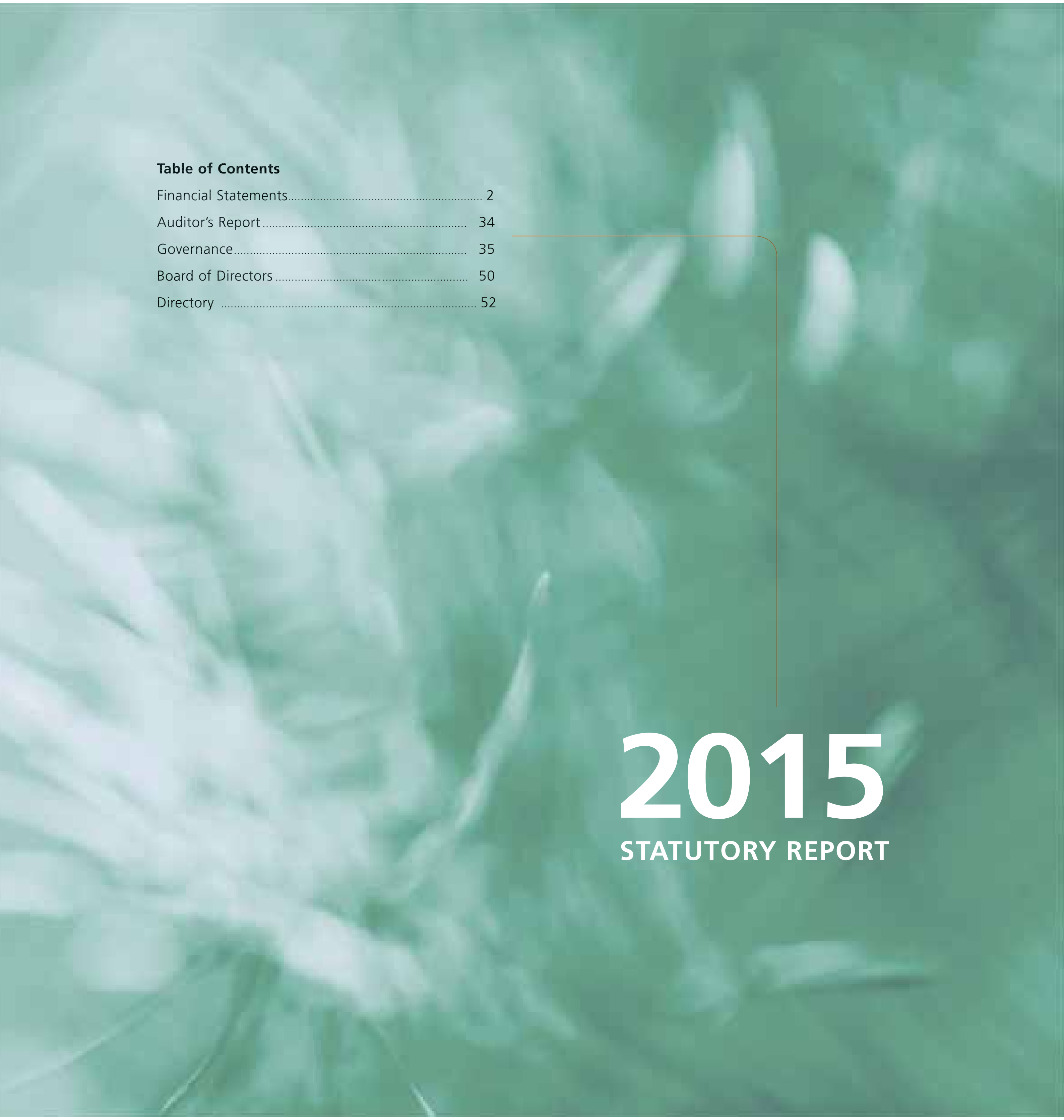
2015
STATUTORY REPORT

This Report contains the Audited Financial Statements, Governance and Statutory Information for the Rubicon Group. A separate report is also available on request – the Rubicon Annual Review – which details the strategic and operating highlights for Rubicon for 2015.

Our Interim Review for 2015 and our Annual Review for 2014 are each available on our website – www.rubicon-nz.com. In addition to our shareholder reports, 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 history of our market releases is maintained.

There are statements 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, and to our Tenon and ArborGen investments, some of which are beyond our control. Tenon's risks and uncertainties include - that its operations and results are significantly influenced by the level of activity in the various sectors of the economies in which it competes, particularly in North America. Fluctuations in industrial output, commercial and residential construction activity, capital availability, housing turnover and pricing, levels of repair and remodelling and additions to existing homes, new housing starts, relative exchange rates, interest rates, and profitability of customers, can each have a substantial impact on Tenon's results, operations and financial condition. ArborGen's risks and uncertainties include (in addition to those of Tenon) - the global markets and geographies in which it operates, intellectual property protection, regulatory approvals, public and customer acceptance of genetically engineered (transgenic) products, customer adoption of advanced seedling products, the success of ArborGen's research and development activities, weather conditions, and biological matters. As a result of the foregoing, actual results and conclusions may differ materially from those expressed or implied by such statements.

All references in this document to $ or "dollars" are references to United States dollars unless otherwise stated



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2015
STATUTORY REPORT

Consolidated Income Statement

For the year ended 30 June 2015

		RUBICON GROUP	
	Notes	Year ended June 2015 US$m	Year ended June 2014 US$m
Revenue		406	396
Cost of sales		(308)	(304)
Gross earnings		**98**	**92**
Earnings by associate	14	1	–
Distribution expense		(74)	(71)
Administration expense		(17)	(17)
Operating earnings before financing expense	7	**8**	**4**
Financing expense	8	(5)	(5)
Earnings before taxation		**3**	**(1)**
Tax expense	9	–	(1)
Net Earnings		**3**	**(2)**
Attributable to:			
Rubicon shareholders		1	(3)
Minority shareholders		2	1
Net Earnings		**3**	**(2)**

Basic/diluted earnings per share information (cents per share)	0.2	(0.8)
Weighted average number of shares outstanding (millions of shares)	409	391

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	RUBICON GROUP Year ended June 2015 US$m	Year ended June 2014 US$m
Net Earnings	**3**	**(2)**
Items that may be reclassified to the Consolidated Income Statement:		
Movement in currency translation reserve	(4)	1
Movement in hedge reserve	(1)	1
Other comprehensive income (net of tax)	**(5)**	**2**
Total comprehensive income	**(2)**	**–**
Total comprehensive income attributable to:		
Rubicon shareholders	(2)	(1)
Minority shareholders	–	1
Total comprehensive income	**(2)**	**–**

Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	RUBICON GROUP Year ended June 2015 US$m	Year ended June 2014 US$m
Total comprehensive income		**(2)**	**–**
Movement in Rubicon shareholders' equity:			
Issue of shares	18	–	10
Movement in minority shareholders' equity:			
Share buyback by Tenon		(1)	–
Total movement in shareholder equity attributable to:			
Rubicon shareholders' equity		(2)	9
Minority shareholders' equity		(1)	1
Opening equity attributable to:			
Rubicon shareholders		159	150
Minority shareholders		50	49
Opening total Group equity		209	199
Closing equity attributable to:			
Rubicon shareholders		157	159
Minority shareholders	20	49	50
Closing Total group Equity		**206**	**209**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	RUBICON GROUP Year ended June 2015 US$m	RUBICON GROUP Year ended June 2014 US$m
Cash was provided from operating activities			
Receipts from customers		404	398
Cash provided from operating activities		404	398
Payments to suppliers, employees and other		(404)	(393)
Tax paid		(1)	(1)
Cash (used in) operating activities		(405)	(394)
Net cash from operating activities		**(1)**	**4**
Investment in fixed assets	13	(6)	(2)
Investment in associate	14	(6)	(5)
Net cash from (used in) investing activities		**(12)**	**(7)**
Debt drawdowns		26	63
Debt repayment		(10)	(63)
Interest paid		(4)	(6)
Issue of shares		–	10
Capital return by way of share buyback			
To Tenon minority shareholders	20	(1)	–
Net cash from (used in) financing activities		**11**	**4**
Net movement in cash		**(2)**	**1**
Opening cash, liquid deposits and overdrafts		(1)	(2)
Closing Cash, Liquid Deposits and Overdrafts		**(3)**	**(1)**
Net Earnings		3	(2)
Adjustment for:			
Financing expense	8	5	5
Depreciation	7	3	4
Taxation		(1)	–
Earnings from associate		(1)	–
Forest assets		1	1
Cash flow from operations before net working capital movement		10	8
Trade and other receivables		(1)	2
Inventory		(16)	5
Trade and other payables		6	(11)
Net working capital movement		(11)	(4)
Net cash from operating activities		**(1)**	**4**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Consolidated Balance Sheet

As at 30 June 2015

	Notes	RUBICON GROUP June 2015 US$m	June 2014 US$m
Current assets			
Trade and other receivables	10	34	35
Inventory	11	81	67
Total current assets		**115**	**102**
Non current assets			
Fixed assets	13	24	21
Forest assets		1	3
Investment in associate	14	87	81
Goodwill	15	85	85
Deferred taxation asset	12	11	12
Total non current assets		**208**	**202**
Total assets		**323**	**304**
Current liabilities			
Bank overdrafts		(3)	(1)
Trade, other payables and provisions	16	(39)	(35)
Current debt	17	(1)	(1)
Total current liabilities		**(43)**	**(37)**
Term liabilities			
Term debt	17	(74)	(58)
Total term liabilities		**(74)**	**(58)**
Total liabilities		**(117)**	**(95)**
Net Assets		**206**	**209**
Equity			
Share capital	18	188	188
Reserves	19	(31)	(29)
Equity attributable to Rubicon shareholders		**157**	**159**
Equity attributable to minority shareholders	20	49	50
Total Group Equity		**206**	**209**
Net Asset Backing	29	US 38 cps	US 39 cps

Steve Kasnet
Chairman

Luke Moriarty
Chief Executive Officer & Director

Mark Taylor
Chief Financial Officer

28 August 2015

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.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

1 GENERAL INFORMATION

Rubicon Limited is an international investor in forestry related industries. Rubicon, a limited liability company incorporated and domiciled in New Zealand, is listed on the New Zealand stock exchange. As at 30 June 2015 Rubicon had two core investments; Tenon Limited (59.78%) and ArborGen Inc (31.67%).

The financial statements presented are for the year from 1 July 2014 to 30 June 2015, with the comparative period being the year ended 30 June 2014.

2 APPROVAL OF ACCOUNTS

These consolidated financial statements have been prepared on a consolidated Group basis and were approved for issue by the Board of Directors on 28 August 2015.

3 BASIS OF PRESENTATION

The financial statements presented are those of Rubicon Limited (the Parent Company) and Subsidiaries (the Group).

Basis of preparation

The Company is a FMC (Financial Markets Conduct) reporting entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013. Both these acts became effective for financial years beginning on or after 1 April 2014, and the Financial Reporting Act 1993 was repealed with effect from this date.

The accounting policies are consistent with those used in the June 2014 consolidated financial statements. The significant accounting policies are set out below.

The presentation currency used in the preparation of these financial statements is United States dollars (US$), rounded to the nearest million dollars.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards. The financial statements are in compliance with International Financial Reporting Standards (IFRS). The Group has designated itself as a profit-oriented entity for the purposes of compliance with NZ IFRS.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, Financial Markets Conduct Act 2013 and the Companies Act 1993 and comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Chief operating decision-makers

Rubicon's 'chief operating decision-makers' are the Rubicon Board and the Chief Executive Officer, who jointly make strategic decisions.

4 SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Policy

There have been no changes in accounting policies during the year.

New and amended standards adopted by the Group.

There were no new standards or amendments to standards adopted by the Group in the current year that had a material impact on the Group.

Use of Estimates and Judgement

The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal areas of judgement in preparing these financial statements are:

Financial risks (note 5)

Rubicon, Tenon Limited and ArborGen Inc are subject to a number of financial risks and uncertainties, the principal ones of which are summarised in note 5.

Investments and valuation of goodwill (notes 14 and 15)

The carrying value of goodwill and investments are assessed at least annually to ensure they are not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the investment, which entails making judgements about the expected future performance and cash flows of the investment and the appropriate discount rate to apply when valuing future cash flows. The carrying value of investments are also effected by the estimates and judgements applied to capitalisation of developmental expenditure and the adopted amortisation policy.

Deferred taxation (note 12)

NZ IFRS allows the recognition of taxation assets when utilisation is considered probable. This requires an estimation of the future earnings of the Group. These calculations are based upon annual financial budgets and average exchange rate assumptions.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent Company. Control exists when the Parent has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Tenon Limited is a subsidiary of Rubicon Limited.

Transactions and balances between subsidiaries or between the Parent and subsidiaries are eliminated on consolidation.

Associates

Associates are entities in which the Parent Company, either directly or indirectly, has a significant but not controlling interest. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Associates are initially recognised at cost. ArborGen Inc is an associate of Rubicon Limited.

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 1 April 2004 (being the Group's opening NZ IFRS balance sheet), goodwill represents the difference between the cost of the acquisition and the Group's share of the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its carrying value at transition date recorded under previous NZ GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is assessed at least annually for impairment.

Functional Currency

Foreign operations
Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements are presented in US$ (the presentation currency).

The assets and liabilities of all of the Group companies (none of which has a currency of a hyper-inflationary economy) that have a functional currency that differs from the presentation currency, including goodwill and fair value adjustments arising on consolidation, are translated to the presentation currency at foreign exchange rates ruling at balance date. All exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve.

Transactions
Transactions in currencies other than the functional currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency at balance date are translated to the functional currency at the foreign exchange rate ruling at that date, with foreign exchange differences arising on translation being recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value in a currency other than the functional currency are translated using the exchange rate ruling at the date the fair value was determined.

Valuation of Assets

Land, buildings, plant and equipment
Land, buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation on other fixed assets is calculated using the straight-line method. Expected useful lives, which are regularly reviewed, are:

Buildings	30 years
Plant and equipment	3 to 13 years.

Inventory
Trading inventory, raw materials and work in progress are valued at the lower of cost or net realisable value and are determined principally on weighted average basis. Cost includes direct manufacturing costs and manufacturing overheads at normal operating levels, and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

Forest assets
Forest assets are valued at their fair value. All the costs necessary to maintain the forest assets are included in the income statement together with the change in fair value for each accounting period. The value is based on discounted forestry cash flow models where the fair value is calculated using cash flows based on sustainable forest management plans. The fair value is measured as the present value of cash flows from one growth cycle on leased forest land, taking into consideration environmental, operational and market restrictions.

Trade and other receivables
Trade receivables are carried at cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Assets held for sale and discontinued operations
Assets held for sale are assets whose carrying value will be recovered principally through sale rather than through continuing use. Assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Impairment
The carrying amounts of the Group's assets are reviewed regularly, including at each reporting date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units, and then to reduce the carrying amount of other assets in the cash-generating unit on a pro-rata basis.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. With the exception of goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Valuation of Liabilities

Trade and other payables
Trade and other payables are stated at cost.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Group's best estimate of the expenditure required to settle the present obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

Deferred income tax
Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting, nor taxable, profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Derivative financial instruments
The Group uses derivative financial instruments for the purpose of managing its exposure to adverse fluctuations in interest rates, foreign currency exchange rates and commodity prices. While these instruments are subject to fluctuations in value, such fluctuations are generally offset by the change in value of the underlying exposures being hedged.

The Group policy specifically prohibits the holding or issuing of derivative financial instruments for trading or speculative purposes. Derivatives that do not qualify for hedge accounting are classified as financial assets and are initially recognised at fair value at the date the contract is entered into. The subsequent gains or losses arising from changes in the fair value of financial assets are recognised immediately in the income statement.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedge
For cash flow hedge transactions in which the Group is hedging the variability of future cash flows related to a variable-rate asset, liability or a forecasted transaction, the effective portion of the changes in the fair value of the derivative instrument are reported in the statement of comprehensive income. The gains and losses on the derivative instrument that are reported in the statement of comprehensive income are reclassified to earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item.

The ineffective portion of all hedges is recognised in current period earnings.

The net interest received or paid on the contracts is reflected as interest income or expense of the related hedged position. Gains and losses resulting from the termination of contracts are recognised over the original period hedged as long as the underlying cash flows are still probable of occurring. If the hedged positions are sold, or the underlying cash flows are no longer probable of occurring, any unrealised gains or losses are recognised in the current period.

Fair value hedges
Changes in the fair value of derivatives which are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Income Determination

Revenue recognition
Revenue comprises the fair value of the consideration received for the sale of goods and services, net of rebates and discounts and after eliminating sales within the Group. Revenue is shown net of any value added tax, returns, rebates and discounts and after eliminating sales within the Group.

Goods sold
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Products are generally sold with volume discounts and customers have a right to return faulty product. Sales are recorded based on the price negotiated with the customer, net of estimated volume discounts and returns. Historical experience is used to estimate the level of returns likely and volume rebates are calculated on a preset formula.

Investment income
Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the Group's right to receive payment is established.

Finance expense
Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method and the amount payable in relation to the supply chain financing programme.

Leasing commitments
The Group leases certain plant, equipment, land and buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement in the periods of expected benefit.

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset, leased under a finance lease, is accounted for in accordance with the accounting policy applicable to that asset.

Research and development costs
All research costs are recognised as an expense when incurred. When a project reaches the stage where it is reasonably certain that further expenditure can be recovered through the processes or products produced, development expenditure is recognised as a development asset. The asset is amortised from the commencement of commercial production of the product to which it relates, over the period of expected benefit.

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date, and any adjustment to tax payable in respect of previous years.

Employee Benefits

Other employee benefits
Long service leave vests to certain employees after varying periods of service. The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Share-based payments
The fair value of any liability under any cash settled, share-based compensation plan is recorded at each reporting date, with any changes in fair value recognised in the income statement for the period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Group has two reportable segments, which are the Group's strategic business assets; being Tenon (appearance and wood products) and ArborGen (forestry genetics), which offer different products and services. The Group's geographical segments are based on both the location of customers and primary location of assets (refer to note 26 segmental information summary).

Goods and Services Tax

The income statement and statement of cash flow have been prepared exclusive of goods and services taxation.

Comparatives

Changes in prior year disclosure comparatives may have been made to align with the current year presentation.

Future NZ IFRS Pronouncements

Certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board and the External Reporting Board that are mandatory for future periods, which the Group will adopt when they become mandatory. The Group has not identified any new standards or amendments that will materially impact the preparation of the Group accounts.

5 FINANCIAL RISKS

As the Group's principal assets are investments in Tenon Limited 59.78% (2014: 59.23%) and ArborGen, Inc 31.67% (2014: 31.67%) it is considered appropriate to disclose separately the financial risk management applicable to each of these investments.

This note presents information about the Group's potential exposure to financial risks that the Group has identified, the Group's objectives, policies and processes for managing those risks, the estimation of fair values of financial instruments, and the Group's management of capital. Quantitative disclosures of some of the key financial risks are made in note 28.

5.1 ArborGen

ArborGen has exposure to financial risks which is actively assessed and managed by the ArborGen board and management team.

5.1(a) Credit risk

ArborGen is at risk of customer default on payment for treestocks at the conclusion of a growing season. ArborGen mitigates this risk by dealing with a wide-range of customers in multiple markets, by securing up-front deposits from customers for the treestocks it grows each year, and by retaining title to product until final customer payments have been made. The nature of ArborGen's activity is that its customers tend to require yearly repeat business, and historically customer payment defaults have not been material to ArborGen's business.

5.1(b) Liquidity risk

ArborGen has a $28 million (2014: $26 million) banking facility with a regional bank in the United States, which expires no earlier than 31 August 2016 (2014: 31 August 2015). In addition ArborGen also has a $6 million capital expenditure loan which expires on 31 January 2016. These facilities are used to fund ArborGen's working capital and capital expenditure needs in its US activities. In addition ArborGen also has a NZ$4.5 million NZ-based bank facility, which is to expire in April 2016, to fund its Australasian operations. If either of these were not to be renewed then ArborGen would need to obtain similar facilities from other banks, or an equivalent amount of funding would need to be supplied by the three ArborGen partners, or through an ArborGen capital raising event. Neither of these ArborGen bank facilities has recourse to Rubicon Limited.

Whilst the commercial operations are cash positive, inclusive of research and development activities ArborGen is not currently self funding, and requires partner contributions of approximately $10 million per annum.

5.1(c) Other risks

A small group of ArborGen's present and former employees have taken a lawsuit against ArborGen, its partner companies and its (current and former) directors and officers, in relation to possible incentive payments to be made upon an IPO or sale of ArborGen (or a sale of all or substantially all of its assets). ArborGen and its partners have vigorously defended this action. Whilst the initial court proceedings were concluded in January 2015 and final submissions were made in June 2015, the legal outcome is unknown as at the date these financial statements are signed, and is likely to remain unknown for some time.

5.2 Tenon

5.2(a) Key financial risks and approach to risk management

Tenon actively operates a risk management programme, designed to minimise potential adverse effects on the Tenon group's financial performance. The Tenon risk management programme identifies and analyses the risks faced by the Tenon group, sets appropriate risk limits and controls, and monitors risks and adherence to those limits.

The Tenon board establishes formal written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. The Tenon board may waive or modify the application of such policies where particular circumstances make it appropriate to do so.

Tenon's principal financial instruments comprise receivables, payables, bank loans and overdrafts, finance leases, cash and short-term deposits and derivatives.

Tenon manages its exposure to the key financial risks, foreign exchange risk and interest rate risk, credit risk and liquidity risk - in accordance with the policies set down by the Tenon board. Tenon enters into derivative transactions (principally interest rate swaps and forward currency contracts) to manage interest rate and currency risks. All such transactions are carried out within the guidelines set by the Tenon board as discussed above. Tenon does not use derivative financial instruments for trading or speculative purposes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

5.2(a) (i) Key Tenon financial sensitivities

Impact of movement in key sensitivities on -	June 2015		June 2014	
	Profit before taxation US$m	**Equity US$m**	**Profit before taxation US$m**	**Equity US$m**
1 cent movement in:				
NZ$:US$				
Operating	0.65	0.65	0.65	0.65
Open foreign exchange contracts	–	0.18	–	0.10
NZ$:EUR				
Operating	0.12	0.12	–	–
Open foreign exchange contracts	–	0.05	–	–
1% interest rate movement (including interest rate swap)				
Floating rate increase 1%	(0.61)	(0.10)	(0.50)	–
Floating rate decrease 1%	0.70	0.15	0.60	(0.20)
Log Price - NZ$1/ tonne (annual 300,000 tonnes)	0.21	0.21	0.30	0.30

The sensitivities calculated above are based upon fiscal 2015 operating capacity and assume other key pricing variables remain constant.

5.2(a) (ii) Foreign exchange risk

Tenon operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NZ$. Foreign exchange risk arises from future recognised assets and liabilities and net investments in foreign operations. Tenon's functional currency is the US$. Tenon uses forward contracts to manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency other than the functional currency.

Tenon's policy is to manage currency exchange rate exposure to limit the impact that any adverse changes in foreign exchange rates might have on Tenon's financial position, profitability or cash flow. Non-monetary assets are recorded in their functional currency, as determined by the dominant currency of cash flows, sales prices, sales markets, expenses and debt structure. The currency denomination and quantum of debt outstanding are managed so that economic risk exposure to currency movements on the aggregate of balance sheet and revenue items is offset within policy-defined limits. Where the proportion of the underlying debt in any currency does not equate to the required proportion of total debt, derivative financial instruments may be entered into to manage the exposure within formal board policies as discussed above.

5.2(a) (iii) Interest rate risk

Tenon's debt facility comprises a mixture of long-term debt and short-term LIBOR loans. Interest on both types of debt is based on LIBOR rates and can be for a term of one, two, three or six months, and borrowings issued at these short term variable rates expose Tenon to market interest rate risk. Tenon's policy is to manage its interest position depending upon underlying interest rate exposures and economic conditions. Tenon manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Borrowings issued at fixed rates expose Tenon to fair value interest rate risk. Tenon raises long-term borrowings at floating rates and when appropriate swaps them into fixed rates that are lower than those available if it borrowed at fixed rates directly. Under the interest rate swaps, Tenon agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts (refer to note 28 (a) (ii) - exposure to interest rate risk).

5.2(b) Credit risk

Credit risk is the risk of financial loss to Tenon if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and financial derivatives it has entered into.

5.2(b) (i) Trade and other receivables

Tenon's exposure to credit risk is influenced by the individual characteristics of each customer or counterparty. Credit arrangements are entered into in accordance with limits set forth by the Tenon group as to credit rating and dollar limits. It is Tenon's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. In the US, Tenon has entered into credit insurance arrangements for approximately 31% of trade receivables (excluding national retail accounts), thereby reducing the credit risk exposure. The total amount of policy cover is approximately $6 million and is subject to certain blanket deductibles per Tenon entity and specific cover limits and deductibles for individual customers. Tenon maintains a provision for doubtful debts based upon an estimate of losses expected in respect of trade and other receivables (refer to note 28 (b) (i) exposure to credit risk, for analysis of accounts). Tenon's largest customer is Lowe's, the second largest retail home store operator in the US. Whilst there is a degree of customer concentration with Lowe's its credit rating has remained strong throughout the US housing down-cycle and global credit crisis. Tenon is actively growing pro-dealer business to provide greater diversity of revenue and earnings streams.

5.2(b) (ii) Financial derivatives

Tenon is exposed to counterparty risk in respect of potential default of a counterparty to a financial instrument, with the maximum exposure equal to the carrying amount of those instruments. Financial instruments are able to be spread amongst a number of financial institutions to minimise the risk of default of counterparties. Authorised counterparties for financial instruments are restricted to those financial institutions that form part of Tenon's syndicated debt facility.

5.2(c) Liquidity risk

Liquidity risk is the risk that Tenon will be unable to meet its financial commitments as they fall due. Tenon's treasury policy aims to maintain flexibility in funding by keeping committed credit lines available.

Tenon has a syndicated bank facility led by PNC Bank National Association, and also the Bank of New Zealand and Comerica, (the specifics of which are discussed in detail in note 17 term and current debt), which does not have any recourse to Rubicon Limited.

Tenon was in compliance with the financial covenants included in its facilities throughout the 2015 fiscal year.

Tenon's supply chain financing programme sponsored by the Bank of America, which has been in place for 7 years, allows Tenon the opportunity to receive payment from the Bank of America for a portion of its receivables in advance of normal customer credit payment terms.

5.2(d) Capital management

The Tenon board's objectives when managing capital are to maximise the return for the Tenon group shareholders and safeguard Tenon's ability to continue as a going concern. In order to maintain or adjust the capital structure Tenon may buyback its shares, pay dividends, issue new shares or sell assets, subject to the terms of Tenon's syndicated debt facility.

5.2(e) Fair value estimation

Financial instruments are recorded in the balance sheet at an estimated fair value. In the 2015 and 2014 years, foreign exchange contracts and interest rate swaps are treated as effective hedges under NZ IAS 39 (refer note 4 significant accounting policies, valuation of liabilities). The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used for financial assets held by Tenon is the exit price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Externally sourced valuations are used to value interest rate swaps and foreign exchange contracts held at balance date. In line with IFRS 13, the credit quality of counterparties was considered as part of the fair value measurement. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amount of cash and liquid deposits and bank overdrafts is equivalent to the fair value. Long-term financial liabilities and other receivables are held at fair value. It is not practicable to estimate fair values of unlisted investments in subsidiaries and associates as there are no quoted market prices for those or similar investments. The carrying value of forest assets is equivalent to their fair value less estimated costs to sell. Tenon has no unlisted investments in other companies.

5.3 Rubicon Limited

Rubicon's capital includes share capital, reserves, retained earnings and minority interest, and Rubicon manages capital in such a manner as to maintain stakeholder confidence and safeguard Rubicon's ability to continue as a going concern, whilst also maximising the return for shareholders and sustaining resources for the future development of the business. In order to maintain or adjust the capital structure Rubicon may, subject to the terms of its debt facility, pay dividends or return capital, or issue new shares or sell assets to reduce debt.

Liquidity risk management requires the maintenance of available cash combined with the availability of funding through an adequate amount of committed credit facilities sufficient to meet the Company's needs as they develop. Rubicon prepares forecasts of its cash requirements and ensures it has facilities in place to meet its day-to-day operating and investment needs.

In addition to the financial risks applicable to its two principal investments (outlined above) Rubicon is exposed to financial risk with respect to its cash, short-term deposits and bank term loans. At balance date Rubicon Limited had borrowings of $20 million and no cash (2014: debt $10 million, cash nil).

Rubicon has a $20 million ANZ bank facility that expires on 1 July 2016, which is not conditional upon any financial covenants. In addition Rubicon has received commitments for $7 million of subordinated notes, of which, $3.5 million was issued in June 2015 (refer to note 17 term and current debt for more details). The company believes these facilities, together with dividend receipts from Tenon, should be sufficient to meet its funding needs through to 30 June 2016.

6 REPORTING CURRENCY

Rubicon reports in United States dollars (US$), consequently all financial numbers are in US$ unless otherwise stated.

7 OPERATING EXPENSES INCLUDE

	RUBICON GROUP	
	Year ended June 2015 US$m	Year ended June 2014 US$m
Depreciation – plant, equipment and buildings:		
Cost of sales expenses	(2)	(3)
Distribution expense	(1)	(1)
Total depreciation	(3)	(4)
Net foreign exchange (loss) / gain	(1)	1
Employee related expenses	(59)	(59)

7 OPERATING EXPENSES INCLUDE continued

Operating expenses also include payments made and accrued for:

- Directors fees paid to non-executive Directors of Rubicon for the current period of $0.4 million (paid in NZ$0.5 million), (2014: $0.4 million (paid in NZ$0.5 million)) and in 2014 an accrual for the non-executive Directors long-term incentive plan of $0.2 million was made, refer to note 25.
- The statutory audit of the annual financial statements and review of the interim financial statements: in the current period for Rubicon; $0.1 million (2014: $0.1 million) and in the current period for Tenon $0.5 million (2014: $0.5 million).
- Taxation services for Rubicon in the current period of $0.1 million (2014: $0.1 million).
- Other services provided by the auditors, for Rubicon in the current period were less than $0.1 million (2014: less than $0.1 million) and for Tenon in the current period less than $0.1 million. These other services include attendance at the annual meetings and extended assurance work.
- Refer to page 37 (Reporting and Disclosure) and page 41 (Auditors) of the Corporate Governance section for commentary on the Audit Committee process in managing the relationship with the Auditor and confirming their independence.

8 FINANCING EXPENSE

	RUBICON GROUP	
	Year ended June 2015 US$m	**Year ended June 2014 US$m**
Interest expense	(4)	(4)
Amortisation of refinancing fees	(1)	(1)
Financing expense	**(5)**	**(5)**

9 TAX EXPENSE

	RUBICON GROUP	
	Year ended June 2015 US$m	**Year ended June 2014 US$m**
Earnings before taxation	3	(1)
Taxation at 28%	(1)	–
Adjustment for:		
Permanent differences	1	1
Tax losses recognised / (written off) (refer to note 12) [1]	1	(1)
Net taxation losses not recognised by Rubicon Group	(1)	(1)
Taxation (expense) / benefit	**–**	**(1)**
Current taxation		
United States	–	(1)
Taxation (expense) / benefit	**–**	**(1)**

(1) Previously unrecognised NZ tax losses of $1 million were recognised in the year. In June 2014, Tenon had previously recognised US tax losses that expired during the year of $1 million.

10 TRADE AND OTHER RECEIVABLES

	RUBICON GROUP June 2015 US$m	June 2014 US$m
Trade debtors	28	29
Prepayments	4	4
Other receivables	2	2
Trade and other receivables	**34**	**35**

11 INVENTORY

	RUBICON GROUP June 2015 US$m	June 2014 US$m
Raw materials and work in progress	7	6
Finished goods	74	61
Inventory	**81**	**67**

The cost of inventory recognised as an expense and included in cost of sales amounted to $305 million (2014: $300 million).

12 TAXATION

Current taxation (liability)

	RUBICON GROUP June 2015 US$m	June 2014 US$m
Opening provision for current taxation	–	–
Current taxation (expense) / benefit in the income statement (refer note 9)	–	(1)
Deferred taxation movement in period	(1)	–
Net taxation payments / (refunds)	1	1
Current taxation (liability)	**–**	**–**

Deferred taxation asset

	RUBICON GROUP June 2015 US$m	June 2014 US$m
The gross movement on the deferred taxation asset is as follows:		
Opening provision for deferred taxation	12	11
Effect of currency translation	(2)	1
Deferred taxation movement in period	1	–
Deferred taxation asset	**11**	**12**
Deferred taxation asset		
Deferred taxation on assets	9	10
Deferred taxation on liabilities	2	2
Deferred taxation asset	**11**	**12**

12 TAXATION continued

Deferred taxation asset — RUBICON GROUP

	Depreciation US$m	Forestry Rights US$m	Provisions US$m	Tax losses (2) US$m	Current assets US$m	Total US$m
30 June 2014						
Opening provision for deferred taxation	(3)	(1)	1	15	(1)	11
Effect of currency translation	–	–	–	1	–	1
Tax losses written off (1)	–	–	–	(1)	–	(1)
Movement in deferred taxation	–	–	1	–	–	1
Deferred taxation asset as at 30 June 2014	**(3)**	**(1)**	**2**	**15**	**(1)**	**12**
30 June 2015						
Opening provision for deferred taxation	(3)	(1)	2	15	(1)	12
Effect of currency translation	–	–	–	(2)	–	(2)
Tax losses recognised (1)	–	–	–	1	–	1
Movement in deferred taxation	(1)	1	–	–	–	–
Deferred taxation asset as at 30 June 2015	**(4)**	**–**	**2**	**14**	**(1)**	**11**

(1) Tenon recognised NZ tax losses of $1 million in the 2015 year. In 2014, Tenon had previously recognised US tax losses of $1 million that expired during the year.

(2) Tenon's recognised tax losses include $5.8 million of tax effected NZ tax losses (2014: $7.4 million), that do not expire, subject to shareholder continuity provisions, and $8.4 million (2014: $7.9 million) of US tax losses which have expiry dates as detailed below.

Tenon recognised US tax losses	Expiry Dates		
	2021 US$m	**Beyond 2021 US$m**	**Total US$m**
Gross value	5.1	19.7	24.8
Tax effected value	1.7	6.7	8.4

NZ IFRS only allows the recognition of taxation assets when utilisation is considered probable, which is subject to the future earnings of the Group and shareholder continuity. The Group had taxation losses (gross) in excess of the amount that can be recognised, at 30 June 2015 of $70 million (NZ: $42 million, US: $28 million) (2014: $83 million (NZ: $57 million, US: $26 million)).

Rubicon has imputation credits available to Rubicon shareholders of $3 million (2014: $3 million).

13 FIXED ASSETS

	RUBICON GROUP	
	June 2015 US$m	June 2014 US$m
Cost		
Land	6	6
Buildings	14	14
Plant and equipment	39	40
Capital work in progress	5	–
Total cost	64	60
Accumulated depreciation		
Buildings	(6)	(5)
Plant and equipment	(34)	(34)
Total accumulated depreciation	(40)	(39)
Net book value		
Land	6	6
Buildings	8	9
Plant and equipment	5	6
Capital work in progress	5	–
Fixed assets net book value	**24**	**21**
Domicile of fixed assets		
Australasia	15	11
United States	9	10
Fixed assets net book value	**24**	**21**

	RUBICON GROUP				
Fixed assets net book value	Land US$m	Buildings US$m	Plant and Equipment US$m	Capital work in progress US$m	Total US$m
30 June 2014					
Opening net book value	6	9	8	–	23
Additions	–	–	2	–	2
Depreciation charge	–	–	(4)	–	(4)
as at 30 June 2014	**6**	**9**	**6**	**–**	**21**
30 June 2015					
Opening net book value	6	9	6	–	21
Additions	–	–	1	5	6
Depreciation charge	–	(1)	(2)	–	(3)
as at 30 June 2015	**6**	**8**	**5**	**5**	**24**

14 INVESTMENT IN ASSOCIATE

	RUBICON GROUP June 2015 US$m	RUBICON GROUP June 2014 US$m
Carrying value of associate		
Balance at the beginning of the period	81	76
Capital contributions during period	6	5
Earnings of associate	1	–
Effect of exchange rate changes	(1)	–
Balance at the end of the period	**87**	**81**

	June 2015 US$m	June 2014 US$m
Earnings relating to associate (1)		
Revenue	35	30
Operating earnings from commercial tree operations	10	8
Operating expense and research costs expensed	(5)	(4)
Interest and depreciation	(1)	(1)
Patent related costs	(1)	(2)
Earnings from associate	**3**	**1**
Group's share of earnings relating to associate	**1**	**–**

	June 2015 US$m	June 2014 US$m
Associate balance sheet (1)		
Current assets	25	22
Term assets		
Fixed assets	46	44
Intellectual property and product development	249	230
Total assets	320	296
Current liabilities	(7)	(10)
Bank debt	(25)	(18)
Term liabilities	(13)	(13)
Total liabilities	(45)	(41)
Net assets	275	255
Interests held by third parties	(188)	(174)
Investment in associate	**87**	**81**

(1) ArborGen Inc (Rubicon's associate) has a balance date of 31 March; the earnings relating to associate are for the year to 31 March 2015 and the balance sheet is as at 31 March 2015.

The recoverable amount of the investment in ArborGen is determined based on value-in use calculations. These calculations use a discounted cash flow (DCF) model projection, over a ten year period inclusive of a terminal value. Only existing core ArborGen markets are valued (i.e. Australia, New Zealand, United States and Brazil), growth market opportunities outside of the core are excluded from the impairment analysis. Separate demand projections are determined for each geography and end-use market. ArborGen's addressable market for each is estimated, as is seedling type (e.g. softwood or hardwood, species, and production technology employed (e.g. traditional, MCP, varietal, transgenic)), and sales price and cost by product for each market. Each of these is discounted at a cost of capital reflective of the risk applicable to it. Discount rates employed range from 10% post-tax (for the US core business) to 26% post-tax for the less proven

14 INVESTMENT IN ASSOCIATE continued

ArborGen segments. The average discount rate (i.e. the composite rate) employed is 16% post-tax. Terminal growth rates are determined on a market by market basis and range from 3% for the US core business, to 9% for the ArborGen emerging high-growth market opportunities.

Early consolidated revenue in the DCF model is driven by the US Core segment, where recovery of the US housing market drives harvesting and replanting assumptions. These US market recovery assumptions are consistent with those employed in the Tenon goodwill impairment assessment outlined in note 15 below.

The most sensitive assumption employed in the DCF model is the discount rate employed. By way of sensitivity, even if the composite discount rate were to almost double (i.e. from 16% post-tax to 30%) there would still be no impairment of the ArborGen associate carrying value.

15 GOODWILL

All goodwill relates to Rubicon's subsidiary Tenon.

The recoverable amount of the goodwill is determined based on value-in-use calculations. These calculations use DCF projections over a three year period, inclusive of a terminal value, and assume the recovery in US housing market conditions continues, in line with average external forecaster projections. These projections imply a 'mid-cycle' level is reached in approximately three years, at which time Tenon's consolidated operating earnings before financing expense, depreciation and amortisations (i.e. EBITDA) is projected to be $45 million excluding organic growth (2014: $45 million after five years). For the purposes of the value-in-use calculations, growth rates in new home construction and retail / DIY activity translate into Tenon revenue growth of approximately 13% per annum over the next three years. No growth in Tenon's market share is assumed beyond territorial expansion already underway. The underlying market growth rate assumptions are consistent with those used in 2014. Gross margin percentages were assumed to be similar to the current year's percentage for the next three years (i.e. +/- 2%) (2014: +/- 2%). A discount rate of 8.5% real, pre-tax (2014: 8.5%), which is representative of Tenon's weighted average cost of capital, was applied. The terminal growth rate applied was 1% (2014: 1%), which is conservative when compared with projected long-term annual growth rate in the new home and remodelling markets beyond year three of the projections.

As the value-in-use significantly exceeds the carrying value inclusive of goodwill, no impairment exists at 30 June 2015.

Sensitivity analyses were applied to determine whether under realistic scenarios there may be an impairment in goodwill. Even after applying these sensitivities (doubling the discount rate, retail / DIY growth rates set to zero, rate of recovery in the US housing market halved or having nil terminal value growth), the value-in-use calculations show excess value greater than the carrying value of the goodwill.

16 TRADE, OTHER PAYABLES AND PROVISIONS

	RUBICON GROUP	
	June 2015 US$m	**June 2014 US$m**
Trade creditors	(24)	(21)
Accrued employee benefits	(7)	(6)
Other payables	(3)	(3)
Accruals	(5)	(5)
Trade, other payables and provisions	**(39)**	**(35)**

17 TERM AND CURRENT DEBT

Summary of repayment terms	RUBICON GROUP June 2015 US$m	RUBICON GROUP June 2014 US$m
Due for repayment:		
Less than one year	(1)	(1)
Between one and two years	(23)	(12)
Between two and three years	(3)	(2)
Between three and four years	(3)	(3)
Between four and five years	(45)	(41)
Total term and current debt	**(75)**	**(59)**

Summary of interest rates by repayment period	RUBICON GROUP June 2015 %	RUBICON GROUP June 2014 %
Due for repayment:		
Less than one year	4.84%	6.23%
Between one and two years	7.64%	7.50%
Between two and three years	4.84%	6.32%
Between three and four years	4.84%	6.32%
Between four and five years	4.45%	5.35%
Current debt – weighted average interest rate	**4.84%**	**6.23%**
Term debt – weighted average interest rate	**5.48%**	**5.88%**

The weighted average interest rates reflect the effective interest rate, inclusive of fee amortisations, any applicable interest rate swaps and facility fees.

The interest rate swaps, partially hedge the term loan and LIBOR contracts and the swap interest cost has been included in calculating the interest rate on the term loans and LIBOR contracts due for repayment in 2020 (2014: due for repayment in 2018).

	Tenon Group [1]			Rubicon Limited[2]	RUBICON GROUP
Debt facilities available	**Term US$m**	**Revolver US$m**	**Total US$m**	**US$m**	**Total US$m**
June 2015	10.43	64.57	75.00	27.00	102.00
June 2016	9.12	65.88	75.00	27.00	102.00
June 2017	6.55	68.45	75.00	–	75.00
June 2018	3.98	71.02	75.00	–	75.00
June 2019	1.41	73.59	75.00	–	75.00
Sept 2020	–	–	–	–	–

17 TERM AND CURRENT DEBT continued

(1) In May 2015, Tenon's 2013 $70 million syndicated long-term debt facility comprising a $59 million revolver line and a $11 million reducing term loan, was increased to $75 million with a $10.4 million reducing term loan component and the term of the facility was extended to May 2020.

The facility syndicate is led by PNC Bank National Association (the Agent), which includes the BNZ and Comerica. The facility is a typical US lending facility, where the underlying assets and working capital of the Tenon group secure the obligations to the syndicate. The amount available for drawdown (i.e. undrawn availability) at any one time is determined by the value of Tenon's inventory and receivables, less the amount of the facility drawn. There are a number of exclusions, reserves and deductions made to the gross value of inventory and receivables to determine the level of inventory and receivables eligible to borrow against. Every month a borrowing base report is made to the Agent showing the eligible inventory and receivables. The borrowing base report and calculations are subject to periodic examination by the Agent.

The facility has a standard quarterly fixed charge covenant (FCCR) being ((EBITDA - capital expenditure - cash tax paid) / (interest + amortising term loan payments + distributions paid)), however this covenant only applies if undrawn availability falls below $8.5 million for two consecutive business days or $12.5 million for five consecutive business days. At 30 June 2015, undrawn availability was $21.5 million (June 2014: $20.5 million), and the FCCR covenant was not applicable. Were the FCCR covenant to apply in the future, as soon as undrawn availability moved above $12.5 million for thirty consecutive business days, the covenant would then again be not applicable.

Should the covenant apply following the failure to meet the above undrawn availability thresholds, and the FCCR falls below 1.10x, then this would result in a default under the terms of the facility giving the banks the right to impose certain restrictions on Tenon's access to and use of its funds, including demanding of repayment of the amount borrowed.

The terms of the facility also include certain negative covenants in relation to payments of dividends, other distributions and buybacks of Tenon's shares. For example these covenants, require that the syndicate approve any acquisitions totalling over $10 million per financial year, and also limit dividends and other distributions that can be made without syndicate approval to $5 million per financial year. For any dividend, distribution and acquisition payments which total more than $3 million in each financial year, a $12.5 million minimum undrawn availability requirement immediately before and after the payment, must be met.

Tenon was in compliance with all covenants throughout the year and believes it will continue to be so in the future, accordingly the amount of debt drawn under the revolver facility at 30 June 2015 and 30 June 2014 is shown as term debt. Tenon's syndicated bank credit facility does not reduce as a result of the scheduled reductions ($1.57 million per annum) in the term loan and the payment of an annual excess cash flow recapture (of up to $1 million, assumed from September 2015), these reductions in the term facility are offset by increases in the revolver facility.

Consistent with standard financing facilities, consent of the lenders to continue the facility following a change of control of Tenon or a sale of Tenon's assets would be required.

(2) In May 2015 Rubicon agreed an extension of its existing $20 million debt facility (Facility) with the ANZ, which was to expire on 1 July 2015, through to 1 July 2016. This Facility is not conditional upon any financial covenants and now allows Rubicon to retain all dividends received from Tenon.

In addition, the Facility now permits the issuance, by Rubicon, of up to $10 million of subordinated unsecured debt notes (Notes), which must be fully subordinated to the ANZ Facility. Rubicon's major shareholder, David Knott, agreed to subscribe for $5 million of these Notes, and members of Rubicon's Board and management agreed to subscribe for another $2 million. At this stage the Company does not envisage the need for the remaining $3 million of Notes allowable under the Facility to be issued, however the flexibility remains for it to do so should that be required in the future.

The $7 million of Notes will be drawn down in tranches as required; the first tranche for $3.5 million was drawn in June 2015.

The Notes rank as subordinated unsecured debt and have a maturity date of 2 January 2017. The interest payable (which will accrue until maturity) on the Notes, of 12% per annum on the amount drawn, reflects the unsecured nature of the debt and is inclusive of any facility fees for the undrawn portions of the facility.

The company believes the ANZ Facility, the Notes and dividend receipts from Tenon should in aggregate be sufficient to meet its funding requirements through to 30 June 2016.

All term debt and current debt are denominated in US$.

18 CAPITAL

	RUBICON GROUP	
	June 2015 US$m	June 2014 US$m
Share capital at the begining of the period	188	178
Issue of shares (1)	–	10
Share capital	**188**	**188**

	June 2015	June 2014
Opening shares on issue	409,051,378	379,719,975
Issue of shares (1)	–	29,331,403
Number of shares on issue	**409,051,378**	**409,051,378**

(1) In February 2014 Rubicon placed 29.3 million new shares with Libra Fund II (Luxembourg), raising $10 million in new capital.

19 RESERVES

	RUBICON GROUP	
Retained earnings	June 2015 US$m	June 2014 US$m
Opening balance	(31)	(28)
Net earnings	1	(3)
Closing balance	**(30)**	**(31)**
Revaluation reserve (1)		
Opening balance	1	1
Closing balance	**1**	**1**
Hedging reserve (2)		
Opening balance	–	(1)
Fair value gains/(losses) in year	(1)	3
Hedge gains transferred to earnings in the period	–	(2)
Closing balance	**(1)**	**–**
Currency translation reserve		
Opening balance	1	–
Translation of independent foreign operations	(2)	1
Closing balance	**(1)**	**1**
Total reserves	**(31)**	**(29)**

(1) The revaluation reserve relates to Tenon's share of Ornamental Mouldings pre-consolidation reserves.

(2) The hedging reserve records the movement of cash flow hedging instruments, which comprises foreign exchange contracts and interest rate swaps.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

20 EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS

	RUBICON GROUP June 2015 US$m	RUBICON GROUP June 2014 US$m
Opening balance	50	49
Return of capital by way of share buyback[(1)]	(1)	–
Net earnings	2	1
Translation of independent foreign operations	(2)	–
Equity attributable to minority shareholders	**49**	**50**

(1) In the year ended 30 June 2015, Tenon bought back 604,193 shares at a total cost of NZ$1 million. Rubicon has not participated in the share buyback and its percentage ownership of Tenon has increased accordingly.

21 CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2015 Rubicon is committed to contribute $1 million to ArborGen for the period 1 July 2015 to 31 March 2016 (2014: $3 million), and Tenon had remaining committed capital expenditure of $3 million relating to two optimisation projects at its Taupo sawmill in New Zealand, (2014: nil).

22 OPERATING LEASE COMMITMENTS

The expected future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year at 30 June 2015 are as follows:

	RUBICON GROUP June 2015 US$m	RUBICON GROUP June 2014 US$m
Operating lease commitments are as follows		
Within one year	7	7
two years	6	6
three years	4	5
four years	3	3
five years	2	2
After five years	5	6
Total operating lease commitments	**27**	**29**

Operating lease commitments relate mainly to occupancy leases of buildings and vehicles. There are no options to purchase in respect to any asset held under operating leases. Total lease costs for the year were $10 million (2014: $10 million).

23 CONTINGENT LIABILITIES

There are no material contingent liabilities as at 30 June 2015 (2014: nil). (refer also to note 5, which discusses other risks).

24 RELATED PARTY TRANSACTIONS

Services are negotiated with related parties based upon competitive market rates charged to unaffiliated customers for similar goods and services.

	RUBICON GROUP	
	June 2015 US$m	**June 2014 US$m**
Capital contributions to ArborGen	(6)	(5)
Subordinated unsecured notes [1]	(4)	–
Tenon Limited [2]	–	–

(1) Of the $7 million of Notes, for which commitments have been received from Directors and management, $3.5 million were issued as at 30 June 2015. The Notes have a maturity of 2 January 2017 and pay an interest rate of 12% per annum, on amounts drawn. For the period to 30 June 2015 interest of $6,000 was expensed and accrued (refer to note 17 term and current debt for more details).

(2) Tenon's NZ corporate office subleases office space from Rubicon. In addition the directors fees associated with the Rubicon CEO serving as chairman of Tenon are paid to Rubicon for Rubicon's account. Recovery of office and administrative costs and directors fees from Tenon were $0.2 million (2014: $0.2 million).

25 REMUNERATION

Key management compensation
Salaries and other short-term employee benefits paid to Rubicon and Tenon key management employees were $3 million (2014: $4 million).

Rubicon non-executive Director incentive plan
The Rubicon non-executive Directors' total shareholder return incentive plan provided for a taxable payment to be made to Rubicon's non-executive Directors depending upon the progress achieved with the Company's Tenon and ArborGen investments, as reflected in the Rubicon share price at the end of the 2014 financial year. The minimum share price was met and NZ$122,625 is payable (in aggregate to the five non-executive Directors) at 30 June 2015. This plan has now terminated.

Rubicon executive incentive plan
The Rubicon executive total shareholder return incentive plan provided for a taxable payment to be made to Rubicon's three senior executives depending upon the progress achieved with the Company's Tenon and ArborGen investments, as reflected in the Rubicon share price at the end of the 2014 financial year. The minimum share price was met and NZ$329,750 is payable (in aggregate to the three executives) at 30 June 2015. This plan has now terminated.

There was no charge in the current periods income statement, with respect to the Rubicon non-executive Directors' or executive incentive plans (2014: $0.7 million).

26 SEGMENTAL INFORMATION SUMMARY

The Group has two reportable segments and their analysis is as follows:

	RUBICON GROUP	
Appearance and wood products	**Year ended June 2015 US$m**	**Year ended June 2014 US$m**
Operating revenue	406	396
Financing expense	(4)	(4)
Tax expense	–	(1)
Earnings after taxation	6	2
Total assets	236	223
Liabilities	(95)	(83)
Capital expenditure	(6)	(2)
Depreciation	(3)	(4)
Forestry genetics		
Share of (loss) / profit from associate	1	–
Earnings after taxation	1	–
Total assets	87	81
Investment in associates	87	81
Capital expenditure [1]	(6)	(5)
Corporate		
Financing expense	(1)	(1)
Earnings after taxation	(4)	(4)
Total assets	–	–
Liabilities	(22)	(12)
Total Group		
Operating revenue	406	396
Share of (loss) / profit from associate	1	–
Financing expense	(5)	(5)
Tax expense	–	(1)
Earnings after taxation	3	(2)
Total assets	323	304
Investment in associate	87	81
Liabilities	(117)	(95)
Capital expenditure	(12)	(7)
Depreciation	(3)	(4)

26 SEGMENTAL INFORMATION SUMMARY continued

The Group's geographical analysis is as follows:

	RUBICON GROUP	
	Year ended June 2015 US$m	Year ended June 2014 US$m
New Zealand and other		
Operating revenue	49	50
Non current assets (2)	16	14
Capital expenditure	(5)	–
North and South America		
Operating revenue (3)	357	346
Non current assets (2)	181	176
Capital expenditure (1)	(7)	(7)
Total Group		
Operating revenue	406	396
Non current assets (2)	197	190
Capital expenditure	(12)	(7)

(1) Includes contributions to ArborGen.
(2) Excludes deferred taxation asset and financial instruments.
(3) Revenues of approximately $159 million (2014: $153 million) are derived from a single external customer.

27 PRINCIPAL OPERATIONS

Rubicon Limited (a New Zealand incorporated limited liability company) is the holding company of the Rubicon Group. The principal subsidiaries and associate, as at 30 June 2015, were:

	Country of Domicile	% Interest June 2015	% Interest June 2014	Balance Date	Principal Activity
Principal subsidiaries					
Rubicon Forests Holdings Limited	NZ	100	100	30 June	Holds 59.78% interest in Tenon
Rubicon Industries USA LLC	USA	100	100	30 June	Holds ArborGen, Inc investment
Tenon Limited (1)	NZ	59.78	59.23	30 June	Wood products
Tenon Limited subsidiaries					
Tenon Industries Limited	NZ	100	100	30 June	Funding
Fletcher Wood Solutions, Inc	USA	100	100	30 June	Funding
The Empire Company, LLC	USA	100	100	30 June	Distribution
Tenon Manufacturing Limited	NZ	100	100	30 June	Distribution and processing
Southwest Mouldings Co, LP	USA	100	100	30 June	Distribution and processing
Ornamental Mouldings LLC	USA	100	100	30 June	Distribution and processing
Associate					
ArborGen, Inc	USA	31.67	31.67	31 March	Forestry genetics

(1) Refer to note 20 equity attributable to minority shareholders.

28 FINANCIAL INSTRUMENTS

(a) Market risk

(i) Exposure to currency risk

The functional currency of the Group is the US$ and the risk to the Group's equity and earnings are from assets, liabilities, revenues and costs in currencies denominated in currencies other than US$. The Group's exposure to foreign currency risks on financial instruments is shown in the following:

	RUBICON GROUP			
in US$m	**June 2015**		**June 2014**	
	US$	**NZ$**	**US$**	**NZ$**
Trade debtors	25	3	26	3
Bank overdraft	(3)	–	–	(1)
Trade creditors	(18)	(6)	(15)	(6)
Current debt	(1)	–	(1)	–
Non current debt	(74)	–	(58)	–
Gross balance sheet exposure		(3)		(4)

The following exchange rates applied during the year:

	Average rate (1)		**Spot rate**	
	2015	**2014**	**June 2015**	**June 2014**
NZ$:US$	0.7777	0.8304	0.6868	0.8767

(1) These are merely arithmetical averages not hedged rates.

Foreign exchange contracts

As at 30 June 2015, Tenon had foreign exchange contracts selling US$12.5 million and €2.9 million into NZ$22.4 million. All the US$ contracts are due for settlement by 30 September 2015 and the € contracts by 31 December 2015. As at 30 June 2014, Tenon had foreign exchange contracts selling US$11 million into NZ$12 million. All the contracts were due for settlement within the 3 months to 30 September 2014.

As at 30 June 2015 the mark-to-market valuation adjustment on the contracts was a loss of $0.6 million (2014: gain of $0.3 million) and was included in the cash flow hedging reserve.

Sensitivity analysis - gross balance sheet exposure

Given the small size of the gross balance sheet exposure shown above, any movement in the NZ$:US$ exchange rate is unlikely to be material.

(ii) Exposure to interest rate risk

Rubicon's net bank debt of $16.8 million (2014: $10 million) is drawn with a floating interest rate, and its Notes of $3.5 million (refer to note 17 term and current debt) is drawn at a fixed interest rate.

Tenon's interest rate policy is for interest to be a mixture of fixed rate and floating rate debt within an established ratio. Loans are drawn with floating interest rates and Tenon enters into floating to fixed interest rate hedges to comply with Tenon's risk management policy. Tenon pays a fixed rate and receives a floating rate based upon the USD LIBOR rate.

28 FINANCIAL INSTRUMENTS continued

As at 30 June 2015, Tenon had two interest rate swaps totalling $10.5 million, covering 19% (2014: 23%) of total debt. Both swaps were entered into in September 2013 and expire in September 2018. Both swaps receive a floating rate of 0.184% (2014: 1.51%). One swap is for $6 million and pays a fixed interest rate of 2.05%, this swap's interest costs are included in calculating the interest rate on the LIBOR loans, due for repayment in 2018. The other swap is an amortising swap (reducing monthly) with a balance of $4.5 million (2014: $5.1 million) and Tenon pays a fixed interest rate of 1.828% on this swap. This swap's interest cost is included in calculating the interest rate on the term loan, which will be fully repaid by 2018.

Swaps are settled monthly on a net basis. Interest rate swaps are treated as hedging instruments and the effective portion of the change in the fair value of swaps is taken to the hedging reserve in equity. The ineffective portions of any swaps are taken to earnings. The interest rate swaps were 100% effective as at 30 June 2015 and 30 June 2014 and the net fair value of the interest rate swaps as at 30 June 2015 was a liability of $0.3 million (2014: liability of $0.3 million) and is included in other payables and the hedging reserve in equity.

The weighted average interest rate of borrowings and interest rate hedges are shown in note 17 term and current debt.

(b) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure which at 30 June 2015 was $34 million of trade and other receivables (2014: $35 million).

Cash and liquid deposits are only held with banks that are part of the Group's banking consortiums; ANZ for Rubicon and PNC Bank for Tenon. In the event of default, cash balances may be set off against obligations owing by the Group to its lenders. Moody's credit ratings of the counterparties for cash and liquid deposits are rated as P-1, which designates them as "Issuers who have a superior ability to repay short-term debt obligations."

The status of trade debtors, which all relate to the Tenon group, is as follows:

		RUBICON GROUP	
		June 2015 US$m	**June 2014 US$m**
Neither past due or impaired		25	26
Past due but not impaired	1 month	3	2
	2 months	–	1
Impaired		–	–
		28	29
Less provision for doubtful debts		–	–
Net Trade Debtors		28	29

Tenon has an excellent history of trade debtor collections and there is no reason to believe that the debtors will not be collected, taking into account the payment history of our customers, the share of total trade debtors owed by the National Accounts (both retail and pro-dealer), and the existence of credit insurance for a significant portion of the US based pro-dealer customers.

28 FINANCIAL INSTRUMENTS continued

(c) Liquidity risk

The following are contractual maturities of financial liabilities and net settled derivatives (excluding estimated interest payments). The amounts disclosed are the contractual undiscounted cash flows.

RUBICON GROUP

Financial liabilities	Carrying value US$m	Fair value US$m	0-6 months US$m	6-12 months US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m
30 June 2014							
Non derivative financial liabilities							
Bank overdraft	(1)	(1)	(1)	–	–	–	–
Trade and other payables	(35)	(35)	(31)	(2)	(2)	–	–
Debt	(59)	(59)	–	(1)	(12)	(46)	–
Interest	–	–	(1)	(1)	(3)	(4)	–
Derivative financial liabilities							
Interest rate swaps (1)	–	–	–	–	–	–	–
Financial liabilities as at 30 June 2014	(95)	(95)	(33)	(4)	(17)	(50)	
30 June 2015							
Non derivative financial liabilities							
Bank overdraft	(3)	(3)	(3)	–	–	–	–
Trade and other payables	(37)	(37)	(34)	(2)	(1)	–	–
Debt	(75)	(75)	–	(1)	(23)	(51)	–
Interest	–	–	(1)	(1)	(3)	(6)	–
Derivative financial liabilities							
Interest rate swaps (1)	–	–	–	–	–	–	–
Forward exchange contracts	(1)	(1)	(1)	–	–	–	–
Financial liabilities as at 30 June 2015	(116)	(116)	(39)	(4)	(27)	(57)	–

(1) Interest rate swaps are $0.2 million per annum for 3 years (2014: $0.2 million for 4 years).

Interest rate swap cash flows

As at 30 June 2015 the future gross cash flows of the interest rate swaps (refer 28(a)(ii) Exposure to interest rate risk) are $0.6 million cash outflow (being fixed interest paid). The swaps are settled monthly on a net basis. Of the net cash outflow (based on the prevailing floating interest rates as at 30 June 2015) of $0.6 million, $0.1 million is expected to occur in the six months to December 2015 and $0.1 million in the six months to June 2016, with a further $0.2 million outflow in the 2017 and 2018 years.

As at 30 June 2014 the future gross cash flows of the interest rate swaps were $0.9 million cash outflow (being fixed interest paid). The swaps are settled monthly on a net basis. Of the net cash outflow (based on the prevailing floating interest rates as at 30 June 2014) of $0.8 million, $0.1 million is expected to occur in the six months to December 2014 and $0.1 million in the six months to June 2015, with a further $0.2 million outflow in the 2016, 2017 and 2018 years.

29 ASSET BACKING PER SHARE

At 30 June 2015 the net assets backing was 38 cents per share (cps) (NZ$ 56 cps), (2014: 39 cps, NZ$ 44 cps); and net tangible asset backing was 24 cps (NZ$ 35 cps) (2014: 25 cps, NZ$ 29 cps).

30 NON-GAAP MEASURES

Rubicon uses EBITDA when discussing financial performance. This is a non-GAAP financial measure and is not recognised within IFRS. As it is not uniformly defined or utilised this measure may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with GAAP. Management believes that EBITDA provides useful information, as it is used internally to evaluate performance, and it is also a measure that equity analysts focus on for comparative company performance purposes, as the measure removes distortions caused by differences in asset age, depreciation policies and debt:equity structures. The following tables reconcile Net Earnings to operating earnings before financing expense and to EBITDA for Tenon and the total Rubicon Group.

	Year ended June 2015 US$m	Year ended June 2014 US$m
Tenon		
Net Earnings	6	2
plus Tax expense	–	1
plus Financing expense	4	4
Operating earnings before financing expense	10	7
plus Depreciation and amortisations	3	4
EBITDA	13	11

Total Rubicon Group		
Net Earnings	3	(2)
plus Tax expense	–	1
plus Financing expense	5	5
Operating earnings before financing expenses	8	4
plus Depreciation and amortisations	3	4
EBITDA	11	8

31 SUBSEQUENT EVENTS

Tenon dividend announcement

On 28 August 2015 Tenon announced a dividend of NZ$ 5.0 cents per share had been approved by the Tenon board, to be paid on 6 November 2015. Rubicon will receive NZ$1.9 million as its share of the dividend paid. In accordance with NZ IFRS this dividend has not been reflected in these accounts.

Tenon strategic review

On 28 August 2015, the Tenon board announced that a strategic review would be undertaken, and that Deutsche Craigs and Deutsche Bank had been appointed as Tenon's exclusive advisors for the purpose of the review. The financial effect (if any) of the review cannot be estimated at this time.

Independent Auditor's Report

KPMG

To the shareholders of Rubicon Limited

We have audited the accompanying consolidated financial statements of Rubicon Limited and its subsidiaries ("the group") on pages 2 to 33. The financial statements comprise the consolidated statement of financial position as at 30 June 2015, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the group in relation to taxation and other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages 2 to 33 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Rubicon Limited as at 30 June 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

28 August 2015
KPMG Auckland

Corporate Governance

The Rubicon Board is committed to the highest standards of behaviour and accountability.

This section describes how Rubicon's business practices reflect corporate governance best practice.

This Statutory Report was approved by the Board on 18 September 2015.

All references to $ is to US$ unless otherwise stated.

ETHICAL STANDARDS

Directors observe and foster high ethical standards.

Rubicon's Code of Conduct and Ethics, Board Charter and other documents related to corporate governance, collectively and individually encourage high standards of ethical and responsible behaviour.

Rubicon's Code of Conduct and Ethics sets out clear expectations for ethical decision-making and personal behaviour by Directors and employees in relation to situations where their or Rubicon's integrity could be compromised. These include conflicts of interest, proper use of company property and information, fair dealings with employees and other stakeholders, compliance with laws and regulations, reporting of unethical decision making and dishonest behaviour, and related matters.

Included in the Code of Conduct and Ethics are mechanisms for dealing with breaches of the Code. Rubicon's Code of Conduct and Ethics has been communicated to all Directors and employees of the Company, and is also published on our corporate website.

BOARD COMPOSITION AND PERFORMANCE

There is a balance of independence, skills, knowledge, experience, and perspectives among Directors that allows the Board to work effectively.

The Board's primary role and obligation is to protect and enhance the value of the assets of the Company and to act in the best interests of the Company. The Board has statutory responsibility for the activities of the Company, which in practice is partially exercised through delegation to the three Board standing committees (Audit, Remuneration and Nominations) and through delegation to the CEO who is charged with the day-to-day leadership and management of the Company. The CEO also has special responsibility to manage the interfaces between the Company, its shareholders and the public.

The Board Charter reserves a number of roles and responsibilities to the Board. These include:

- the review and approval of appropriate corporate strategies and objectives, transactions relating to acquisitions and divestments, capital expenditures above delegated authority limits, financial and capital structure policies, financial statements and reports to shareholders;
- the review of performance against strategic objectives; and
- ensuring that appropriate systems and processes are in place so that the Group is managed in an honest, ethical, responsible and safe manner.

The Board Charter is published on our corporate website.

In practice, most matters that the Board has reserved to itself are developed and formulated by management and presented to the Board for its deliberation. The CEO is a member of the Board and attends all meetings where such matters are presented to the Board for discussion.

The roles of Chairman and CEO are separate at Rubicon. The Chairman's role is to foster a constructive corporate governance structure, manage the Board effectively, provide leadership to the Board, chair shareholders meetings and to interface with the CEO.

The non-executive Director's principal role is to provide independent judgement. This includes bringing outside experience and objectivity on all issues which come before the Board, having a detailed knowledge of the Company's business activities and on-going performance, so they can make informed decisions and recognising the division between the Board and management.

Corporate Governance

Board Composition

Rubicon's Constitution requires a minimum of three Directors and provides for a maximum of nine. Of Rubicon's six Directors, two are ordinarily resident in New Zealand. In addition the Board has identified four of the Directors as being Independent Directors. As at 30 June 2015, the Independent Directors and non-Independent Directors of the Board were:

Independent Directors:

SG Kasnet (Chairman)	HA Fletcher	G Karaplis	WA Hasler

Non-Independent Directors:

SL Moriarty [(1)]	DM Knott [(2)]

(1) Mr Moriarty is an executive of the Company.

(2) Mr Knott is a Substantial Security Holder.

At each Annual Shareholders' Meeting (ASM), one-third of the total number of Directors must retire from office by rotation. The Directors who retire are those who have been in office longest since last elected. In addition, all Directors appointed to the Board since the last ASM must also stand for election.

The Company's Board represents a balance of independence, skills, knowledge, experience and perspectives (refer Board biographies on page 50 for details), thereby ensuring the effectiveness of the Board in guiding the strategic direction of the Company and overseeing management.

The Board has implemented a process for the evaluation of the Board, its Committees and Directors.

Directors receive comprehensive information on the Company's operations and have access to any additional information they consider necessary for informed decision-making. Rubicon is committed to ensuring its Directors have the knowledge and information to discharge their responsibilities effectively.

BOARD COMMITTEES

The Board uses committees where this enhances its effectiveness in key areas while retaining Board responsibility.

The Board has three permanent committees, being the Audit Committee, the Remuneration Committee and the Nominations Committee. Committees enhance the effectiveness of the Board through closer examination of issues and more efficient decision making. Rubicon's committees assist the Board in the conduct of its responsibilities and report to the full Board on all material matters and issues requiring Board decisions. All Board Directors receive copies of all Committee minutes and papers, with the exception of the Tenon and Rubicon Share Committees where Messrs Kasnet, Karaplis, and Moriarty do not receive the Committee's papers or minutes and they do not participate in Committee discussions.

Each permanent committee has adopted a formal Charter addressing purpose, constitution and membership, authority, reporting procedures and performance evaluation of the committee. These Charters are published on our corporate website.

Audit Committee Members:

HA Fletcher (Chairman) WA Hasler SG Kasnet

The Audit Committee is comprised solely of non-executive Directors of the Company. It has been determined by the Board that several members of the Audit Committee have an adequate accounting or financial background as defined in the NZSX Listing Rules. The Chairman of the Audit Committee is an Independent Director who is not the Chairman of the Board.

Further information on the Audit Committee is included under the following Reporting and Disclosure section.

Remuneration Committee Members:

SG Kasnet (Chairman) HA Fletcher

The Remuneration Committee is responsible for evaluating the performances of the CEO and senior executives of the Company, setting the remuneration packages for senior executives, and recommending to the Board the remuneration of the CEO and non-executive Directors.

Nominations Committee Members:

SG Kasnet (Chairman) HA Fletcher WA Hasler G Karaplis DM Knott SL Moriarty

The Nominations Committee is responsible for making recommendations of Director appointments to the Board. A majority of the members of the Nominations Committee are Independent Directors.

In addition to the three permanent committees noted above, the Board establishes committees on an "as required" basis to address specific issues that arise. The Board believes this enhances its effectiveness through closer scrutiny of specific issues. Currently the three additional committees are the Tenon Share Committee, the Rubicon Share Committee and the Due Diligence Committee.

Tenon Share Committee Members:

HA Fletcher (Chairman) WA Hasler DM Knott

The Tenon Share Committee is responsible for decisions by the Group to deal in Tenon shares. Its membership does not include Messrs Kasnet, Karaplis or Moriarty, as they are Directors of Tenon.

Rubicon Share Committee Members:

HA Fletcher (Chairman) WA Hasler DM Knott

The Rubicon Share Committee is responsible for decisions by the Group to deal in Rubicon shares.

Due Diligence Committee Members:

HA Fletcher (Chairman) SG Kasnet

The Rubicon Due Diligence Committee is responsible for undertaking due diligence investigations as appropriate from time to time.

REPORTING AND DISCLOSURE

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.

The Board is ultimately responsible for ensuring the quality and integrity of the Company's financial reports. To achieve this, the Company has in place a structure to independently verify and safeguard the integrity of the Group's reporting. The Audit Committee constitutes a key component of this structure.

The Audit Committee is well resourced and operates under a formal written Charter. The Audit Committee's terms of reference include the following duties and responsibilities:

- To review the effectiveness of the internal control framework across the Rubicon Group with management and the independent Auditor;
- To review the Group's accounting policies, financial reporting practices, and auditing practices;
- To ensure that the Board is properly and regularly informed and updated on corporate financial matters;
- To review all financial statements of the Group and advise all Directors whether these financial statements comply with the appropriate laws and regulations;
- To confirm the integrity of the Group's financial statements in terms of relevance, reliability, comparability and timeliness;
- To monitor and review the Group's compliance with regulatory and statutory requirements and obligations;
- To maintain direct communication with the independent Auditor;
- To make recommendations to the Board as to the appointment and discharge of the independent Auditor and to ensure that the independent Auditor or lead audit partner is changed at least every five years;
- To pre-approve non-audit services; and
- To confirm the independence of the independent Auditor.

In accordance with best practice the CEO is not a member of the Audit Committee.

DIRECTOR AND MANAGEMENT SHAREHOLDINGS, REMUNERATION

The remuneration of Directors and executives is transparent, fair, and reasonable.

Director and Senior Executives' Equity Holdings

Rubicon believes it is appropriate to have Directors' and executives' remuneration aligned with the performance of the Company, and that having Directors and executives own Rubicon shares is a good way of achieving this goal.

At 30 June 2015, Directors and Senior Executives of the Company held the following relevant interests in Rubicon shares:

Name	Position	Number of Shares
SG Kasnet	Chairman and non-executive director	653,265
HA Fletcher	Non-executive director	5,655,286
WA Hasler	Non-executive director	823,804
DM Knott	Non-executive director	115,665,447
SL Moriarty	Director and Chief Executive Officer	3,495,476
BG Burton	Vice President	633,460
MA Taylor	CFO and Company Secretary	1,093,234

The Company's remuneration policies aim to attract and retain talented and motivated Directors and executives who will contribute to enhancing the performance of the Company.

Non-Executive Director Remuneration

The Company's remuneration policy for Directors is to remunerate Directors at levels that are fair and reasonable in a competitive market environment taking into account the skills, knowledge and experience required by the Company.

Rubicon had a total shareholder return incentive plan for its non-executive Directors, the amounts payable, under the plan, are outlined in note 25 to the Financial Statements. The minimum share price was met, which entitled the non-executive Directors to a payment in July 2014 of NZ$122,625 (in aggregate) with a corresponding amount payable in 12 months. The second payment due in July 2015 has been deferred. This Plan has terminated, and there is now no non-executive Director incentive plan in existence. Mr Moriarty, as an executive Director, did not participate in the non-executive Directors' total shareholder return incentive plan.

The base remuneration and total shareholder return incentive plan remuneration paid, prior to any taxation liability, to non-executive Directors of Rubicon during the year ended 30 June 2015 was:

NZ$	Base Remuneration	Incentive Plan	Total
SG Kasnet (Chairman)	$151,375	$36,750	$188,125
HA Fletcher (1)	$94,000	$22,875	$116,875
WA Hasler	$86,500	$21,000	$107,500
G Karaplis	$86,500	$21,000	$107,500
DM Knott	$86,500	$21,000	$107,500

(1) The additional base remuneration of $7,500 reflects the additional workload undertaken by Mr Fletcher as Chair of the Audit and Due Diligence Committees.

Non-executive Directors are not entitled to receive retirement payments.

Mr Moriarty, as CEO and an executive Director, does not receive any Director fees.

Executive Director and Employee Remuneration

Rubicon's remuneration policy aims to attract, retain and incentivise employees in order to drive and enhance Company performance. Base salaries are 'benchmarked' against competitor information. Annual performance incentive payments are determined by the Board and Remuneration Committee, and are calculated by measuring actual performance against individual and Company objectives. No annual incentive performance payments were made to Rubicon's senior executives in the year ended 30 June 2015.

Rubicon had a total shareholder return incentive plan for its senior executives, the amounts payable, under the plan, are outlined in note 25 to the Financial Statements. The minimum share price was met, which entitled the senior executives to a payment in July 2014 of NZ$329,750 (in aggregate), with a corresponding amount payable in 12 months. The second payment due in July 2015 has been deferred. The Plan has terminated, and there is now no executive long-term incentive plan in existence.

Corporate Governance

In accordance with Section 211 of the Companies Act, remuneration and other benefits (including performance benefits and redundancy payments) which in total exceeded NZ$100,000 per annum received by employees of Rubicon and its subsidiaries (i.e. including Tenon and its subsidiaries) in the 2015 financial year is summarised in the following table:

NZ$000			Number of Employees
$100	to	$110	13
$110	to	$120	16
$120	to	$130	9
$130	to	$140	12
$140	to	$150	7
$150	to	$160	6
$160	to	$170	8
$170	to	$180	5
$180	to	$190	3
$190	to	$200	2
$200	to	$210	2
$210	to	$220	1
$220	to	$230	1
$230	to	$240	4
$240	to	$250	1
$250	to	$260	3
$260	to	$270	1
$270	to	$280	3
$280	to	$290	1
$290	to	$300	1
$320	to	$330	1
$330	to	$340	1
$340	to	$350	1
$360	to	$370	2
$380	to	$390	1
$400	to	$410	1
$420	to	$430	1
$430	to	$440	1
$450	to	$460	1
$460	to	$470	1
$480	to	$490	1
$550	to	$560	1
$570	to	$580	1
$580	to	$590	1
$770	to	$780	1
$810	to	$820	1

In analysing this table, it should be noted:

- It is a consolidation of data for Tenon (and its subsidiaries) and Rubicon employees. However as Rubicon has only three employees in the chart the data is dominated by Tenon employees.
- Of the total data points shown, the majority are US-based residents (given Tenon's core market is the United States).
- The results include former employees who have been made redundant during the year. The redundancy benefits have been included in the numbers in the chart.

The base salary paid to the Rubicon CEO in the financial year ended 30 June 2015 was NZ$578,000. He was not paid a performance incentive in the 2015 financial year, and nor did he receive any Director fees for his services as a Director of Rubicon, or for his chairmanship of Tenon Limited, or for his directorship of ArborGen Inc. The public company director fees relating to him serving as chairman of Tenon (NZ$139,750 in the period) were payable directly to Rubicon for Rubicon's account. During the period Rubicon's CEO received a pre-taxation retention payment of NZ$71,834 and a pre-taxation payment of NZ$140,500 relating to the total shareholder return incentive plan referred to above.

Rubicon is committed to providing equal employment opportunities and ensures its selection processes for recruitment and employee development opportunities are free from bias and are based on merit. The Company also has a flexible working programme that permits work / life balance.

As at 30 June 2015, one of Rubicon's four staff members (all of whom are officers of the company) were female (2014: one of four). Rubicon has five non-executive directors (2014: five) and an executive director (who is the CEO), none of whom were female. For Tenon, as at 30 June 2015, four out of 21 officers of the company were female, (2014: four out of 17) and none of their five directors were female (2014: none of five).

RISK MANAGEMENT

The Board regularly verifies that Rubicon has appropriate processes that identify and manage potential and relevant risks.

The Audit Committee reviews with management and the independent Auditor significant risks and exposures of the Group, and assesses risk mitigation steps taken by management to minimise such risks.

AUDITORS

The Board ensures the quality and independence of the external audit process.

The Company's external Auditor, KPMG, has been the external Auditor since 2001. Consistent with best practice the audit partner is rotated at no greater than five yearly intervals. A formal engagement letter with KPMG clearly sets out the responsibilities of KPMG in relation to the external audit of the Group's financial statements and financial systems. The Board facilitates full and frank communication between the Audit Committee, KPMG and management. KPMG attends all Audit Committee meetings and has sessions, at least semi-annually, with the Audit Committee with management not in attendance.

The Audit Committee is satisfied that the independence of KPMG is not compromised by any relationship between KPMG and Rubicon or any related party or as a result of any non-audit services provided by KPMG, and has obtained confirmation from KPMG to this effect.

The Audit Committee, together with the Company's management, monitor the performance of KPMG to ensure that the services being provided to the Company are of the highest standard, relevant, timely and cost effective.

Corporate Governance

Following a full review of its requirements for audit services, on 7 November 2013 Tenon appointed KPMG as its Auditor pursuant to section 196(4) of the New Zealand Companies Act 1993. This change was outlined to Tenon shareholders at Tenon's ASM in December 2013.

SHAREHOLDER RELATIONS

The Board fosters constructive relationships with shareholders that encourage them to engage with the Company.

The Board is committed to promoting good relations between Rubicon and its shareholders through:

- communicating effectively with them;
- giving them ready access to information about the Company, its goals, strategies and performance; and
- facilitating participation at shareholder meetings, the location of which is rotated annually.

The Company's website includes the following information:

- Annual Reviews, Statutory and Interim Reports;
- Disclosures made to the stock exchange;
- Press releases; and
- Key corporate governance documents.

STAKEHOLDER INTERESTS

The Board respects the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.

Rubicon is strongly committed to meeting its legal and other obligations to stakeholders such as employees, shareholders, and suppliers.

The corporate governance principles followed by Rubicon do not materially differ from the Corporate Governance Best Practice Code issued by NZX and Corporate Governance Principles and Guidelines issued by the Financial Markets Authority.

RUBICON INTERESTS REGISTER

Directors' certificates to cover entries in the Interests Register in respect of remuneration, dealing in the Company's securities, insurance and other interests have been disclosed as required by the New Zealand Companies Act 1993.

Directors' Interests

The following are particulars of general disclosures of interest given by the Directors of the Company pursuant to section 140(2) of the Companies Act 1993:

	Relationship
SG Kasnet	
Governors Academy	Trustee
Calypso Management LLC	CEO
Tenon Limited	Director
Ocean Manchester Corporation	President
The Kasnet Family Foundation	Trustee
First Ipswich Bank	Director
Two Harbors Investment Corp	Lead Director and Chair of Audit Committee
Stephen G Kasnet 2012 Grantor Retained Annuity Trust	Trustee and beneficiary
Silver Bay Realty Trust Corp	Director and Chair of Audit Committee
HA Fletcher	
Asia Pacific Committee of the Trilateral Commission	Member
IAG (New Zealand) Holdings Limited	Chairman
IAG (New Zealand) Limited	Chairman
The University of Auckland Foundation	Trustee
Vector Limited	Director
Dilworth Trust	Trustee
Insurance Australia Group Limited	Director
The New Zealand Portrait Gallery	Trustee
The Fletcher Trust	Trustee
Advisory Committee of the Knox Investment Partners Fund IV	Member
Advisory Board of Gravida National Centre for Growth and Development	Member
WA Hasler	
Aviat Networks	Director
BoardVantage	Director
Inside Track Inc	Director
GlobalStar Inc	Director
ETwater Inc	Director
G Karaplis	
Tenon Limited	Director

Corporate Governance

	Relationship
DM Knott	
Paramount Resources	Director
Ligand Pharmaceuticals	Director
Boy's and Girl's Harbor	Director
Say Yes to Education	Director
Undergraduate Financial Aid at the University of Pennsylvania	Director
Knott Partners	CEO, Chief Investment Manager and Managing Partner
SL Moriarty	
Tenon Limited	Chairman
ArborGen Inc	Director
Moriarty Family Trust	Trustee and beneficiary
Moriarty Superannuation Fund	Trustee and sole beneficiary

During the year ended 30 June 2015 Directors advised the following resignations:

	Relationship
S Kasnet	
Columbia Labs Inc	Chairman
SL Moriarty	
Reserve Bank of New Zealand	Monetary Policy Advisor to the Governor of the Reserve Bank of New Zealand

Dealings in Company Securities
There have been no dealings in Rubicon Securities since 1 July 2014.

Directors' and Officers' Subscription for Company Notes
In May 2015 Directors and Officers agreed to subscribe for $7 million of subordinated unsecured debt notes. The key terms of the notes are outlined in notes 17 and 24 to the Financial Statements.

Directors' Remuneration
Refer page 39.

Directors' Holdings of Rubicon Equity Securities at 30 June 2015
Refer page 38.

Directors' and Officers' Indemnity and Insurance
In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, the Company has given indemnities to, and has effected insurance for, Directors and executives of Rubicon and its related companies which, except for specific matters expressly excluded, indemnify and insure Directors and executives against monetary losses as a result of actions or omissions by them in the course of their duties. Specifically excluded from the indemnity are actions of criminal liability or breach of the Director's duty to act in good faith and in what the Director believes to be the best interests of the Company.

On 1 July 2015, the Company renewed its Directors' and Officers' liability and statutory liability insurance policies.

Donations

During the year ended 30 June 2015 Tenon made donations of $6,907.

Credit Rating

Neither Rubicon nor Tenon have sought a credit rating.

TENON INTERESTS REGISTER

Section 211(2) of the Companies Act 1993 requires details of entries in the interests register of subsidiaries to be included in the annual report. The following are entries made to the Tenon interests register during the year ended 30 June 2015.

Directors' Interests

Tenon directors have advised the following changes in their interests:

	Relationship
S Kasnet	
Columbia Labs Inc	Chairman
SL Moriarty	
Reserve Bank of New Zealand	Monetary Policy Advisor to the Governor of the Reserve Bank of New Zealand

Tenon Directors' Remuneration

Non-executive Tenon directors' base remuneration is NZ$72,500 per annum per director, with the chairman receiving NZ$130,000(1). The chairmen of the Audit and Remuneration Committees receive additional compensation to reflect the additional workload.

The aggregate amount of fees paid by Tenon to non-executive directors for services in their capacity as directors during the year ended 30 June 2015 was NZ$436,250.

Fees, prior to any taxation liability, paid to individual non-executive directors in the year ended 30 June 2015 were:

	NZ$
MK Eglinton	72,500
RH Fisher	79,000
G Karaplis	72,500
SG Kasnet	72,500
SL Moriarty (Chairman) (1)	139,750
Total	436,250

(1) Total directors' fees in relation to services provided by SL Moriarty are paid directly to Rubicon for Rubicon's account.

Corporate Governance

Directors' and Officers' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of Tenon, Tenon has given indemnities to, and has effected insurance for, directors and executives of Tenon and its related companies which, except for specific matters which are expressly excluded, indemnify and insure directors and executives against monetary losses as a result of actions or omissions by them in the course of their duties. Specifically excluded from the indemnity are actions for criminal liability or breach of the director's duty to act in good faith and in what the director believes to be the best interests of the company.

SUBSIDIARY COMPANY DIRECTORS

Section 211(2) of the Companies Act 1993 requires the Company to disclose in relation to directors and former directors of its subsidiaries, amongst other things, the total remuneration and value of other benefits received by them, and particulars of interest register entries made by them during the year ended 30 June 2015. No employee of a Rubicon Group company appointed as a director of any Rubicon subsidiary receives any remuneration or other benefits in that role, other than SL Moriarty, whose Tenon director fees are paid to Rubicon. The remuneration and other benefits of employees are disclosed elsewhere in this Annual Report. Except where shown below, no other director of any Rubicon subsidiary receives any remuneration or other benefits as a director. The following persons held office as directors of subsidiary companies as at 30 June 2015, or in the case of those persons with the letter (R) after their name, ceased to hold office during the period.

Rubicon Forests Holdings Limited	SL Moriarty, MA Taylor
Tenon Limited	MK Eglinton (NZ$72,500), RG Fisher (NZ$79,000), SG Kasnet (NZ$72,500), G Karaplis (NZ$72,500), SL Moriarty (1)
Tenon Holdings Limited	PM Gillard, JE Paice, AS White, AT Johnston
Tenon Industries Limited	PM Gillard, JE Paice, AS White, AT Johnston
Tenon Manufacturing Limited	PM Gillard, JE Paice, AS White, AT Johnston
Tenon Retirement Plan Nominees Limited	PM Gillard, JE Paice, AS White, AT Johnston
Tenon USA Holding Company	PM Gillard, AS White, AT Johnston (R)
Tenon Supply LLC	PM Gillard, AS White, AT Johnston (R)
Tenon Custodians Limited	PM Gillard, JE Paice, AS White, AT Johnston
AWM Acquisitions Corporation	PM Gillard, AS White, AT Johnston (R)
Comanche Investments LLC	PM Gillard, AS White, AT Johnston (R)
CNI Forest Nominees Limited	PM Gillard, JE Paice, AS White, AT Johnston
Creative Stair Parts LLC	PM Gillard, AS White, AT Johnston (R)
Fairfield Road LLC	PM Gillard, AS White, AT Johnston (R)
Fletcher Challenge Forests Finance Limited	PM Gillard, JE Paice, AS White, AT Johnston
Fletcher Challenge Limited	PM Gillard, JE Paice, AS White, AT Johnston
Fletcher Wood Solutions Inc.	PM Gillard, AS White, AT Johnston (R)
Forest Corporation of New Zealand Limited	PM Gillard
Kaingaroa Holdings Limited	PM Gillard
NACS USA Inc	PM Gillard, AS White, AT Johnston (R)
Ornamental Mouldings LLC	PM Gillard, AS White, AT Johnston (R)
Ornamental Mouldings Company	PM Gillard, AS White, AT Johnston (R)
Ornamental Investments LLC	PM Gillard, AS White, AT Johnston (R)
Ornamental Products LLC	PM Gillard, AS White, AT Johnston (R)
Southwest Moulding Co. LP	PM Gillard, AS White, AT Johnston (R)
The Empire Company LLC	PM Gillard, AS White, AT Johnston (R)
The Empire Canada Company Limited	PM Gillard, AS White, S Reed, AT Johnston (R)

(1) SL Moriarty's Tenon fees of NZ$139,750 were paid to Rubicon for Rubicon's account.

SHAREHOLDER INFORMATION

The Company's shares are listed on the Main Board of NZX Limited. The 20 shareholders of record with the largest holdings of shares at 31 July 2015 were:

Name	Number of shares	% of shares
New Zealand Central Securities Depository Limited	352,294,536	86.13
Fletcher Brothers Limited	5,649,731	1.38
Moriarty Superannuation Fund - Luke & Diana Moriarty	2,710,124	0.66
Custodial Services Limited	1,532,216	0.38
Taylor Superannuation Fund - Mark & Lesley Taylor	1,093,234	0.26
Brian Tyler	1,000,000	0.25
Zeta Beta Limited	1,000,000	0.25
Ying Wang	927,446	0.22
Peter Bradfield	831,800	0.20
William Hasler	823,804	0.20
Leveraged Equities Finance Limited	820,992	0.20
Christopher Flood	800,000	0.19
Sky Hill Limited	800,000	0.19
Moriarty Family Trust - Luke Moriarty, Diana Moriarty & Aida Harris	785,352	0.19
Burton Superannuation Fund – Bruce & Sarah Burton	633,460	0.16
Michael Andrews	612,746	0.15
Tenon Employee Educational Fund Limited	589,072	0.14
Frank Pearson & Warwick Greenwood (The Tai Shan Foundation)	535,000	0.14
Stephen Kasnet	469,605	0.12
Victor Bedford	450,692	0.11
Total	374,359,810	91.52

New Zealand Central Securities Depository Limited provides a custodial depository service, which allows electronic trading of securities to its members, and does not have a beneficial interest in these shares. Its holders of Rubicon shares at 31 July 2015 were:

Name	Number of shares	% of shares
HSBC Nominees (New Zealand) Limited	175,812,502	42.98
JP Morgan Chase Bank NA	77,551,686	18.96
Citibank Nominees (New Zealand) Limited	76,830,775	18.78
Accident Compensation Corporation	19,051,264	4.66
National Nominees New Zealand Limited	2,966,322	0.73
HSBC Nominees (New Zealand) Limited A/C State Street	58,526	0.02
BNP Paribas Nominees (New Zealand) Limited	21,280	0.00
Private Nominees Limited	2,181	0.00
Total	352,294,536	86.13

Corporate Governance

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2015

	Number of shareholders		Number of shares	
Size of holding	**Number**	**%**	**Number**	**%**
1–999	2,094	32.08	1,400,182	0.34
1,000–9,999	3,816	58.47	10,305,092	2.52
10,000–49,999	483	7.40	9,245,999	2.26
50,000–99,999	55	0.84	3,630,322	0.89
100,000 and over	79	1.21	384,469,783	93.99
Total	6,527	100.00	409,051,378	100.00

DOMICILE OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2015

	Number of shareholders		Number of shares	
	Number	**%**	**Number**	**%**
New Zealand	5,451	83.52	402,265,774	98.34
Australia	668	10.23	1,783,211	0.43
United Kingdom	156	2.39	357,870	0.09
United States of America	139	2.13	2,137,782	0.53
Other	113	1.73	2,506,741	0.61
Total	6,527	100.00	409,051,378	100.00

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 18 September 2015 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)]	113,036,402	27.634	13 June 2014[(1)]
Third Avenue Management LLC	58,785,691	14.371	15 October 2014[(1)]
JP Morgan Clearing Corp [(b)]	58,090,606	14.201	11 February 2014[(1)]
Perry Corporation / Richard Perry	39,337,307	10.360	1 November 2013[(2)]
Sandell Asset Management Corp [(c)]	36,146,385	8.836	8 July 2015[(1)]
Libra Fund (Luxembourg) S.a.r.l.(3) / Ranjan Tandon	29,331,403	7.170	10 February 2014[(1)]

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

Substantial security holder	Number of voting securities	% of issued Rubicon securities	Date of notice
(a) Mr Knott has disclosed he holds a relevant interest in Rubicon shares held by:			
Dorset Management Corporation	103,050,612	25.193	13 June 2014[1]
Knott Partners L.P. [i]	82,511,226	20.171	13 June 2014[1]

(i) Dorset Management Corporation has entered into an investment management agreement with Knott Partners L.P. pursuant to which Dorset Management Corporation has discretion over the acquisition, disposition and voting of the securities held by Knott Partners L.P. David Knott is the sole shareholder, Director and President of Dorset Management Corporation.

(b) In their substantial security notice JP Morgan Clearing Corp. stated that the nature of their relevant interest was as a "Prime broker with a conditional power to acquire or dispose of shares under the terms of a Prime Brokerage Agreement".

(c) Castlerigg Master Investments, Ltd has disclosed it has a beneficial interest in the following shares for which Sandell Asset Management Corp. has the power to control the disposition of and voting for:

	Number of voting securities	% of issued Rubicon securities	Date of notice
	36,146,385	8.836	8 July 2015[1]

The total number of issued voting securities at 18 September 2015 was 409,051,378. All of the references to voting securities in this section are to the Company's ordinary shares.

(1) Shares on issue at date substantial security holder notice was received was 409,051,378
(2) Shares on issue at date substantial security holder notice was received was 379,719,975

NZX WAIVERS

No waivers were granted to the Company by NZX under the NZSX Listing Rules during the 12 month period ending 18 September 2015.

SUBSEQUENT EVENT

On 7 September 2015 Rubicon announced that the judge hearing the ArborGen employee complaint filed in 2010 had indicated that he would soon make a final order, in favour of the plaintiffs. On 16 September 2015 Rubicon announced that the Plaintiffs' filings lodged with the court that day showed that the nine Plaintiffs were seeking damages of approximately US$43 million from ArborGen, the partner defendants and representatives. Although the South Carolina lower court has not made any ruling on damages yet (or allocation thereof) Rubicon confirmed that the intention is to appeal the court's decision to the South Carolina Court of Appeals, if the decision is adverse to ArborGen or the Company. The Company's advice is that such an appeal can take up to two years to be determined.

Board of Directors

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

He is CEO of Calypso Management LLC, Trustee of Governors Academy, President of Ocean Manchester Corporation and a Director of Tenon Limited, First Ipswich Bank, Two Harbors Investment Corp and Silver Bay Realty Trust Corp.

He 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.

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, BoardVantage and ETwater. He is also a consultant to, and investor in several private technology companies.

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

Hugh is Chairman of IAG (New Zealand) Holdings Limited and IAG (New Zealand) Limited, and a Director of 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, the Advisory Committee of the Knox Investment Partners Fund IV and the Advisory Board of Gravida National Centre for Growth and Development.

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.

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 high growth companies.

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

Prior to that George held a number of management positions in Canada and Europe. He has relevant experience in the forestry and wood products industry including with Domtar, a Canadian Paper and Forest Product producer.

David Knott
Director
BA University of Pennsylvania; MBA 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 since 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 and Director
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 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. He was previously (2012-2015) a Monetary Policy Advisor to the Governor of the Reserve Bank of New Zealand.

Investor Information

Investor Enquiries/Registered Office

Level 1, 136 Customs Street West, Auckland

PO Box 68 249, Newton,
Auckland 1145, New Zealand
Telephone: 64 9 356 9800
Facsimile: 64 9 356 9801
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
Facsimile: 64 9 488 8787
Email: enquiry@computershare.co.nz

Electronic Communications

You can elect to receive your shareholder communications electronically.

To register, visit www.investorcentre.com/nz. To initially access this website, you will need your CSN or Holder Number and FIN. You will be guided through a series of steps to register your account, including setting up a new user ID and password for on-going use of the website.

Once logged in, click on "My Profile". In the Communication preferences panel, click "update".

Alternatively send your name, address and CSN or holder number to ecomms@computershare.co.nz advising you wish to receive your Rubicon shareholder communications by email.

www.rubicon-nz.com