



Fe

55.845

27

Co

58.933

44

Ru

101.07

45

Rh

102.91

76

Os

77

Ir

192.22

78

Pt

109

Mt

44	83	27	7
Ru	Bi	Co	N
101.07	208.98	58.933	14.007

2007 Statutory Report



STATUTORY REPORT AND ANNUAL REVIEW

This report contains 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 2007.

FORWARD-LOOKING STATEMENTS

There are forward-looking statements in this document. As forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Rubicon, its operations, the markets in which it competes and other factors (some of which are beyond the control of Rubicon). As a result of the foregoing, actual results and conditions may differ materially from those expressed or implied by such statements. In particular Rubicon's operations and results are significantly influenced by the level of activity in the various sectors of the economies in which it competes. Fluctuations in industrial output, housing activity, relative exchange rates, employment rates, and interests rates, can have a substantial impact on Rubicon's results of operations and financial condition. Other risks include competitor product development and pricing, and customer concentration risk.



2007

RUBICON
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Consolidated Income Statement

For the year ended 30 June 2007

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RUBICON LIMITED			GROUP		
Year ended June 2006 US\$m	Year ended June 2007 US\$m	Notes	Year ended June 2007 NZ\$m	Year ended June 2007 US\$m	Year ended June 2006 US\$m
-	7	Revenue	513	394	370
-	-	Cost of sales	(380)	(292)	(278)
-	7	Gross profit	133	102	92
-	-	Dividend income	-	-	2
-	-	Earnings from associates	(4)	(3)	(3)
-	-	Distribution expense	(96)	(74)	(68)
(2)	(2)	Administration expense	(22)	(17)	(13)
(2)	5	Operating profit before impairment and financing costs	11	8	10
(18)	(22)	Impairment charge	-	-	(1)
(20)	(17)	Operating profit before financing costs	11	8	9
17	23	Financial income	1	1	2
-	-	Financial expense	(9)	(7)	(3)
(3)	6	Profit before taxation	3	2	8
-	-	Income tax expense	(1)	(1)	(3)
(3)	6	Net Profit	2	1	5
		Attributable to:			
(3)	6	Equity holders of the parent	(1)	(1)	1
-	-	Minority interest	3	2	4
(3)	6	Net Profit	2	1	5

(2)	5	Earnings before interest, depreciation and impairment charge (EBITDA)	20	15	15
-	-	Depreciation	(9)	(7)	(5)
(2)	5	Operating profit before impairment and financing costs	11	8	10

Basic/diluted earnings per share information:				
		Continuing operations	(0.4)	0.4
		Weighted average number of shares outstanding (millions of shares)	249	272

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

The primary financial statements have been translated to New Zealand dollars for information purposes only (refer note 5).

Statement of Changes in Equity

For the year ended 30 June 2007

RUBICON LIMITED			GROUP		
Year ended June 2006 US\$m	Year ended June 2007 US\$m	Notes	Year ended June 2007 NZ\$m	Year ended June 2007 US\$m	Year ended June 2006 US\$m
		Net Profit attributable to:			
(3)	6	Rubicon shareholders	(1)	(1)	1
–	–	Minority shareholders	3	2	4
(3)	6	Net Profit	2	1	5
		Translation differences attributable to:			
–	–	Rubicon shareholders	25	4	(3)
–	–	Minority shareholders	26	1	–
–	–	Revaluation reserve on acquisition Rubicon shareholders	20	1	–
(3)	6	Total recognised revenue and expenses	10	7	2
		Movement in Rubicon shareholders' equity relating to:			
–	1	Issue of shares	24	1	–
(19)	(3)	Share buyback by Rubicon	24	(4)	(19)
		Movement in minority shareholders' equity relating to:			
–	–	Acquisition of Tenon shares by Rubicon	–	–	(6)
–	–	Share buyback by Tenon	(1)	(1)	(6)
(22)	4	Total movement in shareholder equity	6	4	(29)
		Movement in:			
(22)	4	Rubicon shareholders' equity	3	2	(21)
–	–	Minority shareholders' equity	3	2	(8)
		Opening equity attributable to:			
164	142	Rubicon shareholders	187	144	165
–	–	Minority shareholders	69	53	61
164	142	Opening total Group equity	256	197	226
		Closing equity attributable to:			
142	146	Rubicon shareholders	190	146	144
–	–	Minority shareholders	26	55	53
142	146	Closing Total Group Equity	262	201	197

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

The primary financial statements have been translated to New Zealand dollars for information purposes only (refer note 5).

Consolidated Statement of Cash Flow

For the year ended 30 June 2007

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RUBICON LIMITED			GROUP		
Year ended June 2006 US\$m	Year ended June 2007 US\$m	Notes	Year ended June 2007 NZ\$m	Year ended June 2007 US\$m	Year ended June 2006 US\$m
–	7	Receipts from customers	516	396	367
–	–	Dividend received	–	–	2
–	7	Cash provided from operating activities	516	396	369
(2)	(4)	Payments to suppliers, employees and other	(499)	(383)	(377)
–	–	Income tax paid	(5)	(4)	(7)
(2)	(4)	Cash (used in) operating activities	(504)	(387)	(384)
(2)	3	Net cash from (used in) operating activities	12	9	(15)
–	–	Sale of investments	6	5	–
–	–	Investment in fixed assets	(5)	(4)	(5)
–	–	Investment in associates and other	(6)	(5)	(6)
–	–	Investment in subsidiaries	(26)	(20)	(55)
–	–	Cash in subsidiaries acquired	4	3	–
(14)	(8)	Movement in advances to subsidiaries	–	–	–
(14)	(8)	Net cash from (used in) investing activities	(27)	(21)	(66)
–	–	Debt drawdowns	65	50	42
2	1	Interest received	1	1	2
–	–	Debt repayment	(48)	(37)	–
–	–	Interest paid	(7)	(5)	(1)
–	1	Capital contributions	1	1	–
–	–	Capital return by way of buyback:			
–	–	To Tenon minority shareholders	(1)	(1)	(6)
(19)	(3)	To Rubicon shareholders	(4)	(3)	(19)
(17)	(1)	Net cash from (used in) financing activities	7	6	18
–	–	Net cash from (used in) discontinued operations	(1)	(1)	(2)
(33)	(6)	Net movement in cash	(9)	(7)	(65)
50	17	Opening cash and liquid deposits	26	20	86
–	–	Effect of exchange rate changes on net cash	–	–	(1)
17	11	Closing Cash, Liquid Deposits and Overdrafts	17	13	20

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

The primary financial statements have been translated to New Zealand dollars for information purposes only (refer note 5).

Consolidated Statement of Cash Flow continued

For the year ended 30 June 2007

RUBICON LIMITED			GROUP		
Year ended June 2006 US\$m	Year ended June 2007 US\$m		Year ended June 2007 NZ\$m	Year ended June 2007 US\$m	Year ended June 2006 US\$m
(3)	6	Net earnings/(deficit) from continuing operations	2	1	5
(17)	(23)	Add back net financing expense (revenue)	8	6	1
		Adjustment for items not involving cash:			
-	-	Depreciation	9	7	5
-	-	Taxation	(4)	(3)	(4)
-	-	Earnings from associates	4	3	3
18	22	Revaluation of investments	-	-	-
(2)	5	Cash flow from operations before net working capital movement	19	14	10
-	(2)	Trade and other receivables	(4)	(3)	(2)
-	-	Inventory	6	5	(14)
-	-	Trade and other payables	(9)	(7)	(9)
-	(2)	Net working capital movement	(7)	(5)	(25)
(2)	3	Net Cash from (used in) Operating Activities	12	9	(15)

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

The primary financial statements have been translated to New Zealand dollars for information purposes only (refer note 5).

Consolidated Balance Sheet

As at 30 June 2007

2007

RUBICON
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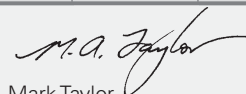
RUBICON LIMITED			GROUP			
June 2006 US\$m	June 2007 US\$m		Notes	June 2007 NZ\$m	June 2007 US\$m	June 2006 US\$m
		Current assets				
17	11	Cash and liquid deposits	35	18	14	20
-	1	Trade and other receivables	13	70	54	40
-	-	Inventory	14	92	71	68
-	-	Current taxation asset	16	3	2	-
-	-	Current assets – discontinued operations	37	-	-	1
17	12	Total current assets		183	141	129
		Current liabilities				
-	-	Bank overdraft		(1)	(1)	-
(1)	(1)	Trade and other payables	15	(37)	(28)	(25)
-	-	Current debt	23	(96)	(74)	(19)
-	-	Deferred settlement	22	(21)	(16)	-
-	-	Current taxation liability	16	-	-	(1)
-	-	Current liabilities – discontinued operations	37	(1)	(1)	(2)
(1)	(1)	Total current liabilities		(156)	(120)	(47)
		Non current assets				
-	-	Fixed assets	17	60	46	33
-	-	Investments in associates	18	55	42	61
-	-	Goodwill	19	111	85	72
-	-	Deferred taxation asset	16	9	7	6
126	135	Investment in and advances to subsidiaries		-	-	-
126	135	Total non current assets		235	180	172
		Term liabilities				
-	-	Provisions	21	-	-	(1)
-	-	Deferred settlement	22	-	-	(20)
-	-	Term debt	23	-	-	(36)
-	-	Total term liabilities		-	-	(57)
142	146	Net Assets		262	201	197
		Equity				
151	149	Share capital	24	195	149	151
(9)	(3)	Reserves	25	(5)	(3)	(7)
142	146	Equity attributable to Rubicon shareholders		190	146	144
-	-	Equity attributable to minority shareholders	26	72	55	53
142	146	Total Group Equity		262	201	197



Stephen Kasnet
Chairman



Luke Moriarty
Chief Executive Officer



Mark Taylor
Chief Financial Officer

29 August 2007

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.

The primary financial statements have been translated to New Zealand dollars for information purposes only (refer note 5).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

1 REPORTING PERIOD

The financial statements presented are for the year from 1 July 2006 to 30 June 2007, with the comparative period being the year ended 30 June 2006.

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 29 August 2007.

3 CHANGE IN ACCOUNTING POLICY

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

4 ACCOUNTING POLICIES

Basis of Presentation

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

Statement of compliance

The financial statements are based on the general principles of historical cost accounting, except that as described below, derivative financial instruments and assets held for sale are stated at their fair value. These financial statements have been prepared in accordance with New Zealand standards that comply with International Financial Reporting Standards (NZ IFRS). The Group has designated itself as a profit-orientated entity for the purposes of compliance with NZ IFRS.

The accounting policies are consistent with those used in the June 2006 consolidated financial statements. The significant accounting policies are set out below.

Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

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

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:

Valuation of goodwill and investments (notes 18 and 19)

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.

Deferred taxation (note 16)

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.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

Deferred settlement (note 22)

The fair value of the deferred liability is determined by discounting future cash flows at the appropriate discount rate. Assessment of the future cash flows is assessed at least annually and requires management to estimate the future performance of the investment and determine the appropriate discount rate to apply to those cash flows.

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the fair value for the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are recorded at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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.

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.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

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 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 impairments.

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 the first-in-first-out 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.

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

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.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

Non-current assets held for sale and discontinued operations

Non-current assets held for sale are assets whose carrying value will be recovered principally through sale rather than through continuing use. Non-current 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 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. For goodwill, the recoverable amount is estimated at each balance date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. 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 assets, other than receivables, is the greater of their net selling price 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 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.

Deferred settlement liabilities

Deferred settlement liabilities are recognised in the balance sheet at fair value and 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.

Changes in the fair value, other than the imputed interest, of a deferred settlement liability in a business combination are charged to goodwill.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

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 liability 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 and foreign currency exchange rates. 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. However, 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 gain or loss arising from changes in the fair value of derivative financial instruments is 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 recognised income and expenses. The gains and losses on the derivative instrument that are reported in the statement of recognised income and expenses 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.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

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.

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.

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 amortisation of the fair value discount of deferred settlement liabilities.

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. Purchased head leases are valued at cost and amortised over the unexpired period of the lease on a straight-line basis.

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

Pension plan obligations

The Group has both defined benefit and defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits in relation to employee service in the current or prior periods. In a defined benefit scheme an amount of pension benefit that an employee will receive on retirement is pre-determined and the Group is obliged to meet any shortfall in the fund.

The Group recognises a liability on the balance sheet in respect of defined benefit schemes for the present value of the obligation less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

4 ACCOUNTING POLICIES continued

The actuarial cost of providing pension plan benefits in respect of services provided by defined benefit pension plan members to the Group is expensed as it accrues over the service life of the employees, taking account of the income earned by income generating assets owned by the plans. Any over or under accrual of expenses or income from previous periods is amortised within the income statement over a maximum period of the remaining average service life of plan members employed by the Group.

For defined contribution plans, contributions are recognised in the income statement when they are due.

Other employee benefits

Long service leave vests to the employee 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

A cash settled, share-based compensation plan exists for certain Tenon employees. The fair value of the employee services received in exchange for the grant of the option-equivalents is recognised as a liability. The fair value of the liability is recorded at each reporting date, with any changes in fair value recognised in the income statement for the period.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary reporting format is business segments.

Goods and services tax

The income statement and statement of cash flow have been prepared exclusive of Goods and Services Taxation.

Future NZ IFRS pronouncements

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2007 or later periods. The Group has identified the following standards as relevant but also that adoption will not have a material effect on the Group's accounts:

NZ IFRS 7, Financial Instruments: Disclosures are mandatory for reporting periods beginning on or after 1 January 2007.

NZ IFRS 8: Operating Segments, mandatory for reporting periods beginning on or after 1 January 2009.

Amendments to IAS 23: Borrowing Costs, mandatory for reporting periods beginning on or after 1 January 2009.

5 REPORTING CURRENCY

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

Currency of Convenience

The consolidated financial statements are expressed in US\$. The amounts pertaining to the most recent financial period are translated to New Zealand dollars as supplemental information presented solely for convenience and converted from US\$ (as a matter of arithmetical computation only) at the closing rate on 30 June 2007 of NZ\$1.00:US\$0.7682.

6 IMPAIRMENT CHARGE

During the 2005/2006 year, the Tenon group exited its European furniture development business. The impairment charge includes the costs of exiting the Tenon group's 20% investment in Zenia House and the write-down of related inventory and debtors to amounts expected to be recovered following the exit.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

7 ACQUISITION AND DISPOSAL OF ASSOCIATES

On 27 October 2006 Rubicon announced its sale of its 50% interest in Forestadora Tapebicua (FTSA) for \$5 million.

On 3 November 2006, Tenon announced that it had exited its 50% investment in American Wood Moulding (AWM) and acquired 100% of Ornamental Mouldings Limited (OMI) (refer analysis of purchase of subsidiary disclosure).

Tenon sold its 50% investment in American Moulding S. de R.L. de C.V. (AWM Mexico) to Manhattan Holdings, LLC for a promissory note (receivable in May 2009) of \$475,000.

8 OPERATING EXPENSES INCLUDE

RUBICON LIMITED			GROUP	
Year ended June 2006 US\$m	Year ended June 2007 US\$m		Year ended June 2007 US\$m	Year ended June 2006 US\$m
		Depreciation – plant, equipment and buildings:		
–	–	Cost of sales expenses	(6)	(4)
–	–	Distribution expense	(1)	(1)
–	–	Total depreciation	(7)	(5)
–	–	Net foreign exchange (loss)/gain	1	–
(1)	(1)	Employee related expenses	(62)	(44)

Operating expenses also include:

- Directors fees payable to non-executive Directors of Rubicon for the current period of \$165,000 (2006: \$162,000).
- Audit services payable to KPMG (Rubicon) for the current period of \$50,000 (2006: \$80,000) and PricewaterhouseCoopers (Tenon) for the current period of \$413,000 (2006: \$242,000).
- Taxation services payable to KPMG (Rubicon) for the current period of \$75,000 (2006: \$36,000) and PricewaterhouseCoopers (Tenon) \$12,000 (2006: \$55,000).
- Other fees payable to the auditors were to KPMG (Rubicon) for the current period of \$25,000 (2006: \$9,000) and PricewaterhouseCoopers (Tenon) for the current period of \$140,000 (2006: \$99,000).

9 FINANCIAL INCOME

RUBICON LIMITED			GROUP	
Year ended June 2006 US\$m	Year ended June 2007 US\$m		Year ended June 2007 US\$m	Year ended June 2006 US\$m
2	1	Interest income	1	2
15	22	Intercompany interest	–	–
17	23	Financial income	1	2

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

10 FINANCIAL EXPENSE

RUBICON LIMITED			GROUP	
Year ended June 2006 US\$m	Year ended June 2007 US\$m		Year ended June 2007 US\$m	Year ended June 2006 US\$m
-	-	Interest expense	(5)	(1)
-	-	Amortisation of fair value – deferred settlement (refer note 22)	(2)	(2)
-	-	Financial expense	(7)	(3)

11 INCOME TAX EXPENSE

RUBICON LIMITED			GROUP	
Year ended June 2006 US\$m	Year ended June 2007 US\$m		Year ended June 2007 US\$m	Year ended June 2006 US\$m
		Earnings before taxation		
(3)	6	Domestic	8	-
-	-	Foreign	(6)	8
(3)	6	Earnings before taxation	2	8
1	(2)	Taxation at 33%	(1)	(3)
		Adjusted for:		
-	-	Permanent differences	1	-
(1)	2	Intra-Group offset	-	-
-	-	Net taxation losses not recognised by Rubicon Group	(1)	(1)
-	-	Recognition of net taxation losses by Tenon	-	2
-	-	Rates other than 33 cents	-	(1)
-	-	Taxation expense	(1)	(3)
		Current taxation		
-	-	United States	(1)	(5)
-	-	Total current taxation	(1)	(5)
		Deferred taxation		
-	-	New Zealand	-	2
-	-	Total deferred taxation	-	2
-	-	Taxation expense	(1)	(3)
		Rubicon shareholder imputation credit account		
-	-	Imputation credits at the beginning of the period	2	3
-	-	Movement due to currency translation	1	(1)
-	-	Imputation credits available to Rubicon shareholders at balance date	3	2

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

16 TAXATION**Current taxation asset/(liability)**

RUBICON LIMITED			GROUP	
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
-	-	Opening provision for current taxation	(1)	(3)
-	-	Current taxation in the income statement (refer note 11)	(1)	(5)
-	-	Net taxation payments	4	7
-	-	Current taxation asset/(liability)	2	(1)

Deferred taxation asset

RUBICON LIMITED			GROUP	
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
-	-	The gross movement on the deferred taxation asset is as follows:		
-	-	Opening provision for deferred taxation	6	5
-	-	Effect of currency translation	1	(1)
-	-	Deferred taxation in the income statement (refer note 11)	-	2
-	-	Deferred taxation asset	7	6

Deferred taxation asset

	GROUP					
	Fixed assets	Forestry rights	Provisions	Tax losses	Deferred tax assets not recognised	Total
30 June 2006						
Opening provision for deferred taxation	5	(1)	3	1	(3)	5
Effect of currency translation	(1)	-	(1)	-	1	(1)
Discontinued operations	-	1	(1)	-	-	-
Deferred taxation in the income statement (refer note 11)	(3)	-	1	2	2	2
Deferred taxation asset	1	-	2	3	-	6
30 June 2007						
Opening provision for deferred taxation	1	-	2	3	-	6
Effect of currency translation	-	-	-	1	-	1
Deferred taxation in the income statement (refer note 11)	1	-	(1)	-	-	-
Deferred taxation asset	2	-	1	4	-	7

The Group had taxation losses, in excess of the amount that can be recognised, at 30 June 2007 of \$60 million (2006: \$73 million) as NZ IFRS only allows the recognition of taxation assets when utilisation is considered probable, which is subject to the future earnings of the Group.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

17 FIXED ASSETS

RUBICON LIMITED

RUBICON LIMITED		GROUP		
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
		Cost		
-	-	Land	5	3
-	-	Buildings	16	7
-	-	Plant and equipment	42	33
-	-	Total cost	63	43
		Accumulated depreciation		
-	-	Buildings	(1)	-
-	-	Plant and equipment	(16)	(10)
-	-	Total accumulated depreciation	(17)	(10)
		Net book value		
-	-	Land	5	3
-	-	Buildings	15	7
-	-	Plant and equipment	26	23
-	-	Net book value	46	33

		Domicile of fixed assets		
-	-	New Zealand	22	25
-	-	United States	24	8
-	-	Net book value	46	33

Depreciation expense of \$7 million (2006: \$5 million) can be allocated \$6 million (2006: \$4 million) to cost of goods sold and \$1 million (2006: \$1 million) to distribution expense.

GROUP

	Land	Buildings	Plant and equipment	Total
Net book value 1 July 2005	3	7	19	29
Additions	-	-	5	5
Net book value of assets acquired in subsidiary (refer note 20)	-	-	4	4
Depreciation charge	-	-	(5)	(5)
Net book value 30 June 2006	3	7	23	33
Additions	-	-	4	4
Net book value of assets acquired in subsidiary (refer note 20)	2	9	5	16
Depreciation charge	-	(1)	(6)	(7)
Net book value 30 June 2007	5	15	26	46

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

18 INVESTMENTS IN ASSOCIATES

	GROUP	
	June 2007 US\$m	June 2006 US\$m
Carrying value of associates		
Balance at the beginning of the period	61	58
Capital contributions during period	5	6
Earnings of associates before dividends	(3)	(1)
Dividends from associates	–	(2)
Disposal of associate	(24)	–
Effect of exchange rate changes	3	–
Balance at the end of the period	42	61
Group's share of earnings relating to associates from continuing operations		
Operating revenue	71	116
Operating expense	(74)	(117)
Net earnings	(3)	(1)
Taxation	–	–
Earnings of associates before dividends	(3)	(1)
Dividends from associates	–	(2)
Gain on sale	1	–
Costs relating to associates	(1)	–
Earnings from associates	(3)	(3)
Combined associates' balance sheet		
Current assets	11	89
Term assets		
Fixed assets	8	42
Intellectual property	91	82
Goodwill	6	5
Total assets	116	218
Current liabilities	(2)	(23)
Term liabilities	–	(46)
Total liabilities	(2)	(69)
Net assets	114	149
Interests held by third parties	(72)	(88)
Investment in associates	42	61

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

19 GOODWILL

RUBICON LIMITED			GROUP	
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
-	-	Opening balance	72	47
-	-	Goodwill arising on acquisition of additional Tenon shares ⁽²⁾	-	3
-	-	Goodwill arising on acquisition of subsidiaries ⁽¹⁾ (refer note 20)	18	22
-	-	Change in fair value (refer note 22)	(5)	-
-	-	Goodwill⁽³⁾	85	72

-	-	Goodwill is allocated to the following investments		
-	-	Tenon	18	18
-	-	Empire	31	32
-	-	Southwest	18	22
-	-	OMI	18	-
-	-	Goodwill⁽³⁾	85	72

(1) In November 2006 Tenon acquired the OMI group of companies resulting in goodwill of \$18 million (refer note 20).

In November 2005 Tenon purchased a 51% share of Southwest resulting in goodwill of \$22 million (refer note 20).

(2) In the previous period Rubicon increased its holding in Tenon from 50.02% to 55.02% under the creep provisions of the Takeovers Code, resulting in additional goodwill of \$3 million.

(3) 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 discounted cash flow projections based on annual financial budgets extrapolated over a five year period and an estimate of terminal value discounted over five years. In determining the value-in-use, sales growth rates were assumed to not exceed 5%, gross margins were assumed to remain constant and a pre-taxation discount rate equivalent to 8% real after tax was applied.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

20 ACQUISITION OF SUBSIDIARIES

	GROUP	
	June 2007 US\$m	June 2006 US\$m
Net assets acquired		
Cash and liquid deposits	3	–
Inventory	5	13
Trade and other receivables	10	6
Trade and other payables	(6)	(5)
Fixed assets	16	4
Term debt	(5)	(5)
Net assets	23	13
Revaluation reserve on acquisition	(1)	–
Net assets acquired	22	13
Cash outflow for acquisition of subsidiaries	20	17
Investment in AWM	20	–
Deferred settlement (refer note 22)	–	18
Consideration	40	35
Goodwill arising on acquisition	18	22

Until November 2006, the Tenon group owned 50% of AWM, who owned 50% of the OMI group of companies. On 3 November, Tenon announced that it had sold its 50% interest in AWM in return for the transfer of ownership of 50% of OMI to Tenon. Tenon simultaneously acquired the remaining 50% interest in OMI for \$18.75 million. Since acquisition OMI has contributed \$5.8 million, before allocation of interest costs and corporate overheads, to profit before taxation. If the acquisition had occurred on 1 July 2006, Tenon estimates that the gross revenue contribution (before intercompany eliminations) would have been \$50.8 million (\$34.6 million for the eight months of ownership) and the contribution to profit before taxation of the Group (before allocation of interest costs and corporate overheads) would have been \$7.6 million (i.e. an additional \$1.8 million to the \$5.8 million included in the Group's result).

The fair value of the property, plant and equipment acquired was valued by independent valuers based on a fair market value-in-use basis. Inventory at acquisition was based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort to complete and sell the inventory adjusted for inventory sold to Empire that had not yet been realised external to the Group. The fair value of trade and other receivables acquired was based on the present value of future cash flows, discounted at market interest rates. The fair value of trade and other payables was determined as the present value of the amounts required to settle the liabilities. Term debt acquired was secured over the properties acquired and the fair value of the term debt was determined based on current market values of that debt. The goodwill of \$18 million is attributable to the level of profitability of OMI and the synergies expected to accrue across the wider Tenon group from its acquisition.

As Tenon had previously held an indirect 25% shareholding in OMI, through its investment in AWM, the acquisition of OMI is treated as a two step acquisition for accounting purposes and accordingly, under NZ IFRS 3, 25% of the fair value adjustment is recognised as a revaluation reserve on consolidation.

In November 2005, the Tenon group purchased a 51% share of Southwest.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

21 PROVISIONS

During the year, Tenon entered into an agreement whereby a third party purchased one of Tenon's sites that had been previously recognised as an environmental risk. With the transfer of ownership Tenon's responsibility to ensure environmental compliance for the site has been transferred to the purchaser and the provision created for the environmental compliance of the site released.

22 DEFERRED SETTLEMENT

RUBICON LIMITED

RUBICON LIMITED		GROUP	
June 2006 US\$m	June 2007 US\$m	June 2007 US\$m	June 2006 US\$m
-	-	(20)	(30)
-	-	(2)	(2)
-	-	-	(18)
-	-	5	-
-	-	1	1
-	-	-	29
-	-	(16)	(20)

(1) As at 30 June 2007 the fair value of the Southwest and Kok's Woodgoods Inc's deferred liabilities were re-estimated resulting in a \$5 million reduction in the estimated value of the deferred liabilities outstanding, there is a corresponding decrease in goodwill (refer note 19).

(2) In November 2005, the Tenon group purchased 51% of Southwest, and entered into an option that allows the minority shareholders to put their remaining equity to Tenon from August 2007 for a period of three years. The estimation of the fair value of the liability, after applying discounted cash flow analysis at an after tax real rate of 8% per annum, was \$18 million.

23 TERM AND CURRENT DEBT

The current debt of \$74 million are borrowings by the Tenon group (2006: term debt \$36 million and current debt \$19 million). The borrowings are denominated in US\$ and attract interest at a floating rate, which at 30 June 2007 was 6.09% (2006: 5.56%).

On 5 July 2007, Tenon repaid its existing bank facilities (which were due to expire in August 2007) and drew down under a new \$100 million five-year facility. This new facility, which is provided by a consortium of banks led by JP Morgan Chase Bank, NA, is structured as a global facility supporting the operations of the Tenon group as a whole. As the facility existing at balance date was due to expire in August 2007, the debt has been recorded as current in the balance sheet, whilst the new facility will be classified as term.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

24 CAPITAL

RUBICON LIMITED			GROUP	
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
		Share capital		
160	151	Share capital at the beginning of the period	151	160
10	–	Movement in presentation currency ⁽²⁾	–	10
170	151		151	170
–	1	Issue of shares ⁽¹⁾	1	–
(19)	(3)	Share buyback ⁽³⁾	(3)	(19)
151	149	Share capital	149	151

June 2006	June 2007	Number of shares	June 2007	June 2006
283,631,406	252,739,600	Opening shares on issue	252,739,600	283,631,406
–	1,508,603	Issue of shares ⁽¹⁾	1,508,603	–
(30,891,806)	(5,061,504)	Shares repurchased and cancelled ⁽³⁾	(5,061,504)	(30,891,806)
252,739,600	249,186,699	Closing shares on issue⁽⁴⁾	249,186,699	252,739,600

- (1) On 23 March 2007, 1.5 million shares were issued to Rubicon executives at an issue price of NZ\$0.93 per share, a NZ 2 cent premium to the share price at that time (refer note 31).
- (2) Due to the change in Rubicon's functional currency to US\$, historical results have had to be restated into US\$. The "Movement in presentation currency" line represents the difference between translating our historic reported capital (for presentation purposes) at US\$0.6608: NZ\$1.00 on 1 April 2004 and the exchange rate of US\$0.7007: NZ\$1.00 as at 1 July 2005, being the effective date of Rubicon's adoption of the US\$ as our functional currency.
- (3) On 14 March 2006 Rubicon announced its intention to buy back up to 5% of its issued share capital or 14,180,000 shares. By 30 June 2007, 8,373,310 shares had been acquired at a total cost of \$5 million. In the current period 5,061,504 shares have been acquired at a cost of \$3 million.
- (4) All shares rank equally in respect of rights, distribution dividends, repayment of capital and wind up.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

27 CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2007 Rubicon has committed to contribute \$2 million to ArborGen in the period to December 2007 (2006: \$3 million).

28 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 2007 are as follows:

	GROUP	
	June 2007 US\$m	June 2006 US\$m
Operating lease commitments are as follows:		
Not later than one year	6	5
Later than one year but not later than two years	5	5
Later than two years but not later than five years	9	12
Later than five years	4	4
	24	26

Operating lease commitments relate mainly to occupancy leases of buildings and vehicles. There are no renewal options to purchase in respect to any asset held under operating leases. Total lease costs for the year were \$8 million (2006: \$6 million).

29 CONTINGENT LIABILITIES

There are no significant contingent liabilities as at 30 June 2007 (2006: nil).

30 RELATED PARTY TRANSACTIONS

RUBICON LIMITED			GROUP	
June 2006 US\$m	June 2007 US\$m		June 2007 US\$m	June 2006 US\$m
–	–	Sale of wood products to American Wood Moulding LLC	1	9
–	–	Capital contributions to ArborGen	(5)	(6)
15	22	Intercompany interest ⁽¹⁾	–	–
126	135	Intercompany advances ⁽²⁾	–	–
–	7	Intercompany management fees ⁽³⁾	–	–

(1) Rubicon Limited received interest income from subsidiaries on net advances owing from subsidiary companies.

(2) These advances are for no fixed term and bear interest at a margin over the Group funding rate.

(3) Rubicon Limited received fees from subsidiaries for management services provided.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

31 EMPLOYEE REMUNERATION

	GROUP	
	June 2007 US\$m	June 2006 US\$m
Key management compensation		
Salaries and other short-term employee benefits	4	3
Termination benefits	–	1
	4	4

Rubicon equity plan

In March 2007 Rubicon announced that it had implemented a new Equity Plan (Plan) for its employees. The purpose of the Plan is to align management with shareholders, and to incentivise the quick and effective achievement of Rubicon's business goals.

Under the terms of the Plan, the participating employees of Rubicon will not receive any base salary in the two-year period to 31 March 2009. In return the Company has issued to the personal superannuation funds of the participating employees Rubicon shares (at 2 cents above the then current market price) equivalent to the value of those two years' net salaries foregone. Accordingly 1.5 million shares (0.6% of the Company's issued share capital) have been issued. These shares cannot be sold or otherwise disposed of before the expiration of two years from their issuance, and there are provisions under the Plan for the return of shares (and distributions on those shares) to the Company should an employee leave prior to 1 April 2009. The Company will not be issuing any further shares under the Plan.

At balance date, a prepayment of \$1 million in respect of the Plan has not yet been expensed.

Tenon long-term incentive plan

During the 2006 financial year entitlements were issued to key Tenon management under Tenon's long term incentive plan. These entitlements provide for future incentive payments based on the growth in Tenon's share price. While no share options have been or ever will be issued under this plan, because any benefits under the plan are linked to Tenon's share price performance, accounting rules require the incentive entitlements to be treated as if they were the issue of cash-settled share options (option-equivalents). There was no charge to earnings in the current year under the long term incentive plan.

Participation in Tenon's long term incentive plan is granted to key Tenon management by Tenon's remuneration committee. Benefits will accrue after three years (or earlier in the case of a change of control) if per annum growth in earnings per share increases by a compound rate of 10% per annum. If the earnings per share target is met, the employees have a three year window in which to exercise their entitlement. If election is made, a payment pursuant to the long term incentive plan will be made, which will be the difference between the Tenon share price at the time allocation is made, escalated at an annual hurdle rate of 10%, compounded quarterly, and the Tenon share price at the time the allocation is exercised.

920,000 option-equivalents were issued during the 2006 year at an average Tenon share price of NZ\$3.63. These are the only option-equivalents that have been issued under the long term incentive plan. The exercise price at 30 June 2009 (the first allowable year of exercise) will be NZ\$4.83. The option-equivalents, if not exercised, expire in 2012. No option-equivalents were issued during the current year.

The fair value of option-equivalents at balance date, determined using the Black-Scholes valuation model, was \$693. The significant inputs into the model were the share price of NZ\$2.60 at balance date, an exercise price of NZ\$4.83, share price volatility of 9%, an exercise date of 2009 and an annual risk free rate of 7%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Tenon share since February 2005 (the date on which Tenon cancelled shares and returned capital to shareholders).

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

32 SEGMENTAL INFORMATION SUMMARY – CONTINUING OPERATIONS

The Group's primary segment is by function and is shown in the following table:

	GROUP	
	Year ended June 2007 US\$m	Year ended June 2006 US\$m
Appearance and wood products		
Revenue	468	449
Inter company operating revenue ⁽¹⁾	(74)	(79)
Operating revenue	394	370
Profit after taxation from continuing operations	5	8
Share of (loss)/profit from associates	–	2
Total assets	267	246
Liabilities	(118)	(100)
Capital expenditure	(24)	(60)
Depreciation	(7)	(5)
Biotechnology and other		
Profit after taxation from continuing operations	(4)	(3)
Share of (loss)/profit from associates	(3)	(3)
Total assets	54	54
Liabilities	(1)	(2)
Capital expenditure	(5)	(6)
Total Group		
Revenue	468	449
Inter company operating revenue ⁽¹⁾	(74)	(79)
Operating revenue	394	370
Profit after taxation from continuing operations	1	5
Share of (loss)/profit from associates	(3)	(1)
Total assets	321	300
Liabilities	(119)	(102)
Capital expenditure	(29)	(66)
Depreciation	(7)	(5)

(1) Segmental revenue include transfers between geographical segments. Such transfers are accounted for at competitive market rates charged to unaffiliated customers for similar goods. Transfers are eliminated on consolidation.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

32 SEGMENTAL INFORMATION SUMMARY – CONTINUING OPERATIONS continued

The Group's secondary segment is geographical and is shown in the following table:

	GROUP	
	Year ended June 2007 US\$m	Year ended June 2006 US\$m
New Zealand and other		
Revenue	89	97
Inter company operating revenue ⁽¹⁾	(54)	(68)
Operating revenue	35	29
Total assets	72	75
Capital expenditure	(1)	(3)
North and South America		
Revenue	379	352
Inter company operating revenue ⁽¹⁾	(20)	(11)
Operating revenue	359	341
Total assets	249	225
Capital expenditure	(28)	(63)
Total Group		
Revenue	468	449
Inter company operating revenue ⁽¹⁾	(74)	(79)
Operating revenue	394	370
Total assets	321	300
Capital expenditure	(29)	(66)

(1) Segmental revenue include transfers between geographical segments. Such transfers are accounted for at competitive market rates charged to unaffiliated customers for similar goods. Transfers are eliminated on consolidation.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

33 PRINCIPAL OPERATIONS

Rubicon Limited (a New Zealand incorporated limited liability company) is the holding company of the Rubicon Group. The principal subsidiaries and associates, as at 30 June 2007, were:

	Country of Domicile	% Interest	Balance Date	Principal Activity
Principal subsidiaries				
Rubicon Forests Holdings Limited	NZ	100	30 June	Holds 18.4% interest in Tenon
Rubicon Forests Investments Limited	NZ	100	30 June	Holds 7.7% interest in Tenon
Rubicon Forests Limited	NZ	100	30 June	Holds 31.3% interest in Tenon
Trees & Technology Limited	NZ	100	30 June	Holds Horizon2 investment
Rubicon Industries USA, LLC	USA	100	30 June	Holds ArborGen LLC investment
Tenon Limited ⁽¹⁾	NZ	57.4	30 June	Wood products
<i>Tenon Limited subsidiaries</i>				
Tenon Industries Limited ⁽¹⁾	NZ	100	30 June	Funding
Tenon Manufacturing Limited ⁽¹⁾	NZ	100	30 June	Processing
Fletcher Wood Solutions (formerly Tenon USA, Inc) ⁽¹⁾	USA	100	30 June	Distribution
The Empire Company, Inc	USA	100	30 June	Distribution
Kok's Woodgoods, Inc	USA	100	30 June	Processing
Southwest Moulding Co ⁽²⁾	USA	51	30 June	Distribution
Ornamental Mouldings LLC ⁽¹⁾	USA	100	30 June	Processing
Ornamental Mouldings Company ⁽¹⁾	Canada	100	30 June	Processing
Associates				
ArborGen LLC	USA	33.3	31 December	Forestry biotechnology
Horizon2 Limited ⁽²⁾	NZ	50	31 December	Treestock sales and development company

(1) Form part of the restricted group under Tenon's debt covenants.

(2) Refer note 34.

34 POST BALANCE DATE EVENTS

On 23 August 2007, agreement was reached with the minority shareholders of Southwest for Tenon to increase its interest in Southwest by an additional 24.5% interest to 75.5%. The price of the additional 24.5% shareholding was approximately \$7.8 million. At 30 June 2007, the minority interest in Southwest was recognised as a liability on the balance sheet as a deferred settlement and the purchase price of \$7.8 million was equal to the valuation recorded on the balance sheet. The minority shareholders retain an option to put the remaining balance of 24.5% to Tenon during the period August-October in 2008 or 2009. Tenon may purchase the minority interest at any time.

On 24 August 2007, Rubicon announced that ArborGen had entered into a series of agreements to acquire the tree improvement businesses of each of its three partners (International Paper, MeadWestvaco and Rubicon) for a total transaction value of \$60 million. Under these agreements, Rubicon is to contribute the assets of Horizon2. Rubicon has, conditional upon the receipt of New Zealand Overseas Investment Office (OIO) approval, acquired from Carter Holt Harvey (CHH) the 50% interest in Horizon2 that Rubicon did not already own. Completion of the total ArborGen transactions are, in turn, dependent upon Rubicon's Horizon2 transaction with CHH closing and OIO approval being received for ArborGen to acquire 100% of the Horizon2 business from Rubicon.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

35 FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and commodity price risk), credit risk, liquidity risk, cash flow risk and fair value interest rate risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NZ dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Entities in the Group use forward contracts to manage their foreign exchange risk arising from future commercial transactions, recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's policy is to manage currency exchange rate exposure to ensure that changes in foreign exchange rates do not materially impair the Group's financial position, profitability, cash flow or, in the case of Tenon, key bank covenants. Non-monetary assets are recorded in their functional currency, as determined by the dominant currency of cash flows, sales prices, sales market, 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 are entered into to manage the exposure within defined limits.

(ii) Price risk

The Group is exposed to commodity price risk.

(b) Cash flow and interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances, and through the Tenon group's term debt, current debt, overdrafts and cash balances. This risk is managed by entering appropriate fixed and floating interest rate arrangements within an established ratio.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

35 FINANCIAL INSTRUMENTS continued**(c) Credit risk**

To the extent the Group has a receivable from another party there is a credit risk in the event of non-performance by that counter-party. Contracts have been entered into with various counter-parties in accordance with limits set forth by the Group as to credit rating and dollar limits. The Group does not require collateral or other security to support financial instruments. While the Group may be subject to credit losses up to the principal or contract receivable amounts in the event of non-performance by its counter-parties, it does not expect such losses to occur except for those included in the provision for doubtful debts.

June 2007	GROUP			
	Effective interest rate	6 months or less	6-12 months	1-2 years
Denominated in New Zealand dollars	8.25%	1	–	–
Denominated in United States dollars	4.94%	13	–	–
Cash and liquid deposits		14	–	–
Denominated in New Zealand dollars	–	2	–	–
Denominated in Canadian dollars	–	1	–	–
Denominated in United States dollars ⁽¹⁾	–	43	–	–
Trade debtors (refer note 13)		46	–	–
Denominated in New Zealand dollars	–	(1)	–	–
Bank overdraft		(1)	–	–
Denominated in New Zealand dollars	–	(7)	–	–
Denominated in United States dollars	–	(8)	–	–
Trade creditors (refer note 15)		(15)	–	–
Denominated in United States dollars	8.00%	(16)	–	–
Deferred settlement (refer note 22)		(16)	–	–
Denominated in United States dollars (refer note 23)	6.09%	(74)	–	–
Current debt (refer note 23)		(74)	–	–
Effect of interest rate swaps				
Denominated in United States dollars (notional)	–	–	–	–
Effect of forward exchange contracts				
Denominated in United States dollars (notional)	–	–	–	–

(1) The Tenon group has a significant concentration of credit risk to several large customers. These major customers account for 56% (2006: 52%) of trade debtors at balance date.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

35 FINANCIAL INSTRUMENTS continued**GROUP**

June 2006	Effective interest rate	6 months or less	6-12 months	1-2 years
Denominated in New Zealand dollars	7.25%	1	–	–
Denominated in United States dollars	5.03%	19	–	–
Cash and liquid deposits		20	–	–
Denominated in New Zealand dollars	–	2	–	–
Denominated in United States dollars ⁽¹⁾	–	34	–	–
Trade debtors (refer note 13)		36	–	–
Denominated in New Zealand dollars	–	(7)	–	–
Denominated in United States dollars	–	(9)	–	–
Trade creditors (refer note 15)		(16)	–	–
Denominated in United States dollars	8.00%	–	–	(20)
Deferred settlement (refer note 22)		–	–	(20)
Denominated in United States dollars	5.33%	–	(19)	–
Total current debt (refer note 23)		–	(19)	–
Denominated in United States dollars	5.70%	(36)	–	–
Term debt (refer note 23)		(36)	–	–
Effect of interest rate swaps				
Denominated in United States dollars (notional)	–	10	–	–
Effect of forward exchange contracts				
Denominated in United States dollars (notional)	–	5	–	–

(1) The Tenon group has a significant concentration of credit risk to several large customers. These major customers account for 56% (2006: 52%) of trade debtors at balance date.

(d) Fair value

There are no significant differences between the fair value and carrying value of the Group's or Rubicon's financial assets and liabilities.

The Group's Treasury Policy specifically prohibits the use of derivative financial instruments for trading or speculative purposes.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

36 PENSION PLAN

Rubicon and its wholly owned subsidiaries do not have any pension plans.

The Tenon group has a defined benefit pension plan that covers certain employees. The benefits are based on years of service and the employees' compensation during their years of employment. The Tenon group's funding policy is to contribute to the plans to the extent that the service and interest costs of the plan is not covered by the return on plan assets and net amortisation and deferrals. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The Tenon group plan assets consist primarily of property, equity and fixed income securities.

	GROUP	
	June 2007 US\$m	June 2006 US\$m
Assets of plans at fair value as at the beginning of the year	4	5
Settlements	(4)	–
Return on assets	–	1
Benefit payments	–	(1)
Presentation currency changes	1	(1)
Assets of plans at fair value	1	4
Vested accumulated benefit obligation	1	5
Total accumulated benefit obligation	1	5
Deficit of plan assets over accumulated benefit obligation ⁽¹⁾	–	(1)
Projected benefit obligation as at the beginning of the year	(5)	(6)
Settlements	5	–
Benefit payments	–	1
Presentation currency changes	(1)	–
Total projected benefit obligation at the end of the year	(1)	(5)
Assets of plans at fair value	1	4
Funded (obligation)/surplus	–	(1)
Recognised funded obligation ⁽¹⁾	–	(1)

(1) Recognised funded obligation included within note 37, discontinued operations for June 2006.

Net (liability)/asset at beginning of year	(1)	(1)
Settlements	1	–
Net (liability)/asset at 30 June	–	(1)

The following table provides the weighted average assumptions used to develop the net periodic pension cost and the actuarial present value of projected benefit obligations for the Tenon plan:

	GROUP	
	June 2007	June 2006
Assumed discount rate on benefit obligations	4.6%	4.0%
Expected long-term rate of return on plan assets	5.5%	5.5%
Rate of increase in future compensation levels	3.5%	3.5%
Pensioner mortality	PA(90) -4	PA(90) -4

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2007

37 DISCONTINUED OPERATIONS

Discontinued operations relate to Tenon's structural consumer solutions business and forestry activities, both disposed of during the 2005 financial period.

The following information details balance sheet and cash flows of the discontinued operations of Tenon.

	GROUP	
Balance Sheet as at	June 2007 US\$m	June 2006 US\$m
Assets		
Forest assets classified as held for sale	–	1
Total discontinued assets	–	1
Liabilities		
Provisions ⁽¹⁾	(1)	(2)
Total discontinued liabilities	(1)	(2)

(1) Pension liability as at 30 June 2007 is nil (2006: \$1 million).

	GROUP	
Statement of Cash Flows	Year ended June 2007 US\$m	Year ended June 2006 US\$m
Net cash (to)/from operating activities	(1)	(2)
Net cash from (used in) discontinued operations	(1)	(2)

Auditors' Report



To the shareholders of Rubicon Limited

We have audited the financial statements on pages 2 to 34. The financial statements provide information about the past financial performance and financial position of the Company and Group as at 30 June 2007. This information is stated in accordance with the accounting policies set out on pages 7 to 13.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2007 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the Company and certain of its subsidiaries in relation to taxation and general accounting services. These matters have not impaired our independence as auditors of the Company and Group. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records;
- the financial statements on pages 2 to 34:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Company and Group as at 30 June 2007 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 29 August 2007 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written in a cursive style.

Auckland

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, and is structured on the basis of the nine corporate governance principles issued by the New Zealand Securities Commission.

All references to \$ are to the US\$ unless otherwise stated.

PRINCIPLE 1 – 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.

PRINCIPLE 2 – 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 addition to the formal governance role, the Board operates in partnership with management of the Company acting as an advisory body to management.

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.

Board Composition

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

Independent Directors:

SG Kasnet (Chairman)

HA Fletcher

WA Hasler

Non-Independent Director:SL Moriarty⁽¹⁾

(1) As Mr Moriarty is an executive of the Company he is a non-Independent Director.

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.

Mr Fletcher retires by rotation at the 2007 ASM and being eligible has offered himself for re-election.

The Company's Board represents a balance of independence, skills, knowledge, experience and perspectives (refer Board biographies on page 52 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.

Rubicon is committed to ensuring its Directors have the knowledge and information to discharge their responsibilities effectively.

Directors receive comprehensive information on the Company's operations and have access to any additional information they consider necessary for informed decision-making. In-house training sessions are held regarding developments in duties of Directors.

This Annual Report was approved by the Board on 4 September 2007.

PRINCIPLE 3 – 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.

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 Principle 4.

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 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 two additional committees are the Tenon Share Committee and the Rubicon Share Committee.

Tenon Share Committee Members:

HA Fletcher (Chairman) WA Hasler

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

Rubicon Share Committee Members:

HA Fletcher (Chairman) WA Hasler

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

PRINCIPLE 4 – 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; and
- 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.

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

PRINCIPLE 5 – REMUNERATION

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

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.

The total remuneration, prior to any taxation liability, of non-executive Directors of Rubicon for the year ended 30 June 2007 was:

	NZ\$
SG Kasnet	101,250
HA Fletcher	67,500
WA Hasler	67,500

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

The Directors' remuneration shown above reflects the full amounts accruing to Directors of Rubicon during the year ended 30 June 2007. Unlike many companies, Rubicon does not provide meeting fees or any additional compensation to Directors for serving on Board committees (including as Chair of committees), or acting as advisory members on internal project teams. Non-executive Directors are not entitled to receive retirement payments.

Executive Director and Employee Remuneration

Rubicon's remuneration policy aims to attract, retain and incentivise employees in order to drive and enhance Company performance. Remuneration for Rubicon employees consists of base salary plus an annual performance incentive. Base salaries are "benchmarked" regularly against competitor information. Annual performance incentive payments are determined by the Board and Remuneration Committee, and are calculated by measuring actual performance outputs against two target components. The first component is based on Rubicon achieving an annual share price increment equal to 17% per annum, and the second component is determined by actual performance against specific individual and Company objectives. An executive's incentive payment in any year can fall short of, or exceed, the target level, depending on actual share price performance and individual and Company objective outcomes.

Rubicon employees have agreed to reinvest any annual incentive payment they receive above a pre-determined payment level, in Rubicon shares, until such time as they held Rubicon shares with a market value equal to their base salary.

In March 2007 Rubicon announced that it had implemented a new Equity Plan ("Plan") for its employees. The purpose of the Plan is to align management with shareholders, and to incentivise the quick and effective achievement of Rubicon's business goals. The Plan also has the added benefit of simultaneously reducing the cash-overhead base of the Company, by eliminating the Company's cash obligations in respect of all base salary payments to its participating employees until April 2009.

Under the terms of the Plan, the three senior executives of Rubicon, who all agreed to participate in the Plan, will not receive any base salary in the two-year period 1 April 2007 to 31 March 2009. In return the Company has issued to their personal superannuation funds Rubicon shares (at 2 cents above the then current market price) equivalent to the value of those two years' net salaries foregone, resulting in 1.5 million shares (0.6% of the Company's issued share capital) being issued. These shares cannot be sold or otherwise disposed of before the expiration of two years from their issuance, and there are provisions under the Plan for the return of shares (and distributions on those shares) to the Company should a senior executive leave prior to 1 April 2009. The Company will not be issuing any further shares under the Plan.

In addition to the new shares issued, the Plan also required the senior executives to purchase Rubicon shares on-market, to the value of \$450,000 (in the aggregate). This requirement was met, in the period from 26 March to 20 April 2007, where the senior executives acquired approximately 458,000 shares (in aggregate) at an average price of 98 cents each.

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 in the 2007 financial year is summarised in the following table:

NZ\$	Number
100,000 to 110,000	18
110,000 to 120,000	8
120,000 to 130,000	12
130,000 to 140,000	9
140,000 to 150,000	9
150,000 to 160,000	5
160,000 to 170,000	5
170,000 to 180,000	4
180,000 to 190,000	2
190,000 to 200,000	5
210,000 to 220,000	3
220,000 to 230,000	2
230,000 to 240,000	3
240,000 to 250,000	1
250,000 to 260,000	1
270,000 to 280,000	1
290,000 to 300,000	3
310,000 to 320,000	1
350,000 to 360,000	1 ^(a)
360,000 to 370,000	1
370,000 to 380,000	3 ^(b)
410,000 to 420,000	1
440,000 to 450,000	1
460,000 to 470,000	1
500,000 to 510,000	1
510,000 to 520,000	1
530,000 to 540,000	1
600,000 to 610,000	1
630,000 to 640,000	1
830,000 to 840,000	1
1,090,000 to 1,100,000	1

(a) In addition this employee participated in the Rubicon Plan (as disclosed above). Under the terms of the Plan, the Company issued 400,108 Rubicon shares at 93 cents per share to this individual's personal superannuation fund, in lieu of the next two years' salary (net) foregone.

(b) In addition this employee participated in the Rubicon Plan (as disclosed above). Under the terms of the Plan, the Company issued 465,699 Rubicon shares at 93 cents per share to this individual's personal superannuation fund, in lieu of the next two years' salary (net) foregone.

In analysing the preceding table, it should be noted:

- It is a consolidation of data for Tenon (and its subsidiaries) and Rubicon employees. However as Rubicon has only four employees in the chart it is dominated by Tenon data.
- Of the total data points shown, over 85% 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 remuneration received by the Rubicon CEO during the year ended 30 June 2007 was comprised of a base salary of NZ\$367,500, and a performance incentive of NZ\$208,250. As Mr Moriarty agreed to participate in the Rubicon Plan he did not receive any base salary for the last three months of the 2007 financial year (and will not receive any further base salary payments until 1 April 2009). However, in accordance with the Plan (outlined above) in lieu of the next two years' base salary foregone, the Company issued to Mr Moriarty's personal superannuation fund 642,796 Rubicon shares at 93 cents per share. The Rubicon CEO does not receive any Director fees for his services as a Director of Rubicon, The Empire Company Inc, ArborGen LLC, or Horizon2. The public company director fees relating to him serving as Chairman of Tenon (NZ\$130,000 in the period) are paid directly to Rubicon for Rubicon's account.

Director and Senior Executives Equity Holdings

Rubicon believes it is appropriate to have Directors' and executives' rewards dependent upon the performance of the Company, and that having Directors and executives own Rubicon shares is a good way of achieving this goal. With this in mind, all non-executive Directors have a relevant interest in at least 300,000 Rubicon shares and all executives of Rubicon own Rubicon shares.

At 30 June 2007, Directors and senior executives of the Company held the following relevant interests in Rubicon shares:

	Position	Number of shares
SG Kasnet	Chairman and non-executive director	324,782
HA Fletcher	Non-executive director	2,372,411 ⁽¹⁾
WA Hasler	Non-executive director	381,067
SL Moriarty	Director and Chief Executive Officer	2,293,906 ⁽²⁾
BG Burton	Vice President	415,708 ⁽³⁾
MA Taylor	CFO and Company Secretary	716,440 ⁽⁴⁾

(1) 938,514 held by HA Fletcher, 354,485 held jointly by HA and SS Fletcher, and 1,079,412 held by Fletcher Brothers of whom HA Fletcher is a director and beneficiary.

(2) 1,397,183 held by the Moriarty Family Trust of which SL Moriarty is a trustee and beneficiary, and 896,723 held by the Moriarty Superannuation Fund of which SL Moriarty is a trustee and sole beneficiary.

(3) 15,600 held by BG Burton and 400,108 held by the Burton Superannuation Fund of which BG Burton is a trustee and sole beneficiary.

(4) Held by the Taylor Superannuation Fund of which MA Taylor is a trustee and sole beneficiary.

PRINCIPLE 6 – RISK MANAGEMENT

The Board regularly verifies that the entity 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.

PRINCIPLE 7 – AUDITOR

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 who led the audit from 2001 was rotated following the 2005 audit.

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.

The Board is satisfied that there is no relationship between KPMG and Rubicon or any related party that could compromise the independence of KPMG, and has obtained confirmation from KPMG to this effect.

In the Rubicon Board's opinion, KPMG's independence was not compromised as a result of any non-audit services provided by the firm to the Group. This is because all non-audit services provided related to tax compliance issues and supply of payroll services.

PRINCIPLE 8 – 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 Company's website includes the following information:

- Annual and Interim Reports;
- Annual Reviews;
- press releases; and
- key corporate governance documents.

To facilitate questioning of the independent Auditor by shareholders during the ASM, the Company arranges for representatives of the independent Auditor to be present at the meeting.

PRINCIPLE 9 – 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 the NZX.

INTERESTS REGISTER

Directors' certificates to cover entries in the Interests Register in respect of remuneration, dealings 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
Columbia Labs, Inc	Chairman
Tenon Limited	Director
Stratleade Inc ⁽¹⁾	Trustee
Raymond Property Group ⁽¹⁾	President and CEO
Dartmouth Street Company ⁽¹⁾	President and CEO
HA Fletcher	
Fletcher Building Limited	Director
Asia Pacific Committee of the Trilateral Commission	Member
Reserve Bank of New Zealand	Director
Advisory Board of No. 8 Ventures	Chairman
Advisory Board of No. 8 Ventures 2002 Fund	Chairman
IAG (New Zealand) Holdings Limited	Chairman
IAG (New Zealand) Limited	Chairman
The University of Auckland	Chancellor
The University of Auckland Foundation	Trustee
New Zealand Advisory Board of L.E.K. Consulting ⁽¹⁾	Member
Vector Limited ⁽¹⁾	Director
Dilworth Trust ⁽²⁾	Trustee
Insurance Australia Group Limited ⁽²⁾	Director
WA Hasler	
Solectron Corporation	Chairman
Ditech Communications	Director
Genitope Corporation	Director
Schwab Funds	Trustee
Stratex Networks	Director
Technical Olympic USA	Director
Mission West Properties, Inc	Director
BoardVantage ⁽¹⁾	Director

	Relationship
SL Moriarty	
Tenon Limited	Chairman
Horizon2 Limited	Director
ArborGen LLC	Director
The Empire Company, Inc	Director
Moriarty Family Trust	Trustee and beneficiary
Moriarty Superannuation Fund ⁽¹⁾	Trustee and sole beneficiary

(1) Directors' interests disclosed to the Company during the year ended 30 June 2007.

(2) Directors' interests disclosed to the Company subsequent to 30 June 2007.

During the year ended 30 June 2007 Directors advised the following resignations:

SG Kasnet

Harbor Global Company Limited	President and CEO
Bank North, Massachusetts	Director
PioGlobal Investment Fund	Chairman
PioGlobal First Russia	Director

HA Fletcher

Business Advisory Council of the UN Office for Project Services	Member
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WA Hasler

Apton Corporation	Director
NYSE Arca Inc	Director

SL Moriarty

American Wood Moulding LLC	Director
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Dealings in Company Securities

Directors of the Company disclosed that they acquired the following beneficial interest in Rubicon shares since 1 July 2006:

	Number of shares acquired	Consideration paid NZ\$
SG Kasnet		
23 April 2007	30,000	29,400
WA Hasler		
23 April 2007	55,000	53,900
SL Moriarty⁽¹⁾		
26 March 2007	642,796	597,800
4 April 2007	63,400	60,141
13 April 2007	190,527	190,001

(1) On 15 November 2006 Mr Moriarty advised that he had sold 1,385,083 shares for a total consideration of NZ\$1,315,828.85 to the Trustees of the Moriarty Family Trust.

Directors' Holdings of Equity Securities at 30 June 2007

Refer page 42.

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.

Stock Exchange Waiver

On 23 March 2007, the NZX granted waivers from compliance with Listing Rules (LR) 7.3.6 and 7.6.5(b)(iii) in respect of Mr Moriarty's participation in the Company's Equity Plan. The terms of the Plan are set out on page 40 of this report. Because Mr Moriarty is both the CEO and an executive director of the Company, in the absence of the waivers granted by the NZX, his participation in the Plan would have required approval by shareholders under the Listing Rules.

In granting the waivers, NZX noted that the intention of the Plan is to align the interests of employees with those of the Company's shareholders. The NZX also noted other special considerations such as the small number of employees that the Company employs, the determination given by the Company's non-executive directors, and the lack of dilutionary effect in the new shares issued (being issued at not less than market).

The waivers were granted on the following conditions:

1. that prior to the issue of shares under the Plan, the non-executive directors certified that:
 - (i) they were not aware of any Material Information that has not been disclosed to the NZX;
 - (ii) the giving of financial assistance under the Plan represents fair value for the Company, was in the best interests of the Company, and was of benefit to the Company's shareholders;
 - (iii) the entitlement under the Plan would be determined on the same criteria for all participating employees;
 - (iv) Mr Moriarty had not and would not be involved in the determination of entitlements under the Plan; and
 - (v) they had received confirmation from each participating employee confirming that each was not in possession of any Material Information that had not been disclosed to the NZX;
2. a minimum of three employees participated in the Plan in respect of all of their two years' base salary, with no change in the bonus component of their remuneration taking place in the first 12 months of the Plan;
3. the shares were issued within the period set out in paragraph 4 of the Schedule to the Insider Trading (Approved Procedure for Company Officers) Notice 1996; and
4. a summary of the waivers and the information required by LR 9.2.4(c) was disclosed in the Company's Annual Report.

The above conditions have been satisfied.

Information required to be disclosed by LR 9.2.4(c)

LR 9.2.1 places restrictions on Issuers entering into Material Transactions with Related Parties. All three participating employees are related parties of the Company by virtue of their respective roles as executive officers of the Company (and in Mr Moriarty's case, also by virtue of his directorship).

The individual employment agreements of the three participating executive employees were amended to include the terms of the Plan. The amendments made to their employment agreements fell within the exception to LR 9.2.1 provided by LR 9.2.4(c) and therefore did not require shareholder approval.

The payment by the Company of an equivalent to two years' base salary to participating employees under the Plan would have, in the absence of the LR 9.2.4(c) exception, required shareholder approval because its total value exceeded 0.5% of the Company's average market capitalisation. The non-executive directors of the Company provided confirmation to NZX that the decision to amend each participating employee's employment agreement to include the terms on the Plan was an arm's length, commercial decision for the Company, was not unduly influenced by any of the participating employees, and was in the best interests of the Company's shareholders.

Donations

During the period Tenon made donations of \$41,114.

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 2007.

Directors' Interests

Tenon directors have advised the following changes in their interests:

RH Fisher

The Property Company	Appointed	Director
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SG Kasnet

Stratleade Inc	Appointed	Trustee
Raymond Property Group	Appointed	President and CEO
Dartmouth Street Company	Appointed	President and CEO
Harbor Global Company Limited	Resigned	President and CEO
Bank North, Massachusetts	Resigned	Director
PioGlobal Investment Fund	Resigned	Chairman
PioGlobal First Russia	Resigned	Director

SL Moriarty

Moriarty Superannuation Fund	Appointed	Trustee and sole beneficiary
American Wood Moulding LLC	Resigned	Director

Dealings in Company Securities

During the year ended 30 June 2007, Tenon directors disclosed in accordance with section 148(2) of the Companies Act 1993 that they acquired a beneficial interest in Tenon shares as follows:

	Number of shares acquired	Consideration paid NZ\$
SL Moriarty		
8 March 2007	24,604	73,074

Tenon Directors' Remuneration

Non-executive Tenon directors' base remuneration for the 2007 year was NZ\$65,000 per annum, with the Chairman receiving NZ\$130,000⁽¹⁾.

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 2007 was NZ\$390,000.

Fees, prior to any taxation liability, paid to individual non-executive directors in the year ended 30 June 2007 were:

	NZ\$
MJ Andrews	65,000
RH Fisher	65,000
SG Kasnet	65,000
SL Moriarty (Chairman) ⁽¹⁾	130,000
MC Walls	65,000
<u>Total</u>	<u>390,000</u>

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

Directors' and Officers' Indemnity and Insurance

In accordance with section 162 of the New Zealand 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 2007. Rubicon employees who serve as directors of Rubicon subsidiaries do not receive any remuneration or other benefits in that role, other than SL Moriarty in respect of his directorship of Tenon, where the directors fees are paid directly 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 2007, or in the case of those persons with the letter (R) after their name, ceased to hold office during the period.

Rubicon Energy Holdings Limited	SL Moriarty, MA Taylor
Rubicon Enterprises Limited	SL Moriarty, MA Taylor
Rubicon Forests Limited	HA Fletcher, WA Hasler, SG Kasnet, SL Moriarty, MA Taylor

Rubicon Forests Holdings Limited	HA Fletcher, WA Hasler, SL Moriarty, MA Taylor
Rubicon Forests Investments Limited	SK Aimer (R), HA Fletcher, SL Moriarty, MA Taylor
Rubicon Industries USA Inc	WA Hasler, RA Johnson, MA Taylor
Rubicon Investments Limited	SL Moriarty, MA Taylor
Rubicon IP Limited	SL Moriarty, MA Taylor
Rubicon Tahorakuri Forest Limited	SL Moriarty, MA Taylor
Trees & Technology Limited	SL Moriarty, MA Taylor
Tenon Limited	MJ Andrews (NZ\$65,000), RG Fisher (NZ\$65,000), SG Kasnet (NZ\$65,000), SL Moriarty ⁽¹⁾ , MC Walls (NZ\$65,000)
Tenon Holdings Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Tenon Industries Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Tenon Manufacturing Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Tenon Muskoka Limited	MK Eglinton, AS White
Tenon Retirement Plan Nominees Limited	PM Gillard, J McDonald, GD Niccol
Tenon Employee Educational Fund Limited	PM Gillard, AC Grinter, J McDonald
Tenon Welfare Fund Nominees Limited	PM Gillard, WJ Neumann (R), GD Nicol, MR Taylor
Tenon USA Holding Company	MK Eglinton
AWM Acquisitions Corporation	PM Gillard
Comanche Investments, LLC	MK Eglinton, PM Gillard, AS White
CNI Forest Nominees Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Fairfield Road, LLC	MK Eglinton, PM Gillard, AS White
Fletcher Challenge Forests Finance Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Fletcher Challenge Limited	MK Eglinton, PM Gillard, JE Paice, AS White
Fletcher Wood Solutions, Inc (formerly Tenon USA Inc)	RL Fitzgerald (R), MK Eglinton, AS White
Kaingaroa Holdings Limited	PM Gillard
Kok's Woodgoods, Inc	SR Grossman, TB Highley, TH Highley, CR Kok
NACS USA Inc	RL Fitzgerald (R), MK Eglinton, AS White
Ornamental Mouldings Company	MK Eglinton, PM Gillard, MJ Pearce, AS White
Ornamental Mouldings, LLC	MK Eglinton, PM Gillard, AS White
Ornamental Investments, LLC	MK Eglinton, PM Gillard, AS White
Ornamental Products, LLC	MK Eglinton, PM Gillard, AS White
Southwest Moulding Co LP	D Bell, MK Eglinton, TB Highley, TH Highley, R Middleton
The Empire Company, Inc	MK Eglinton, PM Gillard, TH Highley, SJ Johandes, SL Moriarty, AS White
3078831 Nova Scotia Company	MK Eglinton, AS White

(1) SL Moriarty's Tenon director fees of NZ\$130,000 for the year to 30 June 2007 were paid to Rubicon.

SHAREHOLDER INFORMATION

The Company's shares are listed on the New Zealand Stock Market. The 20 shareholders of record with the largest holdings of shares at 31 July 2007 were:

Name	Number of shares	% of shares
New Zealand Central Securities Depository Limited	202,115,867	81.11
Kingfisher Nominees Pty Limited	2,728,495	1.09
Peter Hanbury Masfen & Joanna Alison Masfen	2,246,993	0.90
Luke Moriarty, Diana Moriarty & Aida Harris	1,397,183	0.56
Fletcher Brothers Limited	1,079,412	0.43
Hugh Fletcher	938,514	0.38
Moriarty Superannuation Fund – Luke & Diana Moriarty	896,723	0.36
Custodial Services Limited	826,423	0.33
Taylor Superannuation Fund – Mark & Lesley Taylor	716,440	0.29
Victor Hugo Bedford	450,692	0.18
Michael Andrews	402,114	0.16
Burton Superannuation Fund – Bruce & Sarah Burton	400,108	0.16
Tenon Employee Educational Fund Limited	386,578	0.16
William Hasler	381,067	0.15
Hugh & Sian Fletcher	354,485	0.14
Stephen Kasnet	324,782	0.13
Christopher William Flood	300,000	0.12
Marion Nita Webster	299,110	0.12
Goldman Sachs JBWere (NZ) Limited	286,618	0.12
Macquarie Equities Custodians Limited	250,000	0.10
Total	216,781,604	86.99

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 2007 were:

Name	Number of shares	% of shares
Citibank Nominees (New Zealand) Limited	124,930,843	50.14
ANZ Nominees Limited	49,697,936	19.94
Custody and Investment Nominees Limited	7,554,235	3.03
Cogent Nominees Limited	7,278,065	2.92
Accident Compensation Corporation	3,495,608	1.40
HSBC Nominees (NZ) Limited	3,490,915	1.40
NZ Superannuation Fund Nominees Limited	1,289,690	0.52
AMP Investments Strategic Equity Growth Fund	1,059,129	0.43
National Nominees New Zealand Limited	1,028,403	0.41
Other	2,291,043	0.92
Total	202,115,867	81.11

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2007

Size of holding	Number of shareholders		Number of shares	
	Number	%	Number	%
1-999	3,220	33.04	2,100,938	0.84
1,000-9,999	5,911	60.65	14,748,160	5.92
10,000-49,999	528	5.42	9,167,181	3.68
50,000-99,999	42	0.43	2,678,742	1.07
100,000 and over	45	0.46	220,491,678	88.49
Total	9,746	100.00	249,186,699	100.00

DOMICILE OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2007

	Number of shareholders		Number of shares	
	Number	%	Number	%
New Zealand	8,462	86.82	244,648,043	98.18
Australia	764	7.84	1,762,097	0.71
United Kingdom	215	2.21	502,963	0.20
United States of America	168	1.72	1,625,962	0.65
Other	137	1.41	647,634	0.26
Total	9,746	100.00	249,186,699	100.00

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 4 September 2007 the following were substantial security holders in the Company. In terms of that 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 securities as per notice	% of issued securities as per notice	Date of notice
Perry Corporation	55,276,862	19.81	28 January 2003
Third Avenue Management LLC	46,998,996	18.84	21 September 2006
Citigroup Global Markets New Zealand Pty Limited	33,131,421	13.30	8 May 2007
Castlerigg Master Investments Limited	35,118,461	13.27	9 March 2006
Walker Capital Management	19,085,082	7.45	13 March 2006
Cadmus Capital	17,000,000	5.99	20 September 2005
David Knott	14,100,000	5.69	21 March 2007

The total number of issued voting securities at 4 September 2007 was 249,186,699.

BOARD OF DIRECTORS

Stephen Kasnet

Director and Chairman

BA University of Pennsylvania (Philadelphia)

Steve is presently President and CEO of Raymond Property Company and Dartmouth Street Company, who are real estate companies engaged in the acquisition, development, renovation, ownership and management of residential and commercial real estate in the Boston area.

Steve was previously 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. Prior to this Steve was Executive Vice President of the Pioneer Group Inc in the US. He is Chairman of Directors of Columbia Labs, Inc, Trustee of Governors Academy and Stratleade Inc and Director of Tenon Limited.

Hugh Fletcher

Director

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

Hugh is Chairman of the Advisory Board of No. 8 Ventures, No. 8 Ventures 2002 Fund, IAG (New Zealand) Holdings Limited and IAG (New Zealand) Limited and a Director of The Reserve Bank of New Zealand, Fletcher Building Limited, Vector Limited and Insurance Australia Group Limited.

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

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

William Hasler

Director

MBA Harvard; BA Pomona College (California), CPA

Bill is former Vice Chairman and Board Director of KPMG, 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 Chairman of Solectron Corporation, a Director of Ditech Communications, Genitope Corporation, Stratex Networks, Technical Olympic USA, Mission West Properties Inc and BoardVantage and is a Trustee of Schwab Funds. He is also a consultant to, and investor in, several private technology companies.

Luke Moriarty

Chief Executive Officer

MS Stanford University; LLB (Hons) and BCA Victoria University

Luke is a Director and the CEO of Rubicon. He is also Chairman of Tenon Limited, and a Director of The Empire Company Inc, ArborGen LLC and Horizon2 Limited. Luke has a strong background in business and commercial transactions, both in New Zealand and North America. His financial experience has included extensive international business valuation, acquisition, divestment and joint venture analysis and negotiation, and structuring and execution in multi-billion dollar transactions – ranging from minority buyouts to trade sales and IPOs.

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

Investor Enquiries/Registered Office

Level 3, 7-9 Fanshawe Street, 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 are listed on the NZSX (RBC).

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

