2018 Interim Review

RUBICON

FORWARD LOOKING STATEMENTS

There are statements in this Review that are 'forward looking statements.' As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Rubicon and ArborGen, many of which are beyond our control. As a result, actual results and conditions may differ materially from those expressed or implied by such statements.

In particular, ArborGen's operations and results are significantly influenced by the general level of economic activity in the various sectors of the economies in which it competes, particularly in the United States, Brazil, New Zealand and Australia. Fluctuations in industrial output and the impact that has on global demand for wood fibre and hence harvest and reforestation levels, government environmental and regional development policies, capital availability, relative exchange rates, interest rates, and the profitability of our customers, can each have a substantial impact on our operations and financial condition. ArborGen-specific risks and uncertainties include (in addition to those broad economic factors noted above) the global markets and geographies in which it operates, intellectual property protection, regulatory approvals, public and customer acceptance of genetically engineered products, the rate of customer adoption of advanced seedling products, the success of its research and development activities, weather conditions, cone and seed inventory, biological matters, and the fact that ArborGen's annual crops and seed orchards are not the subject of insurance cover. In that regard, ArborGen is currently assessing the damage incurred at its Florida seed orchards from Hurricane Michael and the impact that might have on the Company's operations and forecasts, however a final determination as to the impact of that event has not been made at this time.

FINANCIAL PERIODS

Rubicon has transitioned through multiple year-end balance dates over the past 24 months, moving from 30 June to 30 September, and then to 31 March. This has largely been dictated by our changing investment portfolio, with the latest change of balance date to 31 March being necessitated by our 100% acquisition of ArborGen and a desire to align the balance dates of our two companies. ArborGen has a March balance date largely because that represents the material conclusion to the lifting and sale of its annual US seedling crop – its most significant geography of operation. Accordingly, this Review, which covers the six months from 1 April 2018 through to 30 September 2018, does not reflect the sales results for the US selling season. The comparative periods in the appended financial statements are the last two audited periods for Rubicon – i.e. the six months to 31 March 2018, and the 15 months to 30 September 2017.

All references in this document to currencies are as stated – i.e. US$ and NZ$.

Interim Review

Six months ended 30 September 2018

Table of Contents

Chairman's Letter.. 2

Summary Financial Statements... 6

Notes to Financial Statements.. 10

Investor Information...OBC

Chairman's Letter

Dear Shareholder –

In the *Outlook* section of our last report to you (in May of this year), we said the following –

"The key focus will be on meeting our ArborGen earnings guidance, on continuing to find capital-light methods to grow ArborGen's business, particularly in the US, and on implementing all immediate operational aspects of the Budget and Plan. We will also be looking to close-out the ArborGen acquisition with the final deferred payment of US$10 million to be made on 1 July, 2018. From a Group funding perspective, we also need to renegotiate ArborGen's revolving credit facilities in Q3 of this year, and we will continue to search for initiatives to improve the cash positon of the combined Rubicon-ArborGen entities moving forward. All-in-all, we look forward to a positive fiscal 2019."

It is instructive to take a moment to comment on what has been achieved in relation to each of these goals (and others) over the six months since this statement was made.

Achieving goals - meeting earnings guidance

For the period under review we reported an IFRS breakeven Net Earnings result excluding restructuring and impairment (or a loss of $2 million including restructuring and impairment costs). However, as you will know, this six-month result does not reflect the results of ArborGen's crop lifting and selling season in the US (its largest operational geography), which occurs almost wholly in the last quarter of the fiscal year. In addition, we are aware that shareholders are most interested in understanding ArborGen's performance under US-GAAP, and for a full year, rather than under IFRS for six months, so we tend to focus our commentary on giving our best US-GAAP forward guidance at any point in time. In that respect, the guidance we have provided the market is, that we are targeting a US-GAAP EBITDA[1] result for ArborGen for the current fiscal year to 31 March 2019, approaching US$7 million[2,5]. As the critical selling season in the US (i.e. Q4 of the fiscal year) is still to come, at this point we cannot provide much in the way of additional commentary as to how the year-end might play out - other than to say that we believe this earnings target remains achievable, and that this is what we are aggressively pursuing from an operational perspective. We also repeat our projection[5] that ArborGen will be (US-GAAP) Net Earnings and free cash flow[4] positive for the fiscal year.

In saying that, we always place the usual weather and demand conditions disclaimer on forecasts of this type, and in this regard we have already had to deal with the severity of Hurricane Michael which struck the US in October of this year (post balance date). This was the second hurricane to strike the US-South this year, and the third-most intense Atlantic hurricane to have ever made landfall in the United States, with wind speed above 250 km/h. Initially targeting the Florida panhandle and moving up the coast and inland US, the hurricane destroyed property and life for six intense days. Damage estimated to be in excess of US$8 billion was incurred, over US$5 billion of which was to the US agriculture and timber industries.

We were extremely fortunate then, that Michael did not damage any of ArborGen's current year nursery crop, although the resultant flooding will have an impact on this year's seedling sales, as some forest lands will be unavailable for planting and our customers will not require their full previously planned stocks for the current season. Whilst not damaging the existing crop, one of our nine orchard facilities in the US did sustain some damage, and we lost some of our OP-Elite and MCP-producing orchard trees at this site. We are currently assessing the operational impact of that loss, and we will update shareholders in due course, if required.

Capturing core growth opportunities - expanding ArborGen-US under a 'capital-light' methodology

Following on from the Taylor nursery announcement we made earlier this calendar year, this month (post balance date) we announced that ArborGen had entered into an agreement with TexMark Timber Treasury LP ("TTT"), which is a joint venture between the CatchMark Timber Trust and a consortium of large institutional investors, that recently completed the acquisition of Campbell Global's US$1.4 billion of timberlands located in Texas, US. The agreement delivers ArborGen a five-year lease of TTT's nursery and seed-orchard operations in Texas, with a put / call right at the end of the five years allowing ArborGen to acquire these operations (and / or TTT to sell them to ArborGen) for US$2.5 million, payable at that time. ArborGen's current intention is that it will exercise the call option at the end of the lease period. The lease agreement (and subsequent call option exercise) will allow ArborGen to increase its annual nursery production capacity and sales by approximately 30 million seedlings per annum (effective from the next production season beginning 1 April 2019, when the lease agreement takes effect), and also to expand its productive seed-orchard capacity (including advanced genetics seed) in the important Texas region. ArborGen has also entered into an exclusive multi-year agreement to supply TTT all of its Texas seedling requirements for an initial term of five years, with term-renewal periods thereafter.

Managing to our existing resources - operationalising the Budget and Plan

As we noted in our last Report to you, we have adopted a 10-year Plan for ArborGen, against which milestones have been set and management performance will be measured. This document will be regularly updated, and, in addition, at the start of every year we will be approving a detailed Budget, which will operationalise each year of the Plan. In this way, we will be 'marking' ArborGen's annual performance in terms of one-year financial outcomes and strategic progress.

Ultimately, our financial performance will be measured by earnings and cash out-turns (refer cash commentary below), and by the relative strength of our balance sheet funding position - and hence our ability to continue to grow ArborGen from internal cash generation and available existing funding resources. The Taylor nursery expansion (announced in February) and TTT agreement represent core steps in our 10-year Plan. Each is an excellent example of implementing a strong growth move for the Company, which is immediately earnings positive, in a manner that puts limited demands on our current balance sheet. It is also important to note that these opportunities are not solely about growth – risk mitigation also played a large part of the strategic rationale, as they each brought geographic spread, and in the case of TTT also valuable Texas-based 'MCP-capable' seed-orchard operations.

Another immediate strategic objective in the 10-year Plan was to organise ourselves to be in a position to support the NZ Government's 10-year one billion tree planting programme. Accordingly, we were very pleased to announce ArborGen-NZ had signed a 12 million seedling supply contract in NZ with Crown Forestry, for the supply of this volume in the next fiscal year.

Closing-out the ArborGen acquisition

The final US$10 million deferred acquisition payment was made to the ArborGen selling partners (i.e. International Paper and WestRock) in June of this year. This payment represented the completion of the deferred acquisition funding. Upon that payment being made, the exited partners released to us the ArborGen share certificates they had retained as collateral for the outstanding acquisition payment deferrals.

Strengthening the funding position - re-negotiating ArborGen's bank credit facilities

The Synovus US$15 million revolving credit line, which was due to expire in August, was renewed in the period, extended for a further two years (previously one-year annual extensions), and increased in size to US$17 million. In addition, the required cash collateral in the US was reduced to US$4 million, with a final programmed reduction of US$2 million per year (in August of each year) for the next two years. ArborGen's existing ~US$12 million asset loan has an 18-year term remaining, and earlier this month we took the opportunity to repay ArborGen's NZ-domestic US$2.5 million Westpac facility from Rubicon's surplus cash, thereby optimising the Group-funding position.

In total, the Group now has bank funding lines of ~US$29 million, and drawn bank debt (net of cash balances) of only ~US$12 million[3] (as at 30 September). From a balance sheet leverage perspective, and taking a conservative view by using our current market capitalisation as the equity number, the Rubicon Group's net debt ratio (inclusive of capitalised finance leases) was ~22%[3] as at period end. So, overall, we feel Rubicon is in good funding shape right now.

Positioning for the 'next stage'- Governance changes

We made changes to the Board composition during the period, amongst them being the departure of my predecessor, Steve Kasnet, who was the Chair of Rubicon for over a decade. I need to acknowledge Steve's efforts, as he made an extensive contribution to Rubicon during his Board tenure. He chaired the Company during the GFC, the restructuring and sale of Tenon, the acquisition of 100% of ArborGen, and the sale of Rubicon's interest in the Tenon Clearwood Partnership. He invested considerable time, guidance, and emotional energy to support the Company in the best interest of all shareholders, and for that we are very grateful. We wish him well for the future.

Three new directors were added to the Company during the period, in order to ensure the appropriate skill-base exists at the Board level to take Rubicon to the next stage. Ozey Horton, Tom Avery, and Paul Smart were added to the Board over the past quarter. They bring important skills – forestry, investment banking, restructuring, planning, and the execution of growth strategies (to name but a few), each of which will be necessary to ensure the Company's success moving forward. We are lucky to have been able to attract candidates of this capability to the Board.

In order to ensure incentives are aligned, we put in place a Directors' Share Plan for these three new directors. The purpose of the Plan is to ensure our Directors act as equity-holders in the Company, with the best interest of all shareholders underlying their actions. The terms and conditions of this Plan were circulated to all shareholders and approved at the Company's ASM in September, with a 97% majority vote in favour.

As part of our broader governance review, the Board also took the opportunity to undertake a competitive tender process in relation to the supply of audit services to the Company, which resulted in Deloitte being selected to provide our required audit services in the future. The Board wishes to take this opportunity to thank our prior auditor, KPMG, for their commitment and service which had been provided to the Company since Rubicon's inception.

Intensifying the value focus – 'One-Company' approach, implementing cash-improvement initiatives

Shareholders will know that we have now adopted a One-Company approach to managing Rubicon-ArborGen. There are several aspects to this, but key to the model is streamlining and optimising the structure of the combined company, and maximising the cash outcome. Moving forward, our financial measures will comprise both earnings and cash. I have already commented above on EBITDA, and as to the latter (i.e. cash), in the immediate period ArborGen's annual management incentive metric will be cash-generation based.

Overall, we are comfortable that we will meet our first year's goal of improving the cash outcome by ~US$2 million (pre restructuring costs), with larger improvement targets to follow in subsequent periods. While the future programme of cash-improvement initiatives will require some up-front costs to be incurred, many of the initiatives will not do so (e.g. the minimisation of interest cost through the effective utilisation of Rubicon's cash balances, and the optimisation of working capital), and accordingly we are confident that we will achieve a cost pay-off of ~12 months from the broader programme moving forward.

As usual, I would like to thank all our stakeholders for their continued support – it is very much appreciated. I look forward to reporting to you next, at the successful conclusion of our fiscal year.

Sincerely,

Dave Knott
Chairman (on behalf of the Board)

29 November 2018

Notes:

(1) EBITDA (i.e. Earnings before Interest, Taxation, Depreciation and Amortisations) is a non-GAAP earnings figure that equity analysts tend to focus on for comparable company performance, because that number removes distortions caused by differences in asset ages, depreciation policies, and debt:equity structures. For the avoidance of doubt, we have defined EBITDA (above) because the measure does not have a standardised meaning prescribed by IFRS, and may not be comparable to similar financial information presented by other entities.

(2) This is pre transaction-related costs, impairments, and any one-off restructuring-type costs. In the current fiscal period, these total US$1.5 million, and include redundancies incurred at ArborGen and Rubicon as a result of the One-Company programme. The EBITDA result on a similar basis for the 12 months ending 31 March 2018 was $4.3 million.

(3) Net interest bearing debt (net of cash) is US$24 million, calculated as term debt (US$22 million) + current debt (US$3 million) + finance lease obligations (US$12 million) less cash and liquid deposits (US$13 million). Market equity is US$82 million, calculated as 487.9 million shares x 26 cents (the Rubicon share price at period end) x 0.6618 cents (the FX cross rate at balance date). The net debt ratio is therefore calculated as 24 / (24+84) = 22%.

(4) Defined as cash flow after interest and maintenance capex, which is available to meet debt principal repayment and / or targeted expansionary growth capex proposals.

(5) These statements are 'forward-looking statements', which are predictive in nature and which are necessarily subject to a number of risks and uncertainties relating to Rubicon and ArborGen, many of which are beyond our control (please refer inside front cover of this Interim Review document for a discussion of some of those uncertainties and risks). As a result, actual outcomes, results and conditions may differ materially from those expressed or implied.

Consolidated Income Statement

For the six months ended 30 September 2018

		RUBICON GROUP		
	Notes	**6 months Sep 2018 US$m**	**6 months Mar 2018 US$m**	**Re-presented[1] 15 months Sep 2017 US$m**
Revenue		10	35	6
Cost of sales		(8)	(20)	(5)
Gross profit		**2**	**15**	**1**
Change in fair value of biological assets		7	(3)	4
Earnings by associate		–	–	1
Administration expense		(9)	(10)	(8)
Operating earnings excluding items below		**–**	**2**	**(2)**
Restructuring and impairment	4	(2)	(1)	–
Net fair value gain		–	–	2
Operating earnings before financing expense		**(2)**	**1**	**–**
Financing expense		(1)	(1)	(2)
Earnings before taxation		**(3)**	**–**	**(2)**
Tax benefit		1	2	–
Net earnings after taxation from continuing operations		**(2)**	**2**	**(2)**
Net earnings after taxation from discontinued operations		–	–	(4)
Net Earnings		**(2)**	**2**	**(6)**
Attributable to:				
Rubicon shareholders		(2)	2	(6)
Minority shareholders		–	–	–
Net Earnings		**(2)**	**2**	**(6)**

Basic/diluted earnings per share information (cents per share)	(0.4)	0.4	(1.4)
Continuing operations	(0.4)	0.4	(0.5)
Discontinued operations	–	–	(0.9)
Weighted average number of shares outstanding (millions of shares)	488	488	425

[1] The 15 months ended 30 September 2017 has been re-presented to show net profit after taxation from discontinued operations separately. Further information is included in note 1.

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

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	RUBICON GROUP		
	6 months Sep 2018 US$m	**6 months Mar 2018 US$m**	**15 months Sep 2017 US$m**
Net Earnings	**(2)**	**2**	**(6)**
Items that may be reclassified to the Consolidated Income Statement:			
Movement in currency translation reserve	(1)	–	3
Other comprehensive income (net of tax)	**(1)**	**–**	**3**
Total comprehensive income / (expense)	**(3)**	**2**	**(3)**
Total comprehensive income attributable to:			
Rubicon shareholders	(3)	2	(3)
Minority shareholders	–	–	–
Total comprehensive income	**(3)**	**2**	**(3)**

RUBICON LIMITED AND SUBSIDIARIES

Statement of Changes in Equity

For the six months ended 30 September 2018

		RUBICON GROUP		
	Notes	**6 months Sep 2018 US$m**	**6 months Mar 2018 US$m**	**15 months Sep 2017 US$m**
Total comprehensive income		**(3)**	**2**	**(3)**
Movement in Rubicon shareholders' equity:				
Issue of shares	7	–	–	13
Movement in minority shareholders' equity:				
Capital investment by TCLP minority		–	–	17
Disposal of TCLP minority		–	(7)	–
Deconsolidation of Tenon minority		–	(2)	–
Capital return from Tenon		–	–	(46)
Distribution paid by TCLP		–	(1)	–
Dividend paid by Tenon		–	–	(1)
Total movement in shareholder equity		**(3)**	**(8)**	**(20)**
Total movement in shareholder equity attributable to:				
Rubicon shareholders' equity		(3)	2	10
Minority shareholders' equity		–	(10)	(30)
Opening equity attributable to:				
Rubicon shareholders		152	150	140
Minority shareholders		–	10	40
Opening total Group equity		152	160	180
Closing equity attributable to:				
Rubicon shareholders		149	152	150
Minority shareholders		–	–	10
Closing Total Group Equity		**149**	**152**	**160**

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

Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

RUBICON GROUP

	6 months Sep 2018 US$m	**Re-presented(1) 6 months Mar 2018 US$m**	**Re-presented(1) 15 months Sep 2017 US$m**
Cash was provided from operating activities			
Receipts from customers	21	28	10
Cash provided from operating activities	21	28	10
Payments to suppliers, employees and other	(24)	(24)	(18)
Cash (used in) operating activities	(24)	(24)	(18)
Net cash from (used in) operating activities	**(3)**	**4**	**(8)**
Sale of assests	1	–	–
Investment in fixed assets	(1)	–	(1)
Deferred settlement and Investment in subsidiaries	(10)	(5)	(14)
Investment in intellectual property	(2)	(3)	(1)
Cash in subsidiaries acquired	–	–	2
Net cash from (used in) investing activities	**(12)**	**(8)**	**(14)**
Debt drawdowns	5	5	1
Debt repayment	(7)	(7)	(24)
Interest paid	(1)	(2)	(2)
Issue of shares	–	–	13
Net cash from (used in) financing activities	**(3)**	**(4)**	**(12)**
Net cash from discontinued operations	2	6	63
Net movement in cash	**(16)**	**(2)**	**29**
Opening cash, liquid deposits and overdrafts	29	31	2
Closing Cash and Liquid Deposits	**13**	**29**	**31**
Net Earnings	(2)	2	(6)
Adjustment for:			
Financing expense	1	1	3
Depreciation and amortisations	4	4	2
Taxation	–	(2)	–
Earnings from associate	–	–	(1)
Change in fair value of biological assets	(7)	3	(4)
Other non cash items	–	1	1
Cash flow from operations before net working capital movement	(4)	9	(5)
Trade and other receivables	4	(4)	2
Inventory	(6)	1	(2)
Trade and other payables	3	(2)	(3)
Net working capital movement	1	(5)	(3)
Net cash from operating activities	**(3)**	**4**	**(8)**

(1) Both the 6 months ended 31 March 2018 and 15 months ended 30 September 2017 have been re-presented to show cash flows from discontinued operations separately. Further information is included in note 1.

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

Consolidated Balance Sheet

As at 30 September 2018

		RUBICON GROUP	
	Notes	**Sep 2018 US$m**	**Mar 2018 US$m**
Current assets			
Cash and liquid deposits		13	29
Trade and other receivables		3	10
Inventory		38	25
Total current assets		**54**	**64**
Non current assets			
Fixed assets		43	44
Intellectual property		106	107
Total non current assets		**149**	**151**
Total assets		**203**	**215**
Current liabilities			
Trade, other payables and provisions		(14)	(10)
Current lease obligation		(1)	(1)
Current debt	5	(3)	(15)
Deferred settlement		–	(10)
Total current liabilities		**(18)**	**(36)**
Term liabilities			
Term debt	5	(22)	(11)
Finance lease obligation		(11)	(12)
Deferred taxation liability		(3)	(4)
Total term liabilities		**(36)**	**(27)**
Total liabilities		**(54)**	**(63)**
Net Assets		**149**	**152**
Equity			
Share capital	7	201	201
Reserves	8	(52)	(49)
Total Group Equity		**149**	**152**

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

Notes to the Consolidated Financial Statements

For the six months ended 30 September 2018

1 BASIS OF PRESENTATION

The financial statements presented are those of Rubicon Limited and Subsidiaries (the Group) for the six months from 1 April 2018 to 30 September 2018.

The financial statements have been prepared in accordance with New Zealand International Accounting Standard 34, and do not include all of the information required to be disclosed for full annual financial statements.

These financial statements should be read in conjunction with the audited financial statements for the periods ended 31 March 2018 and 30 September 2017, which have been prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Rubicon Limited is registered in New Zealand under the Companies Act 1993, is listed on the New Zealand Stock Exchange, and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The presentation currency used in the preparation of these financial statements is the United States dollar (US$), rounded to the nearest million. Consequently all financial numbers are in US$ unless otherwise stated.

The carrying value of financial assets and liabilities approximate their fair values.

Comparative periods

Rubicon now has one investment ArborGen Inc (ArborGen) (95% economic interest (with 5% warrants outstanding relating to ArborGen's acquisition of Cellfor), and 100% voting interest and ownership of common stock). In the last two years Rubicon has twice changed its balance date, enabling it to now align its reporting period with that of ArborGen. As a consequence Rubicon's last two reporting periods have both been annual reports, being for the 6 months to 31 March 2018 and 15 months to 30 September 2017. Rubicon's last interim reporting period was for the 6 months ended 31 December 2016 and reflected a very different reporting Group from today's. Consequently the two comparative periods shown are the audited 6 months to 31 March 2018 and 15 months to 30 September 2017. The 15 month period to 30 September 2017 reflects 3 months of trading from ArborGen, as ArborGen was only consolidated as a subsidiary from 28 June 2017. Both periods have been restated to reflect the separation between continuing and discontinued operations, in the consolidated income statement and consolidated statement of cash flows.

Accounting Policies

There have been no changes in accounting policies during the period. The accounting policies applied are consistent with those applied in the annual financial statements for the period ended 31 March 2018.

Two new accounting standards, IFRS 9 Financial Instruments and IFRS 15 Revenue, came into effect on 1 April 2018 and have been applied by the Group since then. No reporting changes have been identified under the adoption of IFRS 9. IFRS 15 provides new requirements and additional guidance that are relevant to the Group, in relation to the sale of goods and recognition of revenue. Revenue is derived from the sale of seedlings and is recognised when control is transferred to the customer and our performance obligations are satisfied, which can be either at the time of shipment to or receipt of the seedlings by the customer. Accordingly NZ IFRS 15 does not change the timing or amount of revenue recognised.

2 APPROVAL OF ACCOUNTS

These financial statements have been prepared on a consolidated Group basis and were approved for issue by the Board of Directors on 29 November 2018.

3 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 (refer March 2018 statutory report, note 4, for greater detail). Actual results could differ from those estimates.

4 RESTRUCTURING AND IMPAIRMENT

In the current period, restructuring and impairment totals $1.5 million. This includes costs relating to ArborGen and Rubicon redundancies under the One-Company programme ($1.5 million) and retention payments at ArborGen ($0.5 million), partially offset by a gain on sale of surplus property ($0.5 million). The 31 March 2018 impairment charge included the rationalisation of ArborGen's New Zealand varietal programme.

5 CURRENT DEBT AND TERM DEBT

At 30 September 2018 ArborGen had debt facilities with the following banks: Synovus Financial Corporation (Synovus) and AgSouth Farm Credit (AgSouth) in the United States, and Westpac New Zealand Limited (Westpac) in New Zealand.

ArborGen has a non-revolving promissory note issued to AgSouth for $12.6 million (in May 2016) bearing interest at 4.95%, with a maturity date of 1 May 2036, which is secured against ArborGen's US real estate properties. Annual principal repayments of $0.6 million are due 1 May each year.

ArborGen's revolving facility agreement with Synovus, was favourably amended in September 2018, increasing the letter of credit (LOC) facility from $15 million to $17 million, and the term to 31 August 2020. In addition, the requirement for ArborGen to maintain a certificate of deposit was reduced from $6 million to $4 million, with a further reduction to $2 million to occur in 12 months providing ArborGen achieves $5 million of EBITDA (US-GAAP) for the fiscal year to 31 March 2019. The LOC bears interest at the 30 day LIBOR base rate plus 2.75%, subject to a minimum annual rate of 4.75%, and is collateralised by all the United States assets not otherwise pledged under the AgSouth agreement. The terms of the LOC limit borrowings to $6 million for a continuous 60 day period between 1 March and 31 August of each year.

The credit agreements with both Synovus and AgSouth include a covenant, which requires ArborGen to maintain a minimum net worth of $24 million, which was met at 30 September 2018.

ArborGen New Zealand Unlimited (ArborGen NZ) had an agreement with Westpac for a multi option credit facility for an amount up to NZ$3.75 million, bearing interest at 4.9% with a maturity date of 1 November 2018. Post balance date, on 1 November 2018, this facility was repaid in full, through the utilisation of Rubicon Limited's surplus cash funds, under the Group's One-Company cash optimisation programme.

At 30 September 2018 the Group held cash and liquid deposits of $13 million (Rubicon $6 million, restricted cash $4 million on deposit with Synovus and ArborGen $3 million), ArborGen had bank debt of $25 million and lease liability of $12 million.

All term debt facilities are denominated in US dollars.

6 SEGMENTAL INFORMATION SUMMARY

Since the acquisition of 100% of ArborGen (in June 2017) and the disposition of Rubicon's interest in Tenon Clearwood (January 2018), Rubicon has only one reportable segment, being 'plant genetics'. Each of the primary statements reflects the full segmental operations, with discontinued operations disclosed separately in both the income statement and statement of cash flows.

7 CAPITAL

	RUBICON GROUP	
Share capital	**Sep 2018 US$m**	**Mar 2018 US$m**
Share capital at the beginning of the period	201	201
Issue of shares	–	–
Share capital	**201**	**201**

Number of shares	**Sep 2018**	**Mar 2018**
Opening shares on issue	487,908,343	487,908,343
Issue of shares (1) (2)	1,666,050	–
Closing shares on issue	**489,574,393**	**487,908,343**

Treasury stock	**Sep 2018**	**Mar 2018**
Opening shares on issue	–	–
Issue of shares (1) (2)	1,666,050	–
Closing treasury stock shares on issue	**1,666,050**	**–**

(1) In accordance with the shareholders resolution passed at Rubicon's Annual Shareholders' meeting held on 17 September 2018, on 18 September 2018 Rubicon issued 1,666,050 new shares to the Rubicon Non-Executive Directors Share Plan (the Trust). The Trust will hold the shares on behalf of the three newly appointed Directors (Tom Avery, Ozey Horton, and Paul Smart, equally) until the vesting terms are met. The shares will vest, to each Director, in three equal tranches on the first, second and third anniversaries following the date of issue (18 September 2018), provided that the Director remains a Director of the Company on the relevant anniversary date. For the period ended 30 September 2018 the value of the share based payment associated with this share plan is not material.

(2) The new shares were issued at the NZX 20-day market VWAP for Rubicon shares of NZ27.01 cents per share, for a total value of NZ$450,000. These shares are accounted for as treasury stock until vesting.

8 RESERVES

	RUBICON GROUP	
Retained earnings	**Sep 2018 US$m**	**Mar 2018 US$m**
Opening balance	(49)	(51)
Net earnings	(2)	2
Closing balance	**(51)**	**(49)**

Currency translation reserve		
Opening balance	–	–
Translation of independent foreign operations	(1)	–
Closing balance	**(1)**	**–**

Total reserves	**(52)**	**(49)**

9 RELATED PARTY TRANSACTIONS

Rubicon is the General Partner for its former subsidiary Tenon Clearwood LP (TCLP), for which it receives a management fee. Rubicon has advised TCLP that with effect from 31 March 2019 Rubicon will withdraw from its role as general partner. Some of Rubicon's Board, management and their associates have shareholdings in the TCLP.

10 CONTINGENT LIABILITIES

On 14 August 2018 the Company announced it had received notice from the CEO and Director (Luke Moriarty), and CFO and Company Secretary (Mark Taylor), of their intention to finish their roles with the Company and leave later in the 2018/19 fiscal year. Messrs Moriarty and Taylor are claiming certain severance payments, which they have not quantified at this point, pursuant to their employment agreements. The Chairman, on behalf of the Independent Directors and the Company, is assessing the merits of the claim, including taking independent legal advice in relation to this matter. Further disclosure has been assessed as being potentially prejudicial in the event this matter moves to a legal dispute.

11 MATERIAL POST BALANCE DATE EVENTS

Hurricane Michael
Post balance date (in October 2018), Hurricane Michael struck the US. While it did not damage any of ArborGen's current year nursery crop, one of ArborGen's nine US orchard facilities did sustain some damage, and some advanced seed-producing orchard trees were lost at that site. The impact of that loss is currently being assessed, and shareholders will be updated in due course, if required.

TTT
On 1 November 2018 ArborGen announced that it had entered into agreements with TexMark Timber Treasury, L.P. ("TTT"), a joint venture between CatchMark Timber Trust, Inc. and a consortium of large institutional investors. TTT acquired Campbell Global's former $1.4 billion of timberlands located in Texas, US.

The primary agreement is for ArborGen to lease the TTT nursery and seed orchard properties located in Texas. This agreement includes a call option that gives ArborGen the right to acquire the leased properties, and a corresponding put option that gives TTT the right to sell the leased properties, for $2.5 million payable upon the expiration of the 5-year lease period. ArborGen's current intention is that it will exercise the call option at the end of the lease period. The lease agreement (and subsequent call option exercise) will allow ArborGen to increase its annual nursery production capacity and sales by approximately 30 million seedlings per annum (effective from the next production season beginning 1 April 2019 when the lease agreement takes effect), and also expand its productive seed-orchard capacity (including advanced genetics seed) in the Texas region. ArborGen has also entered into an exclusive multi-year agreement to supply TTT all of its Texas seedling requirements for an initial term of 5 years, with term-renewal periods thereafter.

Investor Information

INVESTOR ENQUIRIES/REGISTERED OFFICE

Level 10, Zurich House, 21 Queen Street,
Auckland 1010
PO Box 68 249, Wellesley St,
Auckland 1143, New Zealand
Telephone: 64 9 356 9800
Email: information@rubicon-nz.com
Website: www.rubicon-nz.com

STOCK EXCHANGE LISTING

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

SHAREHOLDER ENQUIRIES

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

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92 119,
Auckland 1142, New Zealand
Telephone: 64 9 488 8777
Facsimile: 64 9 488 8787
Email: enquiry@computershare.co.nz

ELECTRONIC COMMUNICATIONS

You can elect to receive your shareholder communications electronically.

To register, visit www.investorcentre.com/nz. To initially access this website, you will need your CSN or Holder Number and FIN. You will be guided through a series of steps to register your account, including setting up a new user ID and password for on-going use of the website. Once logged in, click on "My Profile". In the Communication preferences panel, click "update".

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

RUBICON

www.rubicon-nz.com