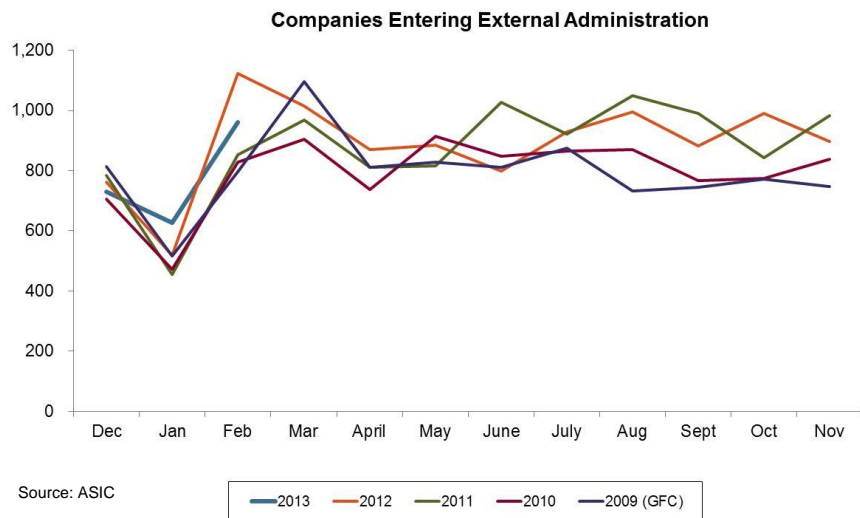


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The Figures

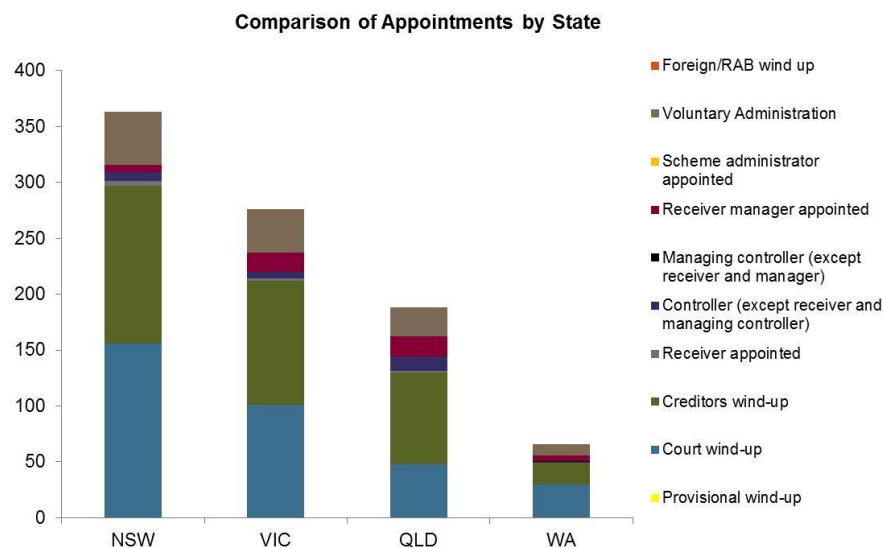
What these latest figures suggest

- Following a traditional lull in insolvencies over January, February saw 960 external administrations - the second highest monthly figure on record for the month of February.
- While these early external administration rates do not augur well for the year ahead, the monthly figure is down 14.5% on the same time last year (the highest February on record).
- Corporate failures increased in all states except for South Australia, with New South Wales increasing the most (up 92.1% to 363), followed by Victoria (up 61.4% to 276), Queensland (up 23.7% to 188) and Western Australia (up 13.8% to 66).
- Nationally, court wind ups jumped 96.8% in February, impacting the sharp increase in insolvencies in New South Wales and Victoria.
- Court wind ups in New South Wales increased from 38 to 156 and Victoria more than doubled from 57 to 101.

Economic Influences

What's happening in the broader market with particular attention to macro influences on insolvency?

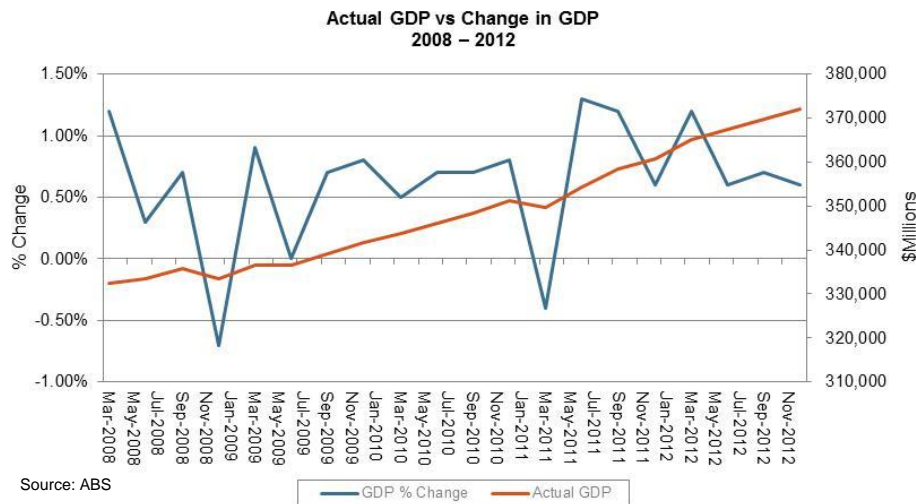
- February's economic data was positive overall, indicating business conditions are starting to show signs of improvement.
- The Westpac Melbourne Institute Index of Consumer Sentiment rose 7.7% in February from 100.6 in January to 108.3. This was the biggest monthly gain since September 2011 and is an indication that lower interest rates may be gaining some traction with consumers.
- The Reserve Bank of Australia's ("RBA") Index of Commodity Prices rose 2.3% in February due in part to the increase in the price of iron ore.
- The ANZ Job Advertisements Series showed signs of stabilisation, up 3.0% in February and reaching its highest level since October 2012.
- Following four months of growth, the HIA New Home Sales report fell 5.3% in February - a sign that the recovery in the housing industry is still fragile.



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About FTI Consulting, Inc.

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

Special Focus

- The quarterly Australian Bureau of Statistics' Gross Domestic Product ("GDP") data is one of the primary indicators used to gauge the health of the country's economy.
- An analysis of GDP growth for the last five years shows GDP dropped to the lowest level in December 2008 (-0.7%). This matches the difficult trading conditions and challenges faced by many Australian industries at the time, due to the impact of the global financial crisis and the banking liquidity crisis following the collapse of Lehman Brothers in September 2008.
- The recent GDP figures show the Australian economy grew 0.6% in the December quarter, while annual growth is 3.1% seasonally adjusted - 0.4 below the RBA's forecast of 3.5%, although in line with trend growth of 3.0% to 3.5%. The industries that largely contributed to the annual growth were mining and financial services.
- Although GDP continued to grow post the global financial crisis, the rate of growth has slowed since June 2011, likely a result of the impact of the high Australian dollar and the slow down in mining investment.
- We predict the growth in the economy will continue to grow within trend throughout the year due to modest inflation levels, low unemployment and a rebound in consumer confidence, leading to moderate insolvency figures in 2013.

Outlook

What we predict for the future and what inferences we can draw

- The cash rate cuts in late 2012 by the RBA, along with a rebound in asset values, have helped to restore consumer confidence, although the Australian economy generally remains flat, with many industries being impacted by the continuing high Australian dollar.
- While consumer confidence and key economic indicators appear to be on the rise, we believe the recovery is patchy. With uncertainty continuing internationally, particularly in Europe, the economy remains exposed to unforeseen macroeconomic shocks.