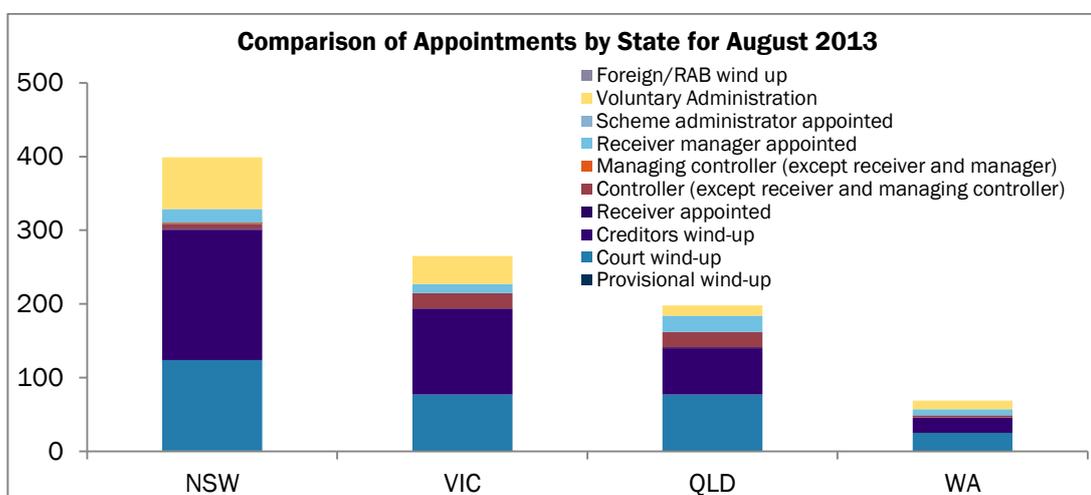
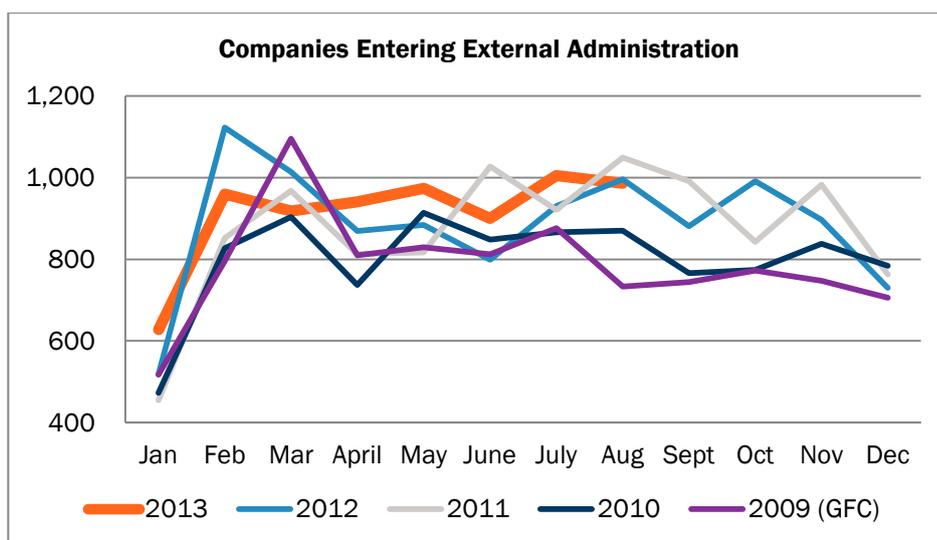


The Figures

What the latest figures suggest

- The ASIC figures revealed 1,005 companies entered external administration in Australia during July and 986 in August, the first time 900 or more companies entered external administration over seven consecutive months.
- So far in 2013, 7,312 companies have entered external administration, a record for the first eight months of a year since statistics commenced in 1999.
- The result for July was the highest on record for the month of July since statistics began. Meanwhile, the result for August was the lowest for the month of August since 2010.
- A breakdown by type shows the number of court wind-ups jumped 72% in July to 372, its highest level in 17 months. Meanwhile, creditor wind-ups fell. In August, the breakdown by type reverted to normal levels.
- Over the period, insolvencies grew the most in Queensland, with small rises in most of the other states.



About FTI Consulting

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 centers 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.

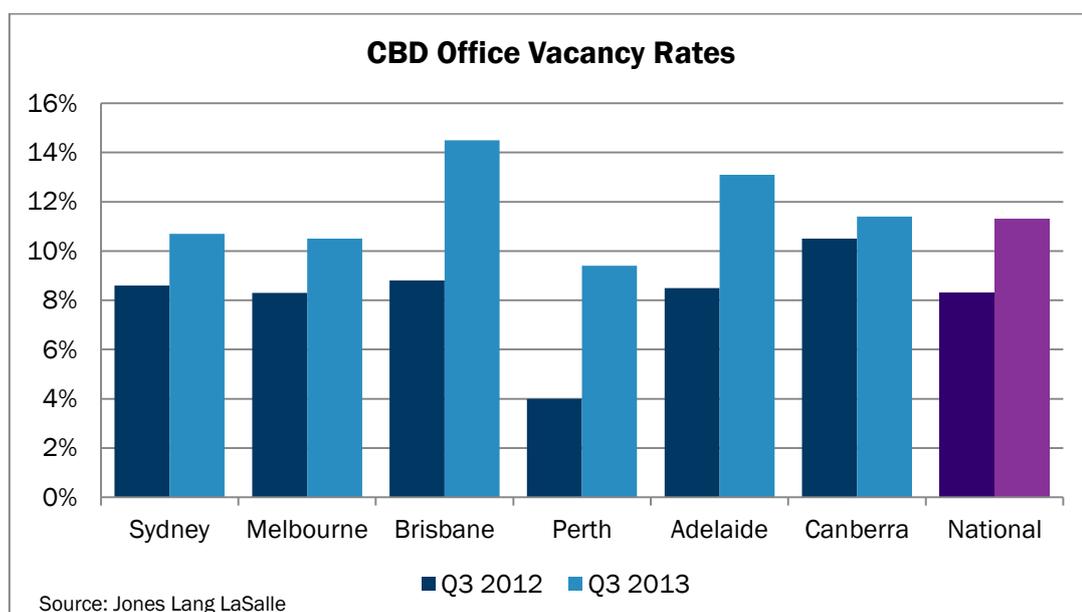
Economic Influences

The broader market and its potential impacts on insolvency levels:

- Economic indicators for July and August demonstrated mostly challenging conditions prevailed, with a continuing lack of confidence and businesses remaining in a holding pattern due to the federal election.
- In July, the AIG Performance of Manufacturing Index fell 7.6 points, although there was a small improvement in August. Meanwhile, AIG's Performance of Services Index fell in July and August to be at 39 points, the lowest level since the Global Financial Crisis (GFC).
- Unemployment also continued to trend upwards. It was steady in July but added 0.1% in August to 5.8%, just 0.1% off the peak seen during the GFC.
- However, there were some positive signs, with the Westpac Melbourne Institute of Consumer Sentiment remaining in positive territory (above 100 points), up to 105.7 points in August. Private sector housing approvals increased also, up 1.1% in July and 0.6 per cent in August, according to ABS statistics.
- During the period we saw businesses under the most pressure as being in the building and construction, manufacturing, agriculture, retail, mining and mining services sectors.

Special Focus: CBD Office Vacancy Rates

- Over the past year, there has been an increase in office vacancy rates at every measured capital city, with the national vacancy rate at its highest level since the first quarter of 1999, according to data by Jones Lang LaSalle.
- The increase in vacancy rates reflects the economic challenges businesses have faced, where low confidence has had an impact on job growth and new investment.
- The biggest increases over the year have been in the Perth and Brisbane CBD office markets, reflecting the slowdown in the resources sector and mining-related businesses. The 2013 September quarter figures showed vacancy rates in Brisbane were at 14.5%, just below the record low of 14.8% reached in 1993.
- There is some evidence that market conditions have stabilised in the most recent quarter, however ongoing improvement in business confidence and investment intentions will determine whether a recovery occurs.
 - Net absorption of 12,500 sqm across CBD offices nationally in Q3 2013, namely in Melbourne and Canberra.
 - Sub-lease availability remained unchanged in the quarter.



Outlook

The broader market and its potential impacts on insolvency levels:

- There is initial evidence that business conditions are improving with confidence levels rising, although the impact on insolvency levels for the final months of 2013 is too early to tell.
- In September, the NAB Monthly Business Survey found sentiment had jumped to its highest level in 3.5 years, reaching 12 points in September, however business conditions remained low at -4 points.
- Further, the Westpac Melbourne Institute Leading Index was 3.2% in August, marginally above its long-term trend of 2.9%, indicating slightly above-trend growth three to nine months into the future.
- Meanwhile, consumer sentiment fell in October but remained above the 100-point level that separates optimists from pessimists, with the Westpac Melbourne Institute Index of Consumer Sentiment at 108.3 points.
- The AIG Performance of Manufacturing Index climbed into positive territory for the first time since June 2011, at 51.7 points. The Performance of Services Index and Performance of Construction Index both rose, although remained below the 50-point level separating expansion from contraction.
- CommSec's State of the States report released in October has provided further evidence that new housing construction is improving.

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