

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL AND EQUITY DIVISION
COMMERCIAL COURT

LIST E

SCI 2009 10699

BETWEEN:

**BOSI SECURITY SERVICES LIMITED (ACN 009 413 852) as trustee for
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(ACN 005 357 522) and BOS INTERNATIONAL (AUSTRALIA) LIMITED
(ACN 066 601 250) and WESTPAC BANKING CORPORATION
(ACN 007 457 141)**

Plaintiff

and

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(ACN 005 357 522) & ORS (according to the attached Schedule)**

Defendants

CERTIFICATE IDENTIFYING EXHIBIT

Date of document: 3 March 2010
Filed on behalf of: the Second, Third and Fourth Defendants


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This is the exhibit marked '**MAK-55**' now produced and shown to MARK ANTHONY
KORDA at the time of swearing this affidavit on 3 March 2010.

Before me:


LUCY HANNAH KIRWAN
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An Australian Legal Practitioner within the
meaning of the Legal Practitioners Act 2004

Exhibit 'MAK-55'

Copy of transcript of Meetings

KORDA MENTHA

**TRANSCRIPT OF TIMBERCORP ALMOND SCHEMES
GROWERS' CONSULTATION MEETINGS**

FRIDAY, 31 JULY 2009

MR WALSH: Good morning, ladies and gentlemen. My name is Matt Walsh, and I've been appointed to be the chairman of this meeting – or meetings, I should say. The meetings have been called, and directed to be called, pursuant to an order made by His Honour, Mr Justice Robson on 20 July. There are, in fact, seven meetings. Those meetings are being run concurrently so there are people here who will be in one scheme and not in another scheme, or in several schemes. The way in which that we'll deal with that is that we'll take the whole – the concurrent meeting will be dealt with as though it's one meeting but, when it comes to voting, I'll talk to you further about that as to how we're going to deal with those matters.

The order of business will be that we'll hear from Mr Mark Korda, who's the first person sitting on the table, head table, there, who, with his partner, Leanne Chessier, is the liquidator of the Timbercorp Group. Follow that by Mr Chris Garnaut, who's there speaking on behalf of the Timbercorp Growers' Group. You'll then hear from Mr Stephen Lynch, who is a person engaged in the business, an expert in the area of almonds, and, finally, you'll hear a proposal by Align which will be presented by a Mr Sam – I'm sorry, his name's – I've forgotten – Baillieu, I'm sorry. Thank you very much. Then there'll be an opportunity for questions and, after that, we'll then have the poll; and it won't be a vote by putting one's hand up. It will, in fact, be a vote by poll which means that you'll have to fill in your voting paper and that'll be collected at the end of the – by the time when it's to be collected, and then that will be counted. And the counting will not take place here today because we've run out of time; we don't have the facilities. They'll be taken away to a safe place and then that will be announced – the results will be announced publicly. So if I can, without further ado, ask and invite Mr Mark Korda to present a liquidator's update on the thing at the present moment. Thank you very much.

MR KORDA: Thanks, Matt. As Matt said, this is a meeting of the almond schemes, not a meeting of the responsible entity. I've chaired a few of those before. Some of you may have met me at those meetings. So I thought we'd just give an update on where we are on almonds. So the schemes today that we're having a meeting for is the 2001 through 7 almond projects. We're keeping all the presentations across the whole group but, when it gets to vote on the resolutions at the end of the meeting, you'll vote scheme by scheme, okay. Where are we up to? Leanne and I were appointed on 23 April as the administrator of Timbercorp Securities Limited and various of its companies. We're appointed to 41 companies, and they control 36 schemes. So as you appreciate, it's fairly complex.

One of the major issues we have to deal with is all the competing interests, so we are the liquidator's the responsible entity; we're the liquidators of the landowners; there are various schemes. There are competing interests between landlords, competing interests between creditors; there's even competing interests within the schemes. For example, some growers want to terminate, some growers want to keep, but I think it's fair to say I've tried to work with all the parties and conduct the orchestra, so to speak. I must admit, they're a bit out of tune at the moment. But, anyway, when we're appointed, as I've said before at the previous meetings, there was no cash to run the schemes. That's our biggest single issue in Timbercorp; there was no cash to run the schemes.

So we immediately suspended all the operations on olives and almonds – and I'll just concentrate on almonds there – we've suspended all the operations. What we've also been doing is trying to protect, where we can, in this very difficult legal environment – because these schemes are very complex. A lot of the documents were driven for tax reasons, so the grower's got tax deduction, so we've had to go in and out of court on various issues, and I'll explain the winding-up applications in a minute. We also have, on the various other schemes, we have things like leased assets. So we're in the Federal Court, next Monday, trying to protect the growers' interest from the landlords who want to take the crop and the trees. So it is complex, and when we have significant competing interests, we take the issue to court to try and resolve.

- 12 On the 2009 crop we entered into an arrangement with Select Harvest relying on contractual set-offs to get that harvested. In olives, we did that via a crop sale agreement. To protect the 2009 crop proceeds, ie, the almonds are being sold at the moment, there's about \$30-plus million to come to the growers. We've told Select Harvest that they cannot use the 2009 proceeds to invest in the 2009 crop at the moment. We still have significant issues on what we're going to do with the crops. We were able to convince the financiers of the land that it was in their best interest to protect the trees, and we obtained \$3.7 million from the financiers to pollinate the trees. For those who don't know, if you don't pollinate there is no crop for 2010 and possibly not for 2011.

- 24 About 40 per cent of the 1.6 billion bees have arrived, and the rest should be here by the end of the week. So we got there just in the nick of time. However, the next challenge for the almonds orchards is there's \$31 million that needs to be spent in the next three months, and we have no money. The other significant issue is that many of the almonds – so predominantly 2001 to 2005 – are on leased land with the Timbercorp infrastructure primary fund, or TPIF, which is a separate company for Timbercorp, and we have a waiver from paying that lease to 5 August at the moment.

- 30 If I briefly summarise the financial position of the schemes and we've broken this up into - rather than seven schemes, we look at the schemes basically 2001 to 2005, which are the more mature orchards. We need to pay to 30 September, so for the next three months, \$16.4 million. In other words, the bees have been paid for, but you need the fertiliser and water, and Select Harvest to run it; and the total crop cost is 79 million, and capital expenditure is 11 million. Now, we think in the 79 million there's probably some room to move to cut those costs. It's got Timbercorp costs in there. Maybe you can do better deals with Select Harvests, rationalise some of the management fees, but it's still a large amount of money. So if you remember –and last year, Timbercorp in October 2008 took about \$100 million from the growers to spend on the 2001 to 2005 schemes. So we're saying it's 16 plus 79, so it's about another \$100 million.

- 42 If you can cut your costs back to, say, \$80 million, it makes it more viable, but the reality is you need about \$100 million to get the 2010 crop off. We, as the liquidators of Timbercorp Securities, don't have \$100 million. The orchards on 2001 to 2005 are primarily on leased land to TPIF, and those leases are unpaid. That leased land is, in turn, being mortgaged to financiers. So we don't have any money to pay any costs at the moment, and even if we did send it out, we'd need about \$100 million from the growers to keep on going. And our biggest fear is if we sent the invoices out to the growers, if

only 70 per cent paid of the 100 million, who pays the other 30 million? We've still got arrears from last year of \$7 million from growers.

On capital expenditures, see the third \$11 million, the growers don't have to spend that; Timbercorp has to spend that, all right? Timbercorp is in breach of its obligations because it hasn't provided the capital expenditure. The younger schemes of 2006 and 2007 are, as you would expect; much younger, and they're larger, so the costs in September of \$15 million - the cost in total for the crop will be \$86 million. Last year, the growers put in \$40 million for these crops. The big issue is Timbercorp had to provide capital expenditure, which is predominantly per minute water rights of \$89 million, which it can't do. The orchard - these orchards are on Timbercorp Group owned land, and that land is mortgaged to the financiers, and Timbercorp can't pay its interest bill and can't pay the financiers back.

So, again, we don't have any money to do with that, the capital expenditure has never been and shouldn't have been a grower issue; it's a Timbercorp issue. The big issue on 2006 and 2007 is Select Harvest are not maintaining those almond orchards. They're maintaining 2001-5 because they're getting some proceeds. On 2006 and 7 there was no crop from last year, obviously, they're newer, and so Select Harvest are not maintaining it. To give you an example, there's a 2006/2007 shot in May, and this is what they look like at the moment, all right - full of weeds. Now, when we raised some money from the financiers for 2006 and 2007 to do the bees, we also raised \$300,000 to clear all the weeds because you can't pollinate properly with all those weeds, so it'll be cleaned up - but it's sort of a visual example of the difficulties that we're facing with no money.

So if I put that all together, 166 million is what it needs for the 2010 crop across all the schemes. The crop proceeds are estimated to be 97 million, so there's a \$70 million shortfall; that's to be expected on some - capital expenditure of 100 million that Timbercorp can't do; and what would normally is, ordinarily, the growers would fund the majority of the \$166 million through invoices we send out in October, and receive the crop proceeds. There's a lot of discussion about whether the crops are solvent or viable; it gets very complex. We say that cash position means the schemes are not solvent, ie, we don't have the cash or can't get all the cash from the growers to make them solvent.

However, in terms of viability - and Steve Lynch, who's an almond expert, he's going to talk about viability and we agree with his presentation - depending on the assumptions you make on price, yield and water, many of these schemes, if you put the money in, may well be viable. But if the money's not put in, ie, \$100 million or more - or 166 million for everything - then the orchards can't survive.

In terms of the cash position, what Timbercorp traditionally did was underwrote the schemes; so all the cost for July, August, September, before the growers paid in October, was paid by Timbercorp. In this case, it's \$31 million for the next few months. Timbercorp can't do that, all right. It also - Timbercorp Group owns almond lots in its own right. So, for example, in the 2002 scheme, Timbercorp owns 20 per cent of lots. It doesn't have the money to pay. Timbercorp also met all the costs of water, which it was contractually obliged to do, but it can't any longer. And the other final problem is many of the growers were funded by Timbercorp Finance, so a number of the growers, even

though they would like to continue to pay, because Timbercorp Finance can no longer advance any funds, they're unable to continue to pay. And it's a bit like a – we've seen it a bit as a co-operative. If 100 per cent of the people in a scheme pay then you've got enough cash to get through. What happens if only 75 per cent pay? Who's going to pick up the 25 per cent? Timbercorp used to, it can't any longer, and there's no mechanisms in the agreement to go and ask you, the individual grower, George, to pay everybody else's 25 per cent. So we're in a cash flow issue.

So, you know, we agree on the viabilities, on the assumptions, many of these schemes or orchards are potentially viable long-term. Clearly, Steve will talk about price. That price at the moment is below \$5, so all the schemes lose money at the moment, but if the price goes up then they don't lose money – but Steve will go through that.

One of the issues that we did as liquidators of TSL is we went to the court to seek the winding up of the schemes because we said, notwithstanding the schemes might be viable, they're insolvent and we don't have any cash. We did that in June. We went to the court – and it's controversial, and there's competing interest, so we went to the court and said, "Well, can we even do this?" The court said, "Yes, but you need to get a contradictory." So the Timbercorp Growers' Group has been putting up the opposite side of the liquidation argument.

Our view, if the schemes are wound up, what it means is we can get on to sell the assets or recapitalise the schemes – and you're going to hear from Align Capital which proposes to recapitalise a scheme, well, they need to be wound up to be able to do that. So winding up is a terrible word; what it really is - allows us to get the assets either sold or recapitalised. What we're doing at the moment, because we're in such serious trouble on the cash, we have put these assets to the market place; we've opened a data room; and we're asking people with cash to either look at how to recapitalise the scheme – and you'll hear from Align on what they're proposal is – or to buy the assets. We think the solution will be probably different for 2001-5 because the capital requirement is so much less versus 2006-7.

Now, if the assets got sold or recapitalised, what will the growers get – or if it went into liquidation - the schemes are wound up? The growers will get the 2009 crop proceeds, \$31-odd million – so you can see, you know, you put 140 million in last year, and the crops worth \$31 million this year. The growers do not have to continue to contribute any cash. Three, the actual return from winding up all the sale of assets will depend on what the sale price is and what the growers' rights are, which will probably have to be determined in the court. So, other than the 2001 scheme where the growers own the trees, for all the other schemes, the land-owning companies via the leases own the trees, the water rights, the irrigation, and the growers have a sub-lease.

What is their right, what is it worth, will probably have to be determined in a court. So that's our strategy at the moment. We are going hard to see if we can find someone that wants to put some cash in. You'll hear from the experts on whether the schemes are viable. Even if we could take 20 or 30 million out of the cost, we still don't have the cash – and then you'll hear from Align about what their proposal is to recapitalise the schemes. So what I might do is just – I know it's a brief presentation; there's not a lot

of joy in that – but what I might do is hand over then to Chris Garnaut, and Chris is the chairman of the Timbercorp Growers' Group, and he'll give you an update from the growers' point of view. Thank you.

6 MR GARNAUT: I won't be presenting any slides. I'll just give you a bit of a
background on how we've, sort of, got here and what we think is going to happen going
forward from here. I mean, basically, when I started this, or got together with a group of
advisors and put together this Timbercorp Growers' Group, what had actually happened
prior to 23 April, when Timbercorp went into administration, you know, I think it was
pretty – we were all aware, just by watching the continuous disclosures from Timbercorp,
that they were in a little bit of trouble. So my view was – and this won't get a lot of
12 airplay today, but my view was that the law that surround the management investment
schemes, with the responsible entity acting as the trustee and the manager of the schemes
are incorrect. And myself and a number of other people were at advanced discussions
with government in that time Sherry was the minister, to actually have these laws
changed. And it's unfortunate it hasn't happened because, if they had been changed, we
wouldn't actually be sitting here at this meeting today. So I do accept Korda Mentha's
18 position that they didn't create the laws. They just have to work with the laws that are
there today.

Now, what had actually happened was that, at the very week that we were having this
discussion – we'd gone from Sherry, we'd got into ASIC, we were having this discussion
with ASIC – and that was the very week that Timbercorp fell over and, as a result of that,
24 what I thought I would do would be work with the regulator for a week or two and work
along with them, and they would take over from me, and the regulator would look after
all the growers' interests as per the laws of a temporary responsible entity, etcetera.
Well, I was pretty wrong on that because I'm here; 13 weeks later, I'm still on the job,
and 13 weeks later I'm up here on this stage trying to address the very same issue.

30 I've subsequently gone and seen – as you're aware, Sherry's been, can I say, demoted
publicly, and Bowen has taken his job, and I've been to see Bowen about these laws.
Now, that doesn't solve any of your problems today. The issue is that Korda Mentha -
our view was always from the outset that these schemes were viable, so I can express my
conflict and tell you that I'm a grower in the 2002 scheme myself. I have significant
money invested. My 2002 scheme is in a positive cash flow environment this year as it
36 has been in a couple of years. So my view is that I appreciate the liquidator's view that
the schemes are short-term insolvent. I also appreciate the liquidator's view – and you
should also – that it's unlikely that the liquidator's going to produce a solution for any of
the growers, other than a wind-up. So whilst we, Mark and myself have been on
opposing sides, you know, we've established from the outset that it's unlikely that the
liquidator is going to produce a recapitalised arrangement for the growers. So our view
42 was that the schemes are viable and, therefore, with that in mind, we opposed the action.
So a group of financial advisors got together, raised hundreds of thousands of dollars and
subsequently went to the Supreme Court in Victoria to oppose the wind-up applications.

We were successful in adjourning the wind-up applications going forward, and the result
of that adjournment is this meeting today. So the court has found very much so in the
48 growers' favour that the grower's voice has to be heard, and that's why you're here today

so that your voice can actually be heard. So Steve Lynch is here today, the Align guys are here today, so what the Timbercorp Growers' Group primary mandate has been to actually fund a court case – the court case cost - I don't know what Korda Mentha's costs were. I know that our costs were circa about 350,000. We ran it on a shoestring budget so I imagine the court costs is somewhere between 700,000 and \$1 million to produce this outcome. So, given that it's cost that money to produce this outcome, I would encourage you all to use those costs and vote wisely for your own interests, whatever they may be.

The proxies to date that I've got, which is a significant amount of proxies, basically nought of 90 per cent in the for – and when I say in the "for", the for is essentially to say, "How can these schemes actually go forward?" ASIC have completed their own research and, in terms of the schemes going forward, 64 per cent of the people that participated in ASIC's sample survey suggested that they would continue to contribute to the schemes if there was a, you know, new temporary responsible entity or a recapitalised version come up. So the anecdotal evidence that's produced to me essentially shows that most people, given the right environment, will move forward. I appreciate Mark's presentation today, but the presentation is very much directed towards, as it was pre 23 April – and I'll say that again: The presentation is directed towards as it was pre 23 April.

We totally accept that the schemes have to change and, in fact, from myself as a grower's perspective, having viewed the Align deal, the Timbercorp Growers' Group does not – we're separate advisors so we can only give personal advice to our own clients. The Timbercorp Growers' Group doesn't endorse necessarily the Align proposal. We seek to find proposals that could be financially beneficial to all the growers. That's all our mandate is: one, to seek to stop the wind-up application which we've successfully done; and two is to bring forward as many financial options available to you, other than wind-up. Mark's given the position on wind-up this morning, and I think it's fair to say – and you could direct this question to Mark rather than me – but I think it's fair to say that the schemes are wound up after your proceeds are received. Given the debt to ANZ Bank and given what we think circa the valuation is, it's unlikely, if the schemes are wound up, in my view, that you would receive any money from a wind-up situation. But Mark's a far more – Mark's a 25-year plus liquidator, receiver, so he'd be far more well-versed than me to answer that question for you.

I extended an invitation to today - is anyone from the ANZ Bank here today? They've been in court with me every – anyone from the ANZ Bank here, and their lawyers? Just – no, you're not here? That's extraordinarily unusual. I was going to invite them to have a bit of a chin-wag. I'm sure they're here but not putting their hand up, but ANZ Bank, as you're aware, are the mortgagee to these almond groves. ANZ have been fairly silent. I have extended an invitation to them, Mr Chairman, to come today. I haven't heard back from them whether they wanted to come or not, but I think that, if the ANZ do want to speak, Mr Chairman, they should be – they're most welcome to because, essentially, Timbercorp no longer exists and, by default, all you guys are ANZ Bank customers.

So it's an unfortunately situation that you find yourself in today. I can assure you from our perspective that it's basically – from the Timbercorp Growers' perspective, we think that the schemes in a recapitalised environment can actually produce a better result for

you than the actual original investment that you invested into because you've essentially removed – if you look at this in the most basic of farming terms, you've actually got the farm, you've got yourself, you've got the farm manager, so you're actually – you're, you know, a Collins Street farmer in the true sense of the word. Your investment has been fully tax-deductible, and the test case has gone through the Supreme or High Court - and one of the lawyers might help me there - but the Hanth(ph) v ATO - and that case proved that Collins Street farming is legitimate and legal, so your tax deductions haven't been at risk.

But, ultimately, I think what you've now got is you've removed one of the parties - I'll refer to it as the financially-engineered party - which is the Timbercorp party. So that, in itself, it offers a significant less cost to you, the growers. So I won't actually steal any of the Align guys' thunder because they can go through what a recapitalised scheme looks like, but rest assured that there – my goal, as the chairman of the Timbercorp Grower's Group, along with my executive, is to find as many investment outcomes for you, as a group, so you don't lose your money. That's our only goal. So goal 1 was to stop the wind-up, we've been successful in that, hence the reason we're here as a collective today. Goal 2 is to bring forward to you as many proposals as we can that are investment solutions today. So you're not necessarily voting on the Align deal today; don't feel that you're voting on the Align deal today. I have many, many proxies here that will not be voting for the Align deal. The vote today is to actually go forward to determine - to open up, so that we can actually go forward with a recapitalised scheme.

So I hope that the laws eventually change, and that no investor investing in any managed investment scheme, be it agricultural or otherwise, finds themselves in this unfortunate position that Korda Mentha and the Timbercorp Growers' Group have found themselves in and, as I say, I respect the fact that Korda Mentha are only doing their job. They didn't create the laws; they inherited the laws. The Timbercorp Growers' Group, we didn't create the laws; we inherited the laws. And I just hope that, eventually, there's enough fire power around now to see that the laws are an absolute failure, and I'm sure the regulator agrees with me in that context - that they're changed so you won't find yourself in this situation again. So, Chairman, I'm handing over to Steve, am I?

MR WALSH: Thank you very much, Mr Garnaut. Can I introduce to you Mr Stephen Lynch. Mr Lynch is an expert grower – sorry, you may not be able to hear it unless I hold the microphone up. He has a Bachelor of Agricultural Science and a Master of Economics. He's an agricultural business consultant for some 30 years, and he's going to speak to you about the subject of almonds and, in particular, the future of almonds. Mr Lynch.

MR LYNCH: Thank you, Mr Chairman. The usual disclaimer which says, "Don't take any notice of anything I say," but, most importantly, I'm not giving you a recommendation today. The forward-looking commentary is not a forecast. What we've tried to do is gather the best information available to us and present that to you to help you in your judgment.

I want to look at the issue of the industry and the viability of the industry, so I'm going to look at Australia and look at the world market so that you have a view. The issue that

Mark's touched on about viability means that you have to have a view about whether this industry has a positive future or negative one; and then I will look at the outlook and the outlook specific to your projects and the prospects, and touch on the cost structures, and the issues that have been already discussed of alternate structures.

- 6 I'd like to open with one of my closing remarks, just so you have it well in your mind: It is tough now, and I will talk a bit about why it's tough – and when I say tough, I'm talking about obviously our growing environment with the drought that, unfortunately, even in this winter, is continuing. Last night's rain was very minor, and it continues to be minor, so we have a tough call out there environmentally, and it's tough in the world market at the moment, like many commodities, partly following the global financial crisis, but, as you'll see with almonds, a couple of other influences mean that our prices are low and, as Mark has already said, are currently below our cost of production.

- 18 But the assets are well positioned. The orchard productive capability is very strong – and I've been watching these orchards since their inception – and my view is that the future is more promising than not. That's probably the nearest I will get to a forecast. There is a positive outlook. I'm not predicting when or how because I can't; my crystal ball's no different to anyone else's. But what I'd like to tell you is that there are some positive signs. But it's already been touched on the business and investment structure would need to change to be able to make the most of those positive signs.

- 24 So let me talk about the industry. Firstly, to Australia, in summary, we've had a frantically growing industry. It was about 7000 acres and 7000 tonnes when I first got involved in 1998. We now have a terrific story. It's the fastest growing horticultural industry in this country. We have about \$250 million production value now, and that's going to double with a large contribution from these projects in the next five or so years, to where we're 500 million, and a quite significant exporter – so significant economic contribution to both agribusiness in this country, and to our export economy.

- 30 I work quite closely with the Almond Board of which I'm a member, and have been a member since 2002. Our CEO, who I work quite closely with on the Almond Board, has only just visited the USA, so I can say to you that some of my commentary involves our shared views with our USA colleagues who we work very closely with – we had them out here last year – so we have done our best to compile the current position.

- 36 Key comment, I think, that Mark's already touched on is separate the issue of viability going forward versus insolvency. I think there's a great meshing of those two words and understanding. Currently, as Mark points out, there is a cash insolvency and difficulty to go forward. The separate issue I want to talk about mostly is can we be viable under certain structures or cost regimes? The view of myself and others in the industry is that we are well located; we do have a good asset; we do have a good capability to be viable if we get all the other bits right, some of which, like price, of course, we can't influence particularly – but there is an opportunity for a viable investment, in principle.

- 48 The health message which - we've had a major marketing program. In fact, those of you in the older projects already harvesting may or may not know it, but you're contributing two cents a kilogram to a voluntary marketing levy we put in place at the Board about

five years ago. It's been very successful. As an aside, I encourage you to visit the Australian Almonds website. Major campaigns, both with the sporting, medical, nutrition, health and supermarket areas to push the whole health message of almonds, one of the great health stories in the world – and although it's not an essential commodity, and therefore dispensable in difficult times from the household, I'll show you that it's
6 interesting to see how quickly it's come back from the recession on people's buying agenda. So it continues, and will continue, to grow and be part of the process of feeding an increasing part of the world.

We believe that there is positive price pressure. We're in a low, at a low price, one of our historic lows, as we are with a number of other commodities - interestingly including,
12 for any of you involved, the olive industry has a similar discussion point at the moment - at historic lows, and can we bring it back and how long will it take? The key to that question is what happens to the supply versus demand? We currently, as I'll show you on a couple of slides, have a slight stockpile in the USA but, fundamentally, over many years – and this graph, for those of you who can't see the bottom line, goes back to 1998. So, basically, in summary in this graph, there is a reasonable matching as we've been
18 able to increase world supply, which is fundamentally Australia and the US. Consumption has gone with that, and our view is should continue to go with that because, as I say, US have done a great job in promoting the health message, combined with the new generation, if you like, of importing countries.

China, India and the Middle East are now becoming major importing players in this
24 industry. None of them have any significant, and probably will never have any significant, production capacity themselves. Fundamentally it will come largely from the US and from Australia. We are the only commercial nation in the Southern Hemisphere producing almonds. While it's a fruit which stores, there is some off-season advantage we have by particularly going to places like India with fresh almonds. Unfortunately,
30 this graph has translated missing a line, but if you could imagine where the red arrow is, there is a stocks line which, for some reason, has corrupted – which shows its stocks are peaking at a higher level in 2008 to the blue line, being production, and consumption.

So we do have a slight stockpile in the US at the moment, but we believe that is going to come back in balance very quickly. The US crop this year is 16 per cent lower than last year's, so it's a short-term issue that is affecting the price, combined with the global
36 crisis. So there is a reasonable expectation that we will come back into balance in the next two years, and the US themselves agree with that – and I will bring you to that in a minute.

The heading that my colleagues around the Almond Board which says, "The Right Time," is that we are coming back, and as that comes back into balance. Why can we
42 contribute in Australia? Growing regions are very important; you can't grow almonds everywhere, which is why we're fundamentally in the Riverland of South Australia, the area where your projects are, a little bit in New South Wales, and some of you will be aware there is talk of a very small area being developed in Western Australia, north of Perth – and they are fundamentally the key regions which gives them great advantage, and means we know there's not going to be a further flood of investment.

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Mechanisation is important. We do not have a huge labour position which means we can run cost effectively, means we can run at scale, and these projects are some of the biggest in the world, and certainly some of the best developed. So that positions it well for future viability. Again, I apologise, the colour's corrupted on here, but the fundamental story is that we're going to go from being 3 per cent of the world to around 9 per cent. We'll

6 exceed Spain and be the second-biggest producer in the world behind the US, who will remain at around 80 per cent of world production and, therefore, are the price setter. One of our risks is that what happens in the US - when they sneeze, we cough. So if they do have issues, that will reflect. We can import almonds here, so the supermarkets can benchmark us against the US.

12 Again, all our colour seems to have gone, but we do have a significant range of exporting countries, and I'm going to flick through, in the time, those slides which are less important, but keep re-emphasising the point we are competitive. We have benchmarked our costs against the US, including our water costs. And what we do on yields - our average yield in Australia is higher than the US. Our best performing orchards are high but they are coming up fast behind us; but our irrigation technology and our production

18 technology, particularly demonstrated in the orchards that you're investors in, is world-leading in every sense.

So to the US. The US, as I said, are major influencers. What will happen in the US? The red line indicates those trees in the US has a proportion of their 700,000 acres which are older than 1990. If you take 25 to 30 years as the economic life of an almond, there's

24 a significant percentage of the US crop getting old. Like us, they've now plateaued in planting. The economic times and what's happening here mean that our huge ramp-up of planting - and they had the same in the US - has now plateaued. So when I go back to that supply and demand graph, we know that we're not going to have massive increased in supply. We've got the supply coming on from your young orchards but, as those trees in the US get older, our supply and production will plateau, but we expect our demand to

30 keep going. That is why there is reasonable optimism about an upward price pressure coming forward over the next few years as this plays out in the US.

So, on that demand side, just to illustrate the point, the US almond shipment trends, which is really what gives us the indicator - if you take the last four years, their average annual increases have been 17 per cent, 18 per cent, 7 per cent and 9 per cent. So we

36 work on an average consumption increase in demand of five - if you like, 5 to 10 per cent, to be broad, but 5 to 7 or 8 per cent ongoing.

In terms of the recession, certainly Europe closed the door. They stopped buying almonds for some considerable months last year, and that's what's helped create the slight stockpile in the US. Recognising that every year we do want to stockpile because

42 our almond year finishes, in marketing terms, in August, the US crop doesn't come off for marketing and shipping until October, November, so there is always a stockpile that we need to carry forward 12 months of the year sales.

But the first half of the graph which, if you can't read the fine print, is August to January of this last year, shipments from the US crashed on a percentage term. This is the

48 percentage increase or decrease from previous. That was largely Europe and the global

financial crisis. The recovery has been a terrific story. Shipments overall, despite that, have been up 9 per cent for the year in US. In other words, the second half of the year's been quite outstanding, with June reflecting that. It was up 15 per cent and a record, which leads to the optimism of the chairman of the biggest nut processor in the US, Blue Diamond, who's also the chairman of the International Almond Industry Working Group at the National Nut Conference in Monaco this year who, in summary, just says:

Big crops are needed, prices are poised to rise, and the future of our industry is promising.

Now, as I say, they are the positive trend stories from an industry point of view, which suggest that there is a reasonable mid to longer term basis for why the industry has a future.

We do have advantages in Australia. We grow 50 per cent of the preferred world variety, the nicest, best, biggest variety called Nonpareil. The US crop is much more dispersed. They have 30 or 40 varieties they grow, we have five or six, so we're well positioned at the better end of the industry.

So, specifically to the issues of the viability, I've already said that I think the Australian industry is well placed long term. I've been watching it involved and I deal a lot with industry people. I deal with other groups and other growers, all of whom are looking – even when I went to the Almond Conference in November last year, compared to other industries like the wine grape industry, it was interesting to see – with everyone talking about water shortages and having to buy water in the drought and having to cut their cloth on their costs and how they manage their orchards – there was no doom and gloom discussion in the almond group of 200 growers in the room about whether we should keep going or not.

Price, obviously, is a key. We are cost competitive and, as I've already said, our yields are certainly very competitive and, in your case, I think it's fair to say Select Harvest have done some terrific work over the years. And when I first looked at almonds and yield forecasts, and look at what we're forecasting now and where they've taken that technology in 10 years, as an agriculturalist, it's been a terrific story.

Water, currently, obviously is a key issue and it is an extra cost which hasn't helped the situation of running these projects in the sort of costs that Mark is having to deal with in the short term. So, to make a decision about this investment, you have to take a view on water. I've done a lot of research on water. I've written two papers on water in the last six months. My view is it will be available, and it will be available to the higher-earning horticultural crops like almonds, but it will come at a cost, particularly in the short term. The Murray Darling Basin Authority's recent newsletter said the situation is grim, but it's similar to the last two years. The dam levels, the three key dams in this southern area that feed your orchards, are slightly, in fact, above the levels they were at - very fractionally, but they are at or above the levels they were at last year. We still need a lot of rain between now and October, and it will come at a cost in the short term, and that's the cost issue that Mark and others have to deal with right now.

So I've really talked about those three key drivers. With the water costs, and an almond price low, it's tough. Pricing, at \$5 where that line is, as Mark says, in the short term we're not solvent; we're not viable in terms of positive cash flow. What that says is if these produce continue forward, they have to be under a very carefully-orchestrated cost structure, a minimal cost structure. They also have to have, if you like, a partner or a set of investors who have deep enough pockets to get through to that hoped-for positive position over the next year or two.

But if you look over – this is from March '93, so that's about 18 years, then between 5 and \$7 with some peaks and troughs would be what you would suggest would be that, sort of, median range. So as you get back up towards \$6 and go through \$6 – and we did peak a couple of years ago at 9 to \$10 – but you never bank on that peak, but as we get up towards \$6 – I mean, above \$6, if you can have a cost-effective structure and a process which works, and a partner, if I call it that from an investor point of view, who can help carry those difficult times, then that's what I would call - the reasonable potential position is. If you look at it in a distribution curve of over the last 15 years, then that's why I talk about 5 to \$7. It's pretty much a normal distribution curve, with the median peak at around 6.50 to \$7 but, obviously, you have to – like any investment, and particularly any agricultural business, you have to be able to work to cope with the range - the occasional high windfall, the occasional low loss in one year. But that's the business that you invested in in the first place, I would suggest as well. There were always going to be years in an investment like this where we were below production.

So having whipped through that – and I apologise for the speed, and I hope some of you have looked it on the web, but I wanted to have available, particularly on the web, the scope of information for you.

Mark's already said, and I absolutely agree – and my presentation to the court agreed – that in the short term we have a major cash issue. We are forecasting deficits for all the projects based on the current low price not increasing, and based on things like the extra cost of water. There is a positive outlook for the crop. You're all now aware that the bees have been placed, and anyone who saw the ABC News they, in fact, highlighted that. Additionally, I would add that the discussion Mark had about weeds – I've talked to Select Harvest in the last day or two, and Mark might correct me, but I understand some of the weed issue is being put under control. Some of those weeds you saw, in fact - which, if you think about it, were very tall weeds, look a bit like wheat - are last year's cover crop which gets planted between the rows; that's come up. If that's dealt with in the very short term, that doesn't concern me. If we get through to the end of August and right through the bee period, then it's an issue. So that can still be dealt with, albeit it's not the way we would like to see orchards at any time. Remembering the orchards are in their hibernation a couple of months at the moment, so they're not competing for water and nutrients in a big way, although everything those weeds drag out is an issue for our agronomy.

Obviously, the younger orchards, and Mark's touched on this, have a more significant problem. And the issues of the working capital deficit and how we might fund that don't, in themselves, go to the issue of the capital costs that are required. There are ways around, for instance, the water purchase requirement. I'm dealing with other investment

groups who are looking at temporary water. The projects don't have to provide it. You can assume the water will be available in the system. You don't have to own the – or the owner does not have to own the permanent water rights, but there is an operating cost to buying, what we call, a temporary water. So you can buy in your water on an annual basis, albeit that comes at a cost, but it replaces an annual cost of – for a particular area, let's say, a \$1 million cost on your operating expense to what might have otherwise been a \$30 million capital cost. So if you have an alternate structure, or a bank or an Align, or someone backing you, then there are ways of being able to manage the fact of how much they have to spend on capital in the short term.

I won't go into a great deal of detail here, I think Mark's already touched on the difference between the older orchards, which don't need to go a long way. I've said high 5s, some people might suggest it might be low 6s, but without focusing on a number they're not too far away from a price and a process, assuming that they achieve their reasonable yields, from being able to be break even. Nevertheless, if you assume we don't get any price increase this year, obviously someone has to carry that cost through to when our price does get up. The younger orchards have a bigger issue but, as an investor, I would suggest to you and remind you that when you invested in '07 or '08 it was always expected that you would have a deficit for another couple of years. These orchards take four or five years to break even, so you need to separate the issue of the current solvency versus what you expected to have to happen anyway. So it's a matter of how you fund it, but it's not unexpected. There is nothing wrong with the orchard and its cost process to get to that.

Again, I probably don't need to deal significantly with this, I think Mark has summarised it quite well. I think it's important that you understand where your, what I call "year group" separates out, so that obviously the 2001 to 2005 are stronger because they've already got yields that are well up there in terms of covering most of their costs. The younger ones, it is a tougher call; there's also more capex.

If you look at a 2001 or 2003 project, yes, there are capital costs, but fundamentally all the water infrastructure in place. On a 2007 investment, they usually put the irrigation water pipes in in two or three stages as they come to maturity, so you've got a much bigger capital cost which Timbercorp or the landlord would normally cover for you; that's the challenge. So you're going to hear from Align after me - one of the options.

So just to remind you what you already know: as an investor, you're in business, you're liable, you're on the hook for the process. You have the problem in this process that, even if you stumped up all the operating costs, someone has to work with you on the capital costs. You have the advantage that you get all the net profit back should you be able to carry forward. You have the liability that you're on the hook for all those operating costs in years of loss. In an alternate structure, you're more like a shareholder. You would receive a dividend. You might not receive 100 per cent of the dividend because it might be reinvested or kept for those difficult times. The difference would be that you own a share of the asset as well as just the crop. At the moment, you only own the crop and, in the case of 2001, the trees. In other structures, your position may be diminished, but it might mean that it can still go forward. Having said that, I again

disclaim that, on the basis of decisions about investment and structures, you really need to seek your legal and investment advice, so I'm not giving you the advice about it.

6 And I apologise, I had a couple more slides and, in fact, I think we've thrown up my draft presentation, not the final ones so let me just go through a couple of slides that we've missed out here. And just to finalise, what I talked about is the viability - the potential viability of an orchard, of the investments, as such. We think there's a reasonably positive outlook for the industry. These orchards are well set up and have positive potential but, fundamentally, if they're not restructured, as Mark said, that would be very difficult. The provision of ongoing working capital, the need to deal with a bank debt, the outlook would be that, if there's a mechanism for your participation, or even for exit
12 for those, they would be the things that I would suggest you might be looking at, together with a low-cost and efficient farm management regime and crop processing and marketing structures.

18 Now, the regimes there are pretty good. I'm not suggesting that the Timbercorp cost structures were inappropriate but, obviously, an MIS cost structure is particular. Other cost structures inevitably have a different set of overheads. MIS schemes' disadvantage, if you like, is the way we need to run them and manage them, and comply and deal with both the ASIC rules and the investors and so on. It does mean that they do have a cost structure, which in other structures could be made smarter and more efficient. And I do apologise, those slides didn't get up. So clearly, I think Mark's made it pretty clear to you, my view is that, if the orchards are to be viable, it is possible but they would need to
24 be recapitalised and it's a question of how you might do that.

30 So what I'm saying about the Timbercorp Group is that you've lost the source of working capital, you've lost that MIS management, and how will you replace that? At the moment, the banks won't support - are very reluctant to support MIS schemes and they're putting pressure on others, even still running MIS schemes because they've taken a difficult view about it. So a different structure might enable you or a partner, such as Align, to continue to deal with the banks and to raise both the working capital and the capital that's required for irrigation and water to keep these projects going. For those of you who do want to understand the industry better, there are a number of very good websites, some of which I've referred to, which you can go to.

36 AUDIENCE MEMBER QUESTION: (Off microphone)

42 MR LYNCH: No. The cost is separate to the price, okay. The price is low at the moment. In the cost curve, we are right up there and possibly the best. The best US guys have costs equivalent. They have some different cost issues, if I understand your question. What I'm saying is we're very cost efficient, so we're certainly not in the bottom 25 per cent. Places like Europe, Spain and so on - Spain are a big producer; they have a lot more traditional production and some lower-producing varieties.

48 MR WALSH: If I can leave it there for moment, I'm anxious that we hear all the presentations. You will have an opportunity of asking questions at the end of the presentations of each of the speakers that we've had. So thank you very much, Stephen. If I can now introduce Mr Sam Baillieu. I apologise, too, for not remembering his name

originally. He is from Align Funds Management, and speaks to you on a possible proposal that might be put to the growers. Thank you, Mr Baillieu.

6 MR BAILLIEU: Thanks, Matt. And thank you very much all for giving us the opportunity to present the Align Funds Management opportunity today. I'm just going to make the presentation pretty brief, but we'll provide you with some background, a high-level understanding of the Align proposal, and what all this means for the grower/investors.

12 Background: Align is the RE of TPF, Timbercorp Primary Infrastructure Fund, which is an ASX listed agri-property trust. TPF owns Liparoo and Yungera, which the '01 to '05 almond projects operate on. These orchards collectively are 3854 hectares. Align, as the RE, has been working for over six months on a proposal to improve the position for all stakeholders, and achieve a more secure grower unit holder and agri-manager relationship.

18 The proposal has had significant input from growers and other stakeholders. More recently, we also have developed up a case to purchase Nenandi, Corina and one other from the liquidator, which operate the 2002, 2005 and '06 projects. Select Harvest are the managers of the properties through an arrangement that they have with one of Timbercorp's subsidiaries and we, as Align, believe that we are in a unique position to provide a solution for all stakeholders.

24 So who are we? Align was previously called Orchard Investment Management Limited, with Timbercorp being a shareholder. Timbercorp's only involvement now in Align is its shareholding, which is subject to a compulsory transfer. This process is in its final stages. The two remaining shareholders are the Baillieu Family and Smorgon Family - have been long-term shareholders and are committed to this proposal.

30 Align has a strong compliance capability and an independent board. The independent directors are Trevor Moyle, Alan Fisher and Jeff Clifton. Align has recently engaged Otway Partners who are assisting with the development of our proposal, so bringing the firm a wealth of experience in strategy, financial markets, implementation and funding.

36 Rationalisation of stakeholder interest: Our proposal is to, firstly, issue equity to growers in exchange for the '09 crop proceeds and termination of their schemes. The price at which the crop proceeds will be exchanged will be supported by an independent expert. And secondly, growers will have a further opportunity, but not an obligation, to subscribe for additional units via an entitlement offer which will be at a substantial discount. So growers will become the equity holders in a publicly-listed entity that will be traded on the ASX that will own the land, the water, the orchards and the crop in perpetuity. The entity will have a direct contract with the agri-manager. All Timbercorp contracts will be unwound, and the claims will be eliminated.

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48 A new, simple structure is essential to ensure that the contracts can be renegotiated, costs minimised, to ensure that the almond operator is a low-cost producer. So the proposal consolidates the land, the water, the orchard ownership, with the grower rights, to achieve an efficient, low-cost, sustainable operation.

Breaking it down at the project level, the 2001 to 2005 projects we've discussed are already - the properties are owned by TPF. The 2006 to 2008 projects, we continue to develop up proposals. Align clearly understands the importance of a total solution for all almond growers and, on this basis, the proposal is as mentioned: the 2009 crop proceeds will be exchanged for units at a fair value, and there'll be an entitlement offer at a discount reflecting the value of the MIS grower rights. It should be noted that we believe, too, that these schemes – with the current cost structure and the current almond price – have negative value. However, if the schemes are terminated, contracts renegotiated, ownership simplified, there is value to the grower rights. So the result of all this is a recapitalised TPF in which growers should be the majority shareholders or unit holders.

As part of the recapitalisation, it is also proposed to sell some of the permanent water rights. One of the significant advantages of terminating the scheme is it allows for a flexible water strategy - a combination of permanent water entitlements and temporary water. This will ensure that, in the future, the almonds will not be 100 per cent exposed to permanent water allocations, which has been a significant issue of the schemes over the past three years.

As previously mentioned, our proposal is to renegotiate our contract with Select Harvest so that the cost structure is more variabilised to ensure that TPF is a lower-cost almond producer. Select Harvest's renegotiated contract will make for an alignment of interest and further incentivise select to be an efficient almond producer. Becoming a low cost producer is fundamental to Align's proposal, and will make for a far more sustainable and profitable almond operation.

We believe that TPF is strategically positioned to be a possible acquirer of other almond orchards owned by Timbercorp in liquidation. Further scale will mean greater efficiencies for the TPF operation. Nenandi/Narcooya and Karina are of particular interest and, if TPF were able to acquire them, would mean the ownership of over 6600 hectares of almonds.

Please note that these are only estimates, but they seem to reconcile with Korda Mentha's, but will give you an idea of the 2009 crop proceeds that are believed to be on hand as at June 30. Growers will be offered units in the reconstructed TPF in exchange for these projects. As you can see, the amount of projects per lot reflects the maturity of the orchards. So this here is the dollar value on a per lot basis, and that is on a cumulative of all the schemes.

So the advantages to growers: Crystallisation of the value of the 2009 crop proceeds; the opportunity to continue in a world-class almond orchard with enhanced economics; eliminates ongoing contribution obligations – there'll be no more licence fees, no more management fees, no more water levies, no more invoices. So this will be replaced by a one-off entitlement issue to further participate in TPF on attractive terms. Growers will transfer their crop rights, which have a limited term, for permanent interest in land, water and orchard in perpetuity. It will eliminate the requirement for litigation. There will be a fair exchange for TPF units for the MIS interest. This will provide an efficient

mechanism for growers to exchange investments through the sale of units on the stock exchange. The Align proposal would reduce the cost base enormously, making it far more sustainable and profitable for the grower/investors.

- 6 The proposed funding structure will provide exposure to the TPF almond farm assets at attractive valuations. As you can see, the growers will be entitled to own the majority of the almond assets. This is very high-level numbers. We're only in early stages of releasing the numbers as we're still subject to dealings with some stakeholders.

- 12 There are indicative figures, and only estimates only. Full financial details will be provided upon, and if, an offer is developed, but it aims to give you an idea of the sensitivities around the almond price and the water allocations. It demonstrates that these are attractive assets that are very profitable under the appropriate cost structure, and we believe, 2011 being the first year – as 2010 would be a transition year – that, even on the current almond price and the water situation and the fertiliser situation, that we are profitable. It would combine the interests of the farm assets and the MIS schemes, and we would have a viable, world-class almond operation. So this is just a summary of
18 Liparoo and Yungera, the unit capacity, which is expected to reach maturity about 2013.

- 24 So why should growers support the restructure resolution? It will provide the opportunity to consider and subsequently approve a proposed restructure. The restructure will enable growers to invest in an underlying almond farming operation in perpetuity rather than the finite crop rights; hold a tradable security which can be realised for cash; benefit from the improved farmer operating costs and any upturn in the almond, water or farm input prices; avoid the uncertainty for growers in an outright sale of the Timbercorp orchards by the liquidator; make a single, capital contribution that will be less than the '09 MIS forecasted invoice, rather than the ongoing future contribution. And that's it for me. Thank you very much.

- 30 MR WALSH: Ladies and gentlemen, it's now your turn to be able to ask questions. I'm going to ask Mr Garnaut to go back to the table, and Mr Baillieu, would you like to go back there? If anyone wishes to ask you a question, you can address them from there, if you wish. Thank you very much. In asking questions, what I request you do is to give your name and the grower group in which you're involved, that is, the particular project. Yes, there's question, I think, here. Thanks. There's a microphone behind if you'd move
36 back to that, please.

MR WILLEMSSEN: This on? Thank you, Chairman. My name's Ron Willemsen. I'm from McPherson and Kelley. We represent - - -

- 42 MR WALSH: There's a button on the side, I think. Yes, it's on, now.

- MR WILLEMSSEN: Sorry. My name's Rob Willemsen. I'm from McPherson and Kelley Lawyers. We represent about 1600 investors in Timbercorp projects. Many of them are investors in these almond schemes. Very interesting presentations this morning. I will have three questions I wish to put to Mark Korda, and just a few observations, if I may. I was troubled by a letter that was on the Korda Mentha website posted yesterday, signed by Craig Shepard as liquidator of Timbercorp Finance. To me, it suggests
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intimidation of the investors who borrowed money from Timbercorp Finance, and there's an express suggestion that borrowers might have to pay out their loans in full, and it's tied in with the voting for today's meeting, and posted on the website yesterday suggesting that people seek legal advice before they cast their vote.

- 6 MR WALSH: Can I ask you to move to your question, because I think this is getting away from the subject of the meeting.

MR WILLINSON: I have my question. My first question to Mark Korda: If people did pay out their loans in full, what percentage of the payouts would you be passing on to the ANZ Bank?

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MR KORDA: I can't tell you that. The loan book of Timbercorp Finance has \$478 million owing by the growers. There is between – and I'll look up the exact figure but, say, there's about 300 to 350 owing to a number of banks, including the ANZ.

- 18 MR WILLEMSSEN: Thank you. Bearing in mind the 1600 clients of McPherson and Kelley say that the loans are unenforceable, how is it in the best interests of investors to pay out these loans so the banks can be paid?

MR KORDA: I'll answer the question. Timbercorp Finance is a different company, as you know.

- 24 MR WILLEMSSEN: But you'll be collecting the money and passing it to the banks, or a fair percentage of it.

- 30 MR KORDA: So there's – I'll say it again. There's \$478 million of loans that are owed to Timbercorp Finance. That'll be collected. Some will get paid to the banks because of their security. There's about 80 million of the loans that are actually owned by Timbercorp Group itself. So it's various financiers, not just the ANZ.

- 36 MR WILLEMSSEN: Thank you. And my third question: We have written letters on behalf of each of our clients to you setting out the grounds why we say the loans are unenforceable. How is it or why is that we have not yet received responses to those letters?

- 42 MR KORDA: Okay. So we have replied to many things. As you, McPherson and Kelley, are aware, there are – and this is not an almonds issue, right, this is across the grower loans, nothing to do with almonds – is there are 20 cases in front of the Supreme Court at the moment, and there - were used as a test case. There are 20 cases where substantial amounts are owed in the hundreds of thousands, if not millions of dollars, in front of the court to see if those loans have to be repaid. So that's the process on those 20 loans.

MR WALSH: Thank you. Other questions, please?

- 48 MR WILLEMSSEN: Well, I just close by saying I'd encourage the growers to vote in favour of the resolutions. I endorse everything that was said by Chris Garnaut, and I

think, if Mark Korda as the person in charge of the responsible entity truly acts in the best interests of the growers and not the banks – there is an inherent conflict there, but if he was to act in the best interests of the growers, the loans from Timbercorp Finance wouldn't be enforced, and people would save their money, and they could have available their savings to invest into a recapitalisation of the projects for the almonds. Thank you.

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MR WALSH: Thank you very much. What I suggest to people who would like to ask questions, if they would line up behind the microphone, it'd make it quicker. What I thought we'd do is perhaps return it a bit further down the hallway because not everybody can see or hear what's going on. Thank you very much.

12 MR WILLIAMS: Thank you, Mr Chairman. My name is Len Williams. I'm acting under a power of attorney for my daughter, Natasha Williams, in the 2005 and 2006 almond projects.

MR WALSH: Thank you.

18 MR WILLIAMS: It's a simple question. Will there be – will you be able to make available copies on the website of the presentations that have been made this morning?

MR WALSH: I'd ask Mr Korda to indicate that.

MR KORDA: They'll be on both the Timbercorp and Korda Mentha websites.

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MR WILLIAMS: Thank you.

MR WALSH: Thank you.

MR KORDA: And the Timbercorp Growers' Group website.

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MR VILOVOFSKI: Mr Chairman, Alex Vilovofski(ph). I'm a grower in the 2005 project, also an advisor, representing proxy a number of my clients. Thank you for everyone's presentation. The brief there that was provided, a presentation by Stephen Lynch, it excited me enough that I actually want to invest. It actually sounds terrific, the future for almonds. Mr Korda, the question is to you, as our current responsible entity representing myself and other growers currently, we've come here to meet today and we've had – will have an opportunity to all vote, and some proxies have been put in there. And I would like to ask you that, as the responsible entity representing my and other growers' current interests here today, if the vote is unanimously in favour of keeping our schemes running or restructured, will you, as my responsible entity, and other growers, support that, or will you make some sort of attempt to use a resolution placed on your website two days ago by QC Scerri, in order to suggest that these meetings are invalid and the votes are invalid?

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MR KORDA: Our position is as follows: these schemes need to be recapitalised or sold. I think the general view is, if you want to recapitalise these schemes, and you saw the Align proposal, the investors will have to put about \$100 million in - \$30-odd million from your 2009 proceeds, and – correct me if I'm wrong, Sam, but about \$60 million of

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the capital raising. Anyway, somewhere between 50 and \$100 million; the numbers keep on changing. Even when you saw the Align proposal, they said we'll take up – you put your money in, like you said, you wanted to put your money in, take share capital, but they would terminate the MIS schemes. Right? So where this may go over the next month or two, ie, if the growers do want to put further investments into these schemes, then Align and other people will come up with the best proposal and there will have to be a further vote by the growers on that.

12 The issue – the one issue we do have is the Align proposal, and one of the resolutions, says: You are authorised as the RE to take the 2009 proceeds - \$30-odd million – and spend it on the 2010 crop. I have one set of legal advice that says you can't do that because it's trust money, but we need to sort that out. What I'm concerned about is there are people that want to take their money and not put any more money in, and I'm extremely concerned about if you there, Owen, said I want my 2009 proceeds, and then I go and spend it. So we need to get through it with – because our QC is saying it's trust money, but we need to work on that, all right?

18 MR VILOVOFSKI: Sorry. You may have misunderstood my question. I'm not a shareholder of ANZ, so I'm not asking you to represent me in that capacity. I'm asking you, as my responsible entity and the person representing me as a grower today, and if we have come here and voted unanimously to restructure these schemes for our benefit, for the growers – not for the ANZ or any of your other – any other companies that you represent, and bankers – will you, as the legal responsible party, responsible entity for us, support our motion to move forward and restructure them, or will you continue to fight us in order to give it back to the banks?

MR KORDA: I'll get Leon to talk on the legal issue but, listen, I thought I just said that Align and the others will put proposals forward - - -

30 MR VILOVOFSKI: My particular question was whether you would use - - -

MR KORDA: - - - and then you will need to come and on it.

36 MR VILOVOFSKI: - - - the QC's statement that was posted on your website two days ago, in order to try and squash this meeting and wasted all of our time. I'm asking whether you intend to do that?

42 MR WALSH: Can I just interrupt at this point? One of the problems that you've got in a situation like this - I have no view; I'm not involved so it doesn't matter. One of the difficulties is that, when you have legal advice on that a particular course of action may be legal or may be ineffective, a liquidator has no choice - - -

MR VILOVOFSKI: Yes.

48 MR WALSH: - - - but to have that examined. Now, that's not to say it's right. It may well be that it proves to be wrong, but the only person who can decide whether it's right or wrong is not me, not you, not Mr Korda, but a judge of the court, and that's where it'll probably have to go if it becomes a major issue.

MR VILOVOFSKI: Yes, Mr Chairman. I thank you.

MR WALSH: But he has no choice, as I said.

6 MR VILOVOFSKI: Okay. I agree. I thank you for your comment. I would hope that
everybody here makes it loud and clear to their ANZ Bank, if you're customers, that
you're not happy with the stance that they've taken in order to take away the money that
we have spent since 2001 to build these world-class operations that have nothing but blue
sky moving forward, and I would hope that the responsible entity representing you and I
12 here as growers today would act in the capacity in the best interests of the growers, not
the bank. Thank you.

MR GARNAUT: Just before you – Alex. Alex? Just before you go, I think it's a very
good question, actually and, look, it upset us a little bit as the Timbercorp Growers'
Group, as you'd appreciate, Scerri's advice. Just to give you some comfort, we have –
18 our advice is to the contrary to Scerri's advice, so that – to give the growers some
comfort, we have an opposite view, and we appreciate that there's – I've got one lawyer
here on my right, and I've got one lawyer here on my left, so you'd appreciate that they
don't agree on a lot of things, but one thing you can rest assured with some comfort is
that, whatever the outcome is, Mark has me, as the Chairman of the Timbercorp
Growers' Group, a commitment that whatever they have to – whatever comes out of this
meeting today will be implemented today because we've had a lot of late-night
24 discussion on this, as you'd appreciate, and I'm sure you can confirm that's the case
again now, Mark? Yes.

Yes, and what we'll do is that we may have to end up – as Mr Chairman alluded to, we
may have to probably, unfortunately, go – end up in front of Justice Robson again on
Monday or Tuesday, just to confirm that. But I think – I applaud you asking the question
30 because I think it's been the elephant in the room, and I know ABC has aired it the last
couple of nights. It hasn't had much tabloid press. But I think you can rest assured with
comfort that there's going to be a reasonable outcome here. And I also just apologise to
everybody in the room that, you know, this sort of legal battle in some ways has had to –
it's been so complex, and Mark's said that many times, and Leon's said it many times,
and this Mark's said it many times, and what we've tried to do is we've essentially - as
36 the Timbercorp Growers' Group, not really tried to tell you how the clock works but
what the time is.

So, you know, we sort of spend 16, 18 hours a day trying to work out a solution that you
can actually – that provides you a formidable financial solution, and it really is the most –
I've only been a financial advisor for 26 years, and it's certainly the most complex case
42 I've ever worked on. And I think Mark would agree it's the most complex case he's ever
worked. So there is a commitment from Korda Mentha, which he's just confirmed here
this morning in front of all you ladies and gentlemen, that they will implement the
resolutions that are passed today, and I'm confident that we can go to court and have that
passed, but there's just a couple of a small technical issues that we'll have to get over.
Thanks.

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MR WALSH: Okay. Next question, please?

6 MR TROMP: Steven Tromp(ph) is my name, 2004 project. This is a question for Mr Baillieu. With the proposal that you put forward, given that the MIS structures would be terminating, do you have an understanding of the tax office's view on the past tax deductions that have been claimed?

MR BAILLIEU: Yes. We have had some sort of preliminary advice. Andrew, are you in the best position to answer that question?

12 MR WALSH: Just come over there.

MR BAILLIEU: We certainly understand it's a critical issue, and we'll be – and we understand all the grower's concerns around it so, Andrew?

18 MR ANDREW: I take it the question is in relation to the past tax – the past tax rulings on various projects. Is that the question?

MR TROMP: Yes.

24 MR ANDREW: Yep. And obviously, the past financial years are past financial years, and the projects have been run in accordance with – have been run as they have, and been run in accordance, as I understand it, with the various project schemes, and so that's in the past. As to what happens in the future, I'm certainly not in a position to be able to provide forward-looking tax advice at this point in time.

MR BAILLIEU: But we'll certainly be getting some clarity on that issue before putting our offer. I think Chris has got some clarity around it.

30 MR WALSH: Thank you.

36 MR GARNAUT: The tax office has made one or two comments to the - obviously, you know what's happened with Great Southern and Timbercorp and about the tax deductions – not that they've come out with a firm what they're going to do, but they've certainly suggested that, you know, the tax deductions aren't at risk, and Mark Korda can probably confirm that as well. But via precedent, there was a scheme similar to this called the Franklin River Olive Scheme. It was set up in about 2001 out of the Franklin River in Western Australia, and folded in about 2005 or 2006. It was under the same product ruling arrangements that these schemes have been under. The scheme was wound up in exactly the same fashion as this scheme is being wound up, and it was rolled into an actual – into a listed company, actually, and the advice was sought from KPMG and their lawyers, and all the participants kept their tax deductions, and any further contribution they made was of a capital nature. So if that's of any help for precedence, that's what it's like I would suggest. I'm not giving you advice. Everybody's disclaiming their advice, so I might as well disclaim mine as well. Yeah - can't rely on that, Leon, but, yeah, I would suggest that the tax deductions – that would be my potential advice.

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MR WALSH: I think that's a very good point that should be made, that everybody is disclaiming expert advice because it's a most difficult area, and you notice I did it immediately when we talked about a legal problem; I handed it back to a judge. So I think we need to keep that very firmly in mind, that they're all uncertain areas. But next question, please.

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MR DUNKLEY: Mike Dunkley, participant in the '02 almond project. I'm no expert and I'll disclaim any advice that I give right here as well. It seems to me – I firstly wanted to thank the administrator, the Growers' Group and Align for being here. It's obviously a very heated environment, everyone's pretty upset, we've all lost potentially a lot of money in this process. So I appreciate all the efforts that everyone is making to try and make the best of a bad situation. It seems to me as a grower we have a choice here to either cut our losses, or to double down and try and make a future out of it. And the decision for me is – then comes back to what my return will be if we terminate and there is no restructure or, indeed, if there is a restructure and I still terminate, or if there is a restructure and I participate, what my expected return is, and what the risks are associated with that going forward.

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So I have questions, both for the administrator and for Align, and I guess there's an issue here. It's been said by Mark that the '09 crop proceeds are secure, that you've instructed Select Harvest not to expend those funds, and yet we've heard an alternate view that we may receive nothing if the scheme is terminated. That seems to me to be a contradiction that's pretty crucial to the outcome here. How safe are these funds that are in the agency account, the funds that will come from the remaining sale of the '09 crop, and do you see any situation in which there could be a legitimate offset right, such as from Timbercorp Finance under their loan agreements, despite the fact that there's an ongoing legal argument there or in any other circumstances?

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MR KORDA: Let me – you covered a lot there. Let me come back. I think that's right. If you took last year, the growers in the almonds scheme were invoiced about \$140 million last year to get their schemes through. This year it's a bit higher, but let's just say. So we could put something together as TSL - organise something, if everybody in this room put up their hand and said, "We will contribute \$140 million to keep the schemes going." Where we get into trouble and why I never sent out the invoices as TSL, is we know there is quite a large proportion that want to cut their losses or, in fact, do not have the financial capability to put the money in because they can't borrow from Timbercorp Finance.

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So what happens, if we put up hands in here and everybody says, okay. I say it's 140 million, give me 140 million, I'll take it into a trust account and I'll get a line set up and everything like that, but we're short \$40 million; what do you do? All right? A second thing we made is, we said we wouldn't take any more money off the people. We made that decision the first three days because we – in such a difficult environment, we don't know whether, if we spend the money on the bees, that we'll even get a crop and we might lose more money for the people. That's what we decided. Going back to the last piece, so if the investors put in the 140 million, these schemes can just continue. What Align's saying is, we'll put in that money a different way, take up shares and we'll terminate the MIS schemes.

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On your question about the proceeds from 2009, the proceeds from 2009 are, as we received them from Select Harvest, and we received the first 2 million in June, Andrew, so there's \$2,048,000 received, we banked that into a separate bank account. It doesn't get mixed up with Forestry. It doesn't get mixed up with anything. It goes into a separate bank account. That will continue to be banked in there and the figure will end up at about \$30 million. There may be some deductions. I don't know the answer on Timbercorp Finance to that question. There may be some deductions. But the proposal in this resolution is that that \$30-odd million ought to be used in the next two months on the crops.

- 12 There are some people who do not want that to happen, and as the chairman, I think, rightly pointed out, if we're going to force them to do that, then the court will probably have to determine that. But our position at the moment is to hold the funds and stop people losing any more money. If you want to invest in a new project, for example, what Align are doing, then that's fantastic, and we'll facilitate it, we'll transfer it. TSL has no value for its management rights. It's got no economic interest in it if Align want to take or raise money from the growers to recapitalise the scheme. We'll absolutely facilitate that.

MR WALSH: Thank you.

- 24 MR DUNKLEY: I appreciate that there's a restructure proposal, but my question is more to the issue of if, as a grower, I terminate my involvement – which I can do at any time given the insolvency of the responsible entity – and I issue with a termination notice, will I receive the full '09 crop proceeds that I'm entitled to?

- 30 MR KORDA: That is what we've done with the bank accounts. This resolution, if passed and legally enforceable by the court, says, "No, you have to contribute that into the restructure."

MR DUNKLEY: I don't - - -

MR KORDA: Well, not the restructure, but the – into the 2010 crop proceeds.

- 36 MR DUNKLEY: I believe under the constitution of the scheme it states that if you terminate as a grower, that all the assets must be immediately sold and proceeds immediately forwarded to growers. So, presumably, if we terminate now, today, if, for instance, I decide that this Align proposal is not in my best interest or that I can't afford to participate, or that I'm going to be too diluted, that my best course of action is to take the '09 crop proceeds for me, and take your advice, which is let's cut our losses while we can, I'm just trying to understand how certain it is that I will receive the full '09 crop proceeds and it won't disappear into some sort of setoff agreement with, you know, some other counterparty, or that it won't be taken any way into Align's restructure proposal. That's my question.

- 48 MR WALSH: Can I just get that clarified? Are you assuming that the resolutions are not passed today?

MR DUNKLEY: Well, I'm not assuming anything. What I'm asking is - - -

6 MR WALSH: Well, it just follows. One of the resolutions proposed, as I understand it, is that proceeds of the 2009 crop will be, in fact, expended on the 2007 - 2010, going forward.

12 MR DUNKLEY: Well, that's not the resolution. The resolution is that the responsible entity, whoever that may be, can spend money to investigate proposals that may put that to growers in future. We're not voting today on whether we expend our '09 proceeds on the 2010 crop. We're voting whether we can extend some of that money to develop proposals that we can then vote on. We can't vote on those today.

MR WALSH: Whichever way you put it, it's going to involve expenditure.

18 MR DUNKLEY: Well, some expenditure, but, as an individual grower, I believe I'm entitled to terminate my involvement, and I want to know from the liquidator if he'll post me my cheque. Or if the resolution is passed today, whether I won't get it?

MR ZWIER: Chairman, if I could just amplify, I'm obviously the lawyer that works - - -

24 MR WALSH: Mr Zwier is the solicitor and lawyer assisting the liquidators.

30 MR ZWIER: I'm the lawyer for responsible entity. The easiest way to understand the position that the responsible entity and its liquidators take is like this. Think of that pool of money as belonging to each grower individually. It's each individual grower's money, no argument. And what you have is, you have a vast amount of money owned, and what you'll find is some proportion of that money is owned by people that say, "I'm willing to double down and go forward." So let's call that a third. Some proportion of that money, say another third, is owned by a whole lot of people who say, "I want it back." And they're quite entitled to say that "I want my money back. The proceeds of the crop belongs to me and I want it back. That's the constitution I signed up to, that's how it works, and no one can take my money."

36 And the third category of people with an interest in that money is saying, "We really don't know whether we want to double down or whether we want to just quit. We want to understand our position." And what the liquidators are saying, and the reason they put advice up on the website so that everyone understood is - their view is the money belongs to you, and each of you has to decide what will happen to it. And just because the Align people want to take all that money, if that's their proposal to take it, to secure it or to
42 apply it, or to spend it or to use it, pledge it, in any other way, the liquidators are saying, "Well, it's your money. Each of you has to decide what you will do with your money."

48 The Align people who want to spend it say, "We disagree with that view. We think that money can be taken". And so, I think the chairman correctly said we've got differing views about it. Our view is based upon the constitution. Our view is based upon our lawyers looking at it and a QC looking at it, and they're fortified by the fact that, when it

6 went before a Federal Court judge – because we tried to see if we could use it in some way in the best interest of growers – in the course of running it before a sitting Federal Court judge, he said what you’re getting at: “It belongs to the growers. No one can take it without their consent.” So that – I think the safest answer to your question is that, if these resolutions are passed and there’s an issue about people taking your money or anyone else’s money, that ultimately will have to be determined by a judge.

MR DUNKLEY: Okay. Thank you.

MR WALSH: I think that put it clearly as to what you wanted.

12 MR DUNKLEY: Yes. Close to an answer, as best as I could hope. I guess the issue I would then ask – thank you, for the detailed response, and I appreciate that the liquidator is here to protect our interests as growers. If we terminate – if, for instance, this resolution is passed today and we decide to vote for it to allow funds to be allocated towards developing proposals, and we decided those proposals, when we see them, are not desirable, our course of action, presumably, then is to terminate our involvement in
18 the scheme, at which point all future interests of ours are protected in relation to the ’09 crop proceeds. Is that what you’re saying? Even if this resolution is passed, it would be a court issue as to whether – you know, it would basically be the money that has not been spent at that point that we would be fully entitled to?

24 MR ZWIER: Even if the resolutions are passed today – and the likelihood is that they will be passed today – but even if they’re passed today, they won’t take effect until amended constitutions are lodged with ASIC and ASIC accepts them. So there will be a window of opportunity for everyone to have their rights tested by a court. and they have to be tested because there are people who say, “I don’t want to double down, I want my money.” Some have already terminated and they have a present entitlement to that money. And so they’ll be saying, “We want our money. We don’t want anyone to take
30 it. So we know that, even if these resolutions are passed before the constitutions are amended, a court will have to determine what you get, and you have every right – and the responsible entity, through its liquidators, has to protect the growers in that category. Those third that I used my example that want their money back have to be protected, and a judge will have to determine that issue.

36 MR DUNKLEY: And does that extend to the issue of Timbercorp Finance and its potential offset rights under loan agreements that are currently being disputed?

MR ZWIER: Well, Timbercorp Finance is, you know, a separate legal entity.

42 MR DUNKLEY: So I guess what I’m saying is, at present, you are not contemplating paying any demands from Timbercorp Finance, given that you are, essentially, running Timbercorp Finance, to access those agency accounts to pay out loan obligations that are assigned to them under the loan agreements?

MR KORDA: That’s a Timbercorp – there’s only \$2 million in the bank account. we haven’t even addressed that.
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MR DUNKLEY: Okay.

MR KORDA: That issue.

MR DUNKLEY: All right. That's fine.

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MR WALSH: I think I'll have to leave it there in the interest of giving other people an opportunity. There's a question over here, I think. Yes.

12 MR GARNAUT: Just before, we just go there, Chairman, I just wanted to clarify one thing for this gentleman here. I just wanted to check with Leon and Mark. Obviously, it appears – we weren't sure of this but it's just coming out as we go that we're heading back to court, obviously, some time pretty soon. I was just wondering who is actually going to fund the contradictor going back to court. Obviously, it won't be you and it won't be me. I was just wondering who was going to pay for it?

18 MR KORDA: I don't know. Hopefully, the TGG; they seem to have some funds. So the financial planners are funding it, maybe.

24 MR GARNAUT: I don't say that in the context of trying to be cute, Mark. I say that genuinely in the context of, you know, representing the growers because the TGG, as you're aware, has very little funds and the TGG is a limited group of financial advisors who have contributed. Now, ultimately if the – are you saying to the growers here today that if they do – if we have to find out way back to court, that the growers themselves have to fund it or - - -

30 MR WALSH: Now, I think I have to interrupt again because, look, we're departing from the subject of what the question was. It does involve difficult questions, and I think, in the interest of giving everybody a reasonable go, can I go back to the questioner on my left? Thank you.

MR: Sorry, Matt, could I just clear up one thing?

MR WALSH: No. I'm sorry.

36 MR: It's pretty important because we've been misrepresented.

MR WALSH: Can I have the question over here, please? We will hear from the questioner on my left.

42 MR: My question's for the Align's Fund. You're not clear what you're going to do with the 2006 to 2008 people, you're still in negotiation, and they're the ones that are obviously the most costly to the whole business. They're the ones that are supporting the earlier – if you're going forward with the costs – in actually them going forward. My question is what are they going to get out of this and why should they vote for it?

48 MR BAILLIEU: The reason why we can't be any more specific than we are is because we don't own the assets, and our proposal is the merger of the MIS schemes with the

actual assets. So until we have some sort of clarity around our ability to purchase those assets, we cannot give clarity. Nevertheless, we do have a backup solution in which we believe that we can look after the '06 to '08 projects.

6 MR: And the other question is, with the costs of running these things at 190 million and the proceeds of only about 76 million or 90 million coming through, doesn't the almond price have to be around about 7.50 to eight bucks to really make any money in this business?

12 MR BAILLIEU: No, that's not correct. Those proceeds amounts are on immature orchards. The cost in which Align has stripped out, and hopefully we'll all get the opportunity to see it over the next month or two, but we've made some significant inroad there, and the break-even point – as I've said, under the current assumptions, water prices, water issues, almond prices, 2011 will be profitable for our – for the 2001 to 2005.

18 MR: So that's when the immature ones become more mature?

MR BAILLIEU: Correct. Well, the '04, '05, '06 – '04, '05 continue to mature.

MR WALSH: Another question on my left.

24 MR BAILLIEU: Sorry, can I just clarify one point from the last – there's all this debate around resolution to – Align is not touching the proceeds account. The resolution allows the RE to use the proceeds accounts – the proceeds account as security to create a facility to provide working capital to continue to fund the orchards. So the agency account will not be touched. What you do with fees, terminations – that's what you do. That's what Korda Mentha does. That's not what we – we've got nothing to do with that.

30 MR WALSH: Question on my left, please.

36 MR BENSKIN: My name is Ian Benskin(ph). I'm a 2001 grower. I'm sorry to labour the point that the questioner over there asked but, from the figures that Align put up –and I think you mentioned that it'd be roughly in align with –sorry the pun – with the liquidator's figures, that you had 31 million. You broke it down on a project by project basis, and I think the figure for 2001 was \$2057 per lot. Now, so we can be quite clear on this, are you saying that, if I terminate my involvement in this scheme, that if the \$31 million is, in fact, the proceeds, I will get something like \$4000 back? From my own perspective, I never financed the invoices. I paid them in cash, so are you saying I get 4000 back?

42 MR WALSH: It's question I think perhaps Mr Korda can start with.

48 MR KORDA: Well, I'll get the per lot – I don't have the per lot figure, but Select Harvest is saying it is the 2001 almonds, which I think is on 224 hectares. I think that's 800-and something lots, will be about \$2.5 million. So I have to do – if someone's got a calculator?

MR ZWIER: While Mark does the calculation, the way the liquidators view the constitution as it presently stands is this: the entitlements that go into that account belong to growers, and it's growers money, and that they will get a share of it if that's what they elect to do.

6 MR KORDA: So I get that at about \$3000.

MR BENSKIN: Thank you.

MR BAILLIEU: Mr Chairman, could I make a comment about the effect - - -

12 MR WALSH: Yes.

MR BAILLIEU: - - - of the resolutions from the other perspective?

MR WALSH: (inaudible 1:49:22) go ahead.

18 MR BLAND: Briefly, three issues; firstly, as the gentleman still at the microphone pointed out, the vote today is only to amend the constitution. That amendment provides for the growers to then vote on any proposal. So you're not voting today for an Align proposal. You think of it like a space station. If you see the scheme as a space station, and you see various proposals as a space ship, Align's a space ship, the scheme's a space station. What you're doing, by voting on the resolution to change the constitution, is
24 putting the - getting the space station to have a docking station - a dock, so that a proposal can come in. You then vote on any ship coming into the space station, so all you're doing today is voting to change the constitution so that you're in a position to accept a proposal.

The same goes for the later schemes with this question previously. Even though Align
30 isn't proposing for those schemes, the later schemes at the moment, you today can put the constitution in a situation where it can accept a proposal. The RE is still in control of the agency account, and the RE has to act in the best interest of growers. It's one of the reasons why they may be going to the court about this resolution. We also have QCs' opinions saying that this can be done, so we agree that this may have to go to the court for resolution. But that is what there are - as the chairman said, two separate legal
36 opinions. The important thing to recognise today is you are voting to amend the constitution, to give it a loading dock. You have to vote on any subsequent proposal that comes through.

MR WALSH: Thank you. Can I have another question over here, please?

42 MR VERNON: Yes. Michael Vernon(ph). I'm an investor in the 2002 almond scheme. My question is to Mr Korda. Will you undertake that, if the resolutions to amend the constitution are passed today, that you will lodge those amendments with ASIC forthwith without delay?

48 MR KORDA: So we'll go through this once more. The primary issue about amending the constitution is what we can do with the grower proceeds. That's the main issue.

6 MR VERNON: No, that's not the issue. The issue is that you – the constitution is being amended to enable certain things to happen. Whether they happen or not is not going to be determined today, or may not be determined for a while. The question is, if these – if the growers pass resolutions to amend the constitution, will you lodge those amendments with ASIC without delay, or are you proposing to bog us all down in further court action?

12 MR KORDA: Okay. Our QC says the constitution cannot be validly amended to take away those rights against each grower. So it's saying you can't take away – if a gentleman wants to keep his '09 proceeds, you can't do it. I think we've said, and the chairman's agreed - - -

MR VERNON: You're not answering my question, Mr Korda.

MR KORDA: - - - we will - - -

18 MR VERNON: That's not the question.

MR KORDA: Excuse me. Excuse me.

MR VERNON: That's not the question. Will you lodge the amendments with ASIC forthwith? That is the question: yes or no?

24 MR KORDA: I said, we will – do you want me to put – let's just go through this, all right? We said - - -

30 MR WALSH: Let Mr Korda answer the question, please. It may be that what you've asked is a question which involves a consideration of the legal consequences. Now, he ought to be given an opportunity to be able to respond to that in a proper way. It's not just a matter of saying "yes" or "no," because what that does is lock him into a position he may not be prepared to be in.

36 MR VERNON: I understand it's your ruling, Mr Chairman. It's a simple question, it requires a simple answer. Yes or no. We're not here to ask what legal advice Mr Korda has received on this issue. There's conflicting legal advice.

MR WALSH: If he is advised – let me just put it another way, too – and I'm not argumentative, it's simply the difficult facts that you might know.

42 MR VERNON: You seem to be protecting Mr Korda's - - -

48 MR WALSH: Just hold on to it for one moment, please. If he were to have this particular matter and he said, "Yes," let's assume, he might be in a position where he's proposing to do something illegal. Now, you wouldn't want him to do that. Now, you might respond by saying – and let me finish – you might respond by saying that, of course, it isn't. I don't know what the answer is anymore than you do.

MR VERNON: Lodging amendments with ASIC is not illegal.

MR WALSH: No, sorry, it might well be because he's got to think – he lodges it, he's proposing it.

6 MR VERNON: Sorry. How can it be illegal? If you want to have a legal argument, how can it be illegal to do that?

MR WALSH: As I said, I'm not here to argue the law with you, but he's got to have an opportunity to answer the question his way.

12 MR VERNON: No, he doesn't. Yes or no - simple.

MR WALSH: I'll rule the question out of order if you keep persisting. Mr Korda.

MR KORDA: Okay. We've had a long debate over this. We're saying that the constitution - our advice is that the constitution cannot be validly amended to take away the rights of agreement of each grower. The TGG disagree with that. I don't know exactly, but the probable outcome is that we will go to court to see if we can amend the constitution and take away those growers' rights. It is controversial, and I'm not going to take someone's money if they haven't voted for doing it. So the answer is, we will probably end up in court, but I don't know yet.

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MR GARNAUT: Sorry. I mean, I think it's pretty clear from just our discussions up here while we've been having a little bit of a legal, sort of, confrontation while these questions have been going on that it would be pretty obvious that we're going back to court next week, or sometime, to sort this issue out. So my only question is - of course, is that I know that the TGG may have formed this view, but the TGG hasn't got any money to go to court so what I might ask the chairman to do is he potentially puts a motion to the investors that, if they are to go to court, that obviously if you want to be represented, you terminate or you go forward, the ultimately you'll have to use your scheme assets to fund going to court, otherwise we won't get to court.

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MR KORDA: And just on that, there's no reason to spend a lot of money going to court next week. There's only \$2 million in the bank account, and if we're talking about 30 or 40 million – if it becomes a big issue in a month and it's central to the Align deal, we may have sorted it out by then, but there's no reason to go down straight to court next Monday and spend all this money. We've only got \$2 million in the bank account. I reckon it's got to evolve to see where Align or other proposals that'll come out – because, as we opened the data room for the sale or recapitalisation of the almond schemes last week, we had some major players going through that thing, we will put an ad in the paper for expressions of interest next week for the sale or the recapitalisation of the almond schemes. Similar to – and we'll run that process throughout the month with the Align process because what this needs – and I think you've seen through the Align – the schemes may terminate. It's really what is the growers' interest going to be going forward. How much capital do you want to put in? It's fine. That's the process that will run through. Unfortunately, we're going to have to do that quite quickly because we've got the bees done, but we can't pay for the fertiliser; the fertiliser was ordered five

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months ago, we're not liable for it. There's so much fertiliser it comes on two ships for – you know, for explosion, anti-terrorism issues – and then we've got water coming up. And we're lucky at the moment that we're in the non-dry season. So there's some huge issues coming up in the next few months but we've got to get people in the data room to see who wants to recapitalise these schemes. And we'll work with anybody, as we've done. We've spent a huge amount of time with Align trying to help them through the process.

MR WALSH: Thanks. Another question in the middle here, please.

MR SMALL: My name's Steve Small(ph). I'm a late 2003 grower. I'm not quite sure what the late means to me, but one point about the resolution. Now, what I'm concerned about is the procedural method that you're going to use in the resolutions so that we don't get it - reduce the donkey vote, as it were?

MR WALSH: Could you speak right into the microphone, thank you?

MR WALSH: So you can reduce the donkey vote regarding the resolutions to make sure that when each resolution is put forward, is that there might be some brief explanation what the cause and effect is of each one. Is that going to happen?

MR KORDA: Mr Garnaut's got a sheet that he was going to talk through people with on the – when we get to the resolution. So Mr Garnaut's going to go through one, two, three, four to eight, what the TGG's recommendation is, etcetera.

MR WALSH: Is that satisfactory? Thanks. Got a question over here.

MR: Mr Chairman, if it's okay, I've got another question?

MR WALSH: Yes, please.

MR VILOVOFSKI: Thank you. Mr Korda, my question will be the second part of my question back to you. So, Mr Baillieu, I'm a current 2005 grower, I have a number of lots in that and, based on those earlier slides, I'm looking to get back somewhere in the vicinity - if these funds are terminated and wound up right now, and unless there's some sort of privileges from the banks that we're going to get a little bit more, all I'm going to get is my moneys that's in the account in the harvest, so I'm probably entitled to about \$30-odd thousand coming back out of my half a million dollars that I've spent in the last four or five years. So if I sort of look at that for a moment - it may be a question but a statement as well - I've got a choice whether I can resolve to wind up now and take my \$30,000 or I can continue on in your revised structure with lots of blue sky that we talked about in order to improve the value and hopefully stay in this project, and my investments increase in value. So is that how you interpret it?

MR BAILLIEU: Yes. So as we've described, there's two ways in which you'd participate. You're talking about \$30,000 being your entitlement to your '09 proceeds.

MR VILOVOFSKI: Yes.

MR BAILLIEU: That would be rolled into the restructure.

MR VILOVOFSKI: Yes. So based on the current resolutions that we're voting on today - - -

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MR BAILLIEU: Yes.

MR VILOVOFSKI: - - - I mean, all I'm deciding to do, if I understand the resolution correctly, is to agree to examine these other viable or not viable opportunities in order to restructure it. And if we come down to the fact that it's not viable to restructure, then
12 we're going to wind it up and I'm going to get my 30 grand anyway, which was the same situation if I just wind it up and have no change whatsoever?

MR BAILLIEU: Correct. All you are voting for is an access to have a look at and consider a restructured proposal.

18 MR VILOVOFSKI: Right, thank you.

MR BAILLIEU: That's all you're voting for.

MR VILOVOFSKI: And Mr Baillieu, I am representing a few 2006 and '07 growers who, on those earlier slides are in - really not entitled to any money yet because their
24 plants are quite young still so, you know, if - I'm assuming if they decided to wind up today, well, they get nothing anyway, so by voting with the resolution in order to consider a restructure, that will give my clients - a 2006 or '07 client an opportunity to stay within a revised structure to at least see something moving forward, as opposed to nothing today. Would that be how you would interpret it?

30 MR BAILLIEU: That's what we're trying - we're trying to develop an opportunity for the later projects to follow their investment.

MR VILOVOFSKI: Thank you, Mr Baillieu. So if we're going to head back to this - the second part of the question, now, Mr Korda. If we're going to head back to court next week in order to deal with these resolutions, so far I, as a planner, have contributed
36 financially. I've spent many, many hours working on this as well as a lot of my colleagues have. I have a lot of stressed-out mum and dads who have spent serious money in their only investments, and looking for an opportunity to keep moving forward - and if we're going to sit there as a contradictor with you next week, to make sure that the legal side of it is resolved properly and appropriately so it's all within accordance with the constitution, it's important that you've got a contradictor there, and I'm asking
42 you to confirm today here to us that, in the same fashion that you're being funded to go and fight this constitution and the resolutions, we're also funded from the same account.

MR KORDA: See, this is an example of conflicts within a scheme. What this discussion is about is those that want their money now and those that are undecided, and those that want to double down. All I'm saying is the people that want to keep their
48 money need to be looked at and protected, because that's what the trust law is. This is

not me against the growers that want to double down. This is a very simple piece of law. Should their money in the agency account, for those people who do not want to double down, be kept in that agency account? Now, that's question – now, if the judge asks for a contradictor, which he may or may not do, all it is, is it's the compete – all I'm managing, got no interest in it – managing the interests of different growers within the one scheme. That's all we're doing, and the same thing - - -

MR VILOVOFSKI: Mr Korda, thank you for clarifying what we're here to discuss, but you've already indicated and through your counsel next to you, Mr Zwier, that we're more likely back at court next week, and you're there on my behalf as a responsible entity, and you've been funded somewhere in the system via our Timbercorp structure, wherever that's coming from. So all I'm asking is, if you're there representing me and the other growers in this room, can you please give us assurance that we're also funded it to get that fair and equal representation in the same context that you're acting as a responsible entity?

MR KORDA: It may be on this issue as – so if you took the Federal – I'll just use a little example. On the Federal Court on forestry, the judge ordered he wanted a contradictor, and that contradictor had to be paid by TSL. That may be the same case on this but, again, I don't think – there's only \$2 million in this account. There's a lot of commercial discussions to be had with all these proposals. I doubt very much we'll be going to court next week to resolve this issue.

MR VILOVOFSKI: Will our solicitors representing the responsible entity, then, Arnold Bloch Leibler, Mr Zwier next to you, will they do this on a pro bono then? Will they do it at no cost?

MR KORDA: Probably not.

MR VILOVOFSKI: Well, then, if they're being funded it is equally fair that we all get equal say and equal representation because that's what you're doing in our best interest - to make sure that everyone is being represented equally - and we ask you to please ensure – even if the court doesn't ask for a contradictor – to give us your assurance that we are being funded as well. Thank you.

MR KORDA: Thank you.

MR WALSH: Can I have a question in the middle here, please?

MR KALIL: Yes, a question for Mark Korda. George Kalil here. I'm a grower in the 2002 almonds, and I'm also a grower of 10 lots in the 2001 private offer almonds which sits – whose trees sit right alongside other growers here in the MIS schemes. I know we're not registered as an MIS scheme, Mark, but can I ask, I've contributed 300 - \$350,000 into that private offer scheme over the last eight years, and it's disturbed me that we've got no communication from you at all and no – we weren't even a party to the application in court, no private offer investor has been invited to come here today to vote on what they want to do with their schemes; so my question is, why not?

MR KORDA: The court case that we've had and this meeting was only for managed investment schemes, not the private offers. So this is not a meeting of those. For the registered schemes, sorry.

MR KALIL: Okay. So - - -

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MR KORDA: But George, if you can take that offline and deal with the - as you - - -

MR KALIL: Well, I had thought I'd ask you - I've asked Andrew and I've asked a few of your members of staff to give us indication of what your intentions are towards the private offer schemes, and it's been very hard to get an answer out of you.

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MR KORDA: Could I - Andrew, on the private offer, are we appointed the manager again, or not? Right. So what happened was, on the - in the private offer document, the manager gets automatically terminated. So TSL has been automatically terminated on the private offer. What we've been trying to do is get signatures from all of the private offer participants to reinstate TSL so they can deal with the scheme.

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MR KALIL: So it's been an unmanaged scheme for the last three months then?

MR KORDA: We have all the Timbercorp people and our people managing all the almonds, so it's not like it's an orphan at the moment.

24 MR WALSH: Thank you. One more question here.

MR TYKE: My name's Ian Tyke(ph). We're in the 2002 almond scheme. Just a quick question on going forward, to Simon. What is going to be the cost per almond lot? By my reckoning from the figures you read out, it could be about \$10,000 a lot; is that - - -

30 MR BAILLIEU: I think I know where you got your numbers from. It might have an extra zero though, but you've essentially reconciled that from - what - how have you got to \$10,000 a lot?

MR TYKE: Well, \$2050 per almond lot, \$30 million, so you get \$140 million for - - -

36 MR BAILLIEU: There's about 15,000 - there's about 15,000 lots on the TPF properties. 3800, you multiply it by four. The entitlement offer is for 25 million, so if you do your maths on that, it's about \$1500 a lot - - -

MR TYKE: Yes. Thanks very much.

42 MR BAILLIEU: - - - which is significantly less than the forecasted invoices of somewhere between 3000 and 4200 or something per lot, just in October.

MR TYKE: So 15 - well, the funds that we have from 2009 will cover that?

MR BAILLIEU: No. That's the - that would be the '09 crop proceeds.

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MR TYKE: But if the - - -

MR BAILLIEU: But, remember, it's an entitlement offer, so you don't have to. You can just ride – you can just run with your investment of the 2009 crop proceeds. So it's only an entitlement, and you can run with your investment of your 2009 proceeds, which will be subject to independent expert's report.

MR TYKE: Right. Thank you.

MR WALSH: I think we've got time for two more questions, and there's one over here.

12 MS BEZENCON: Hi, I'm Kerrie Bezencon. I'm part of the TGG and also on the original committee.

MR WALSH: Could you please – that's – if you speak right into the microphone. Thank you.

18 MS BEZENCON: Is that better? Okay.

MR WALSH: It's not – is it switched off?

MS BEZENCON: Is that better? Kerrie Bezencon, on the TGG group as well as the original committee – creditors' committee, now the creditor - of inspection committee. Just a question, Mark, to you, please. Following up on what Alex just said, I – just recently we had a meeting where we were all asked to certainly confirm or affirm that you go ahead and put in 7.25 million, which was just to June in expenses. I think Alex's point is probably fair that if you're asking the banks for the 7.25 million to fund the ongoing projects, why not include something there for, indeed, funding getting a proper legal position about those resolutions, and we being able to be funded for what's our side of the story?

MR KORDA: And like I said, depending on what the court says, they – probably not going to go to court for a while. Second point is, the court acts - ordered on forestry the contradictor be funded by TSL. So if the court – what I suspect, because this is an inter-scheme member issue, he's more than likely to do that. In other words, it's between those people that want to double down, and those who don't. I suspect that will – what will happen.

MS BEZENCON: So that's a yes to you will help?

MR KORDA: It's a matter for the judge, but I suspect that will happen.

MR WALSH: One more question here.

MR: My question again is back to Mark. And I guess it's a sort of double-barrelled question. First, I was just going back to that initial point of the security of our proceeds and your assurances that they were protected, and I greatly appreciate your efforts to protect the interests of those growers who may not wish to participate in this

scheme. And again, I just wanted to ask for your clarification and perhaps an undertaking that you were not considering offset to Timbercorp Finance, at least for the next couple of months, until that dispute is resolved so that our proceeds won't disappear before we have an opportunity to have that issue resolved. And I'm guessing your answer is yes. I mean, I don't need to labour the point but I think you - - -

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MR KORDA: I'm not across the Timbercorp Finance offset issues, but let's just take it - there's two men in the bank and there's four men coming in August and four men in September. We will not have reconciled everything by then anyway.

MR: Okay.

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MR KORDA: So I think it's unlikely.

MR: All right. And the second part of my - sorry, you said it's unlikely that you'll - - -

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MR KORDA: No, can I just - we have something like 40 different bank accounts, and what we're doing is rather than - the chairman called it probably bucketed accounting - all the money, what we do is when proceeds come in, say, for the 2001 or for the almond scheme, we put in an almond's agency account, they're called. When Timbercorp Securities get some money, it goes in there. When Timbercorp Finance gets some money, it goes in there. When Timbercorp Limited gets some money - and we're trying to make sure that we account and respect everybody's rights by having all the cash sitting in bank accounts. And it'll be a process that we'll go through to make sure whoever gets - you know, because you've got within schemes, within companies - - -

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MR: But you're not going to pay out any proceeds at this stage to anyone, including Timbercorp Finance?

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MR KORDA: Correct.

MR: Okay, great. So the second part of my question goes back to how much money there is coming in, and this is back, I guess, to Align as well. I'm pretty surprised that the forecast proceeds - and this has come from Select Harvest and it may not be anything that you can really investigate further, but that the forecast proceeds are only around \$2000 per lot for the '01 and '02 crops. Now, I think '07 and '08, the proceeds were north of \$3500, and the forecasts were actually somewhere around 5 or \$6000 for this year. So it just staggers me that, you know, there's only expected to be \$2000 per lot to come in. So from Align's point of view, if that's any sort of indication of the health of these crops going forward - and I know that there's been a lot of difficulties with cash flow, the projects have always been at least 12 months behind in actually paying growers compared to the prospectus, which has put a lot of the strain on people - how do we end up with \$2000 per lot that was in the Align Funds presentation? Or is that just the money that is there now and we expect that to double over the next 12 months?

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MR KORDA: I can't do exactly the same figures, but I think, Steve, I think - two things have happened is, the price of almonds is - we're selling at the moment is less than \$5.

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That means all the crops lose money, end of story, so your proceeds are coming down. Two, is the cost of temporary water has being significant, so that's reduced the profitability of the 2009 crop.

6 MR: But I don't know that they're substantially worse than last year, when we got three and a half thousand dollars. I mean are you saying that we're basically underwater to the tune of, you know, probably \$1000 a lot?

12 MR KORDA: I don't have the detail to be reconciled on that crop, or whether it's 4000 or 3000 so – but we know the almond – the two big issues are the price of almonds, and the cost of the water, because the yield was pretty good for the year, wasn't it Steve?

MR: That's why I find it hard to understand because the yield was good - - -

18 MR LYNCH: I don't have all the Timbercorp project figures to hand, but in principle, the economic way you have to look at it is that the 2 and \$3500 is not as a percentage of 5 or \$6. From your 5 or \$6 gross proceeds there are the marketing and processing costs. So when it looks like a high percentage, you're right, because it's a percentage of – there's something like \$1 plus costs post-farm gate to get that product to market. So it's more like, sort of, three on four or two and a half on three and a half of your net proceeds, rather than one on five. So, without being able to confirm those numbers, without doing some due diligence on it, the price has crashed big time. It was only two and a half years ago that we had \$9, so the differences are quite stark, and wouldn't surprise me if that's the appropriate change, on a net basis, as against a gross basis.

24 MR: Yes. When you say net basis, you mean after the 10 per cent joint venture share's deducted? Not before operating costs or leasing is deducted?

30 MR LYNCH: Look, I'm not currently familiar with how the maths calculates related to joint venture to be in a position to comment. I'd have to be given more detail. I haven't done the detailed financial analysis but, if that's the case, then that would be another factor, obviously.

MR: I guess what I'm doing is I'm going back to - - -

36 MR WALSH: Can we leave it there? If there's more comment about that, I think that's something you can perhaps take up after the meeting. It's not - - -

MR: Okay. It's just fairly crucial issue as to whether, you know, what equity we get in the scheme - - -

42 MR LYNCH: My only comment as an independent expert, and someone who's been around this process for a while, is that a lot of people have looked at these numbers and Select Harvest do the marketing and so on, on an independent basis, so I would have – and the independent person overviewing this, I would have no reason to have any view other than those proceeds coming in are what is coming in out of the marketplace. And I'm sure if we did that analysis with Mark and his team, there ought to be a reasonable explanation for the numbers. I don't – probably a bit of a game statement to say, having

done my disclaimers, Mr Chairman, but I don't have a reason to understand why those numbers coming from Select Harvest from the marketplace into those holding trust accounts would not reflect what is happening in the market net of costs - of real costs.

6 MR: Yes. But, I mean, when you say - I guess the point is, there was a slide up here before that said \$2000 per lot.

MR WALSH: I think we've got to leave it at that to give everybody a chance. Look, lucky last question. You've been standing for a while.

12 MS KEOGH: Yes. Is this on? Can you hear me?

MR WALSH: Yes.

18 MS KEOGH: G'day. I'm Chris Keogh(ph). I'm with 2002 almonds and 2003. It would appear to me, and I wonder if a couple of you can just, with a yes or no answer, tell me that our choice today is either to vote for an opportunity to make something of our investment that we've put in for the last seven years, or to take away the incredibly minimal amount which is sitting there in that account? That seems to me to be our choice.

MR KORDA: Yes.

24 MS KEOGH: Go for it, darl. Let's go for it. We haven't got a lot of time. I really would suggest to Mr Korda that you might have to look at - I don't know, it just really feels to me that the only people who have prior claim on our bank account would be the Timbercorp Finance, the ANZ Bank, who seem to have a lot more clout that I do at the moment. It feels to me that they have a lot more opportunity to have first dibs on that money, and their thing is, "Let's clean up our debts. Let's not look to the future,"
30 whereas I actually think that we've all put in the hard yards, invested the money, let's make something of this because, you know, the point where most bands break up is just when they're about to make it. So let's actually utilise this crop and go forward, vote on the resolutions, please. Thank you.

36 MR WALSH: Thank you very much. I've heard, in the questions that have been coming forward, there's a number of people been expressing concern about what's going to happen to the money that's come in from the sales. It would be interesting, I think, on a non-binding basis with growers in the audience, if they would indicate - it might be helpful to the people who've got to concern themselves with this - if they'd indicate whether they'd be in or out or would want their money back. How many people would want their money back if they had a choice right now, in terms of the proceeds of the sale
42 of the crop? Absolutely - absolutely no doubt whatever that if it were the proceeds of sale, if that's going to be taken out, would that be the wish? How many growers would be in that position to simply take their proceeds so they can get and walk away? Any growers, put your hand up if you're in that position. Okay, just one - suggest that you'd probably stay in. Okay. I think it's now time that if we move to the resolutions which have been proposed - - -

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AUDIENCE MEMBER QUESTION: (Off microphone)

6 MR WALSH: There's 100 million, if that's what – so if 100 million is - how many would put in more money? It's a pretty – yes, I mean a bit more money, I'm not suggesting how much. It's a pretty good indication that is fairly overwhelmingly in favour of most people saying they'd put in more money to follow it through. Well, thank you for - - -

AUDIENCE MEMBER: (Off microphone)

12 MR WALSH: Oh, that will be noted, don't worry. Thank you very much for that. Well, there's a number – a group of people who don't know. I'll ask the question. Is there a significant number of people? If you don't know, could you put your hand up just to indicate? There's very few. Okay. Well, look, we're now at the stage of looking at the resolutions that have been circulated. I think Mr Garnaut, who's proposed most of these, or his group, rather – I shouldn't attribute it just to him – wants to just quickly run through what the consequences of those are. I'll ask him to be as brief as he can. The
18 other thing is that I should tell you that at the back of the hall, if anybody's anxious to jump up and grab it, it would be available immediately after the meeting anyway, is the outline - the implications of voting one way or the other. Mr Garnaut. Want to come perhaps up here?

24 MR GARNAUT: Yes. No, that's fine, no worries at all. Thanks, Mr Chairman. What I might actually do, given that we've spent such an inordinate amount of money with our lawyers, we actually might get the boys to do a bit of work for us this morning. So I might actually hand over to – given that I'm not a lawyer, I might actually hand over the resolutions. I know most of them in the room should have a copy, so I'm going to – Mr Bland, if he would go through the resolutions and if anyone wants to pop a question at me during – I'm most – I'm happy to take it.

30 MR BLAND: Thanks, Chris.

MR GARNAUT: Yes. Can you be quick, please?

36 MR BLAND: I'll keep space stations out of it. Resolution 1: This is an ordinary resolution to the effect that the scheme continue and not be wound up. Vote for – I'm sorry, I'm reading from a paper prepared by the Timbercorp Growers' Group. Vote for if you want the scheme to continue for the time being. This does not close out options for changing the scheme or winding the scheme up in future. This vote may well involve some further financial contributions. Vote against if you would prefer that the scheme be
42 wound up forthwith, with Timbercorp Securities Limited in liquidation as the responsible entity.

AUDIENCE MEMBER QUESTION: (Off microphone)

MR GARNAUT: Yes, for. Yes, absolutely. Sorry, my apologies. Yep. Sorry, Chair.

MR WALSH: The consequence why – we’ve had presentations, and what I think it is, just to outline what the consequences of passing it or not passing the resolution, I think all that we call for at this stage. So if we could leave it at that.

6 MR GARNAUT: Absolutely, yes. Actually, you know what I might do, it might save you a lot of time, you bowl them through them and hold that mic a bit closer to your mouth. But what I would say is this: basically, out of all the – if you’re for, which has just been by a show of hands, if you’re for actually some recapitalisation proposal, you’re essentially going to vote for, for, for, for, for, for, for, for, all the way down. If you’re against the recapitalisation proposal and the gentleman who was just – who asked a number of very healthy questions - if you’re against then you’d just be nine, basically, against. That
12 be a fair assumption, Mark? Yes. Yes, okay. So you pop them out, and they’re basically all for, from the Timbercorp Growers’ Group, and as a personal investor, I have already voted, and I’m for, for, for, for times eight. So are you comfortable with, Chair?

MR KORDA: Because these are all separate schemes, when you came in you would have got a different colour-coded piece of paper if you’re in more than one scheme. So,
18 just like Chris says, if you’re voting for, down the column for the nine resolutions - against. Then what we will do is collect them all up and tally them. We’ve put in about 6000 proxies over the last two days. I think our people finished about 3 o’clock. We’ve got all the proxies. All we need your voting forms for - and then we’ll put on the website, rather than everybody wait around, what the result is. I think, you know, based
24 on what I’ve seen of the proxies, the motions will be get passed in nearly all of the schemes so let’s just go through that, all right? So what we’re going to do is everybody votes, hand your forms in on your way out, and we’ll post on the websites. And someone hasn’t got forms?

MR WALSH: Just to make that absolutely clear, I should tell you that there was a quorum present in respect of each of the groups. I should mention that if you are voting
30 in favour or against, if you are in more than one scheme you need to fill in two forms. If you’re in one scheme only then fill it in however you wish, and when you have completed the form, you can drop it into the box on the way out. As soon as they are counted and I’ve got a final result from the returning officer, I’ll then have that posted, as Mr Korda has indicated, on the respective websites, and an announcement will be made publicly after that.

36 AUDIENCE MEMBER QUESTION: (Off microphone)

MR WALSH: Beg your pardon? I don’t have that number at the present number, but I know that – I should tell you that I hold a number of proxies from people who, in fact, nominated me as the proxyholder. I intend to vote in favour of those resolutions in
42 accordance – I’ve got no particular direction, but I think that the mood of the meeting is that it would wish me to vote in favour. So thank you very much. The – one of the resolutions, in fact, calls for the meeting to be adjourned, and I wish that, with your leave, I adjourn it to a day to be fixed. Thank you very much indeed for your attendance, and I hope that the meeting has been informative, and that something very useful for you comes out of it. Thank you very much indeed.

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MR GARNAUT: Thank you, Mr Chairman. Just before I thank the Chairman, I'd also like to thank Korda Mentha for facilitating the meeting today, putting it all together so your vote could be heard. It's all Korda Mentha staff here today, so Mark, I appreciate what you've done for the growers today. Thank you. And thanks again, Mr Chair, well done. We'll see you next Friday at the forestry meeting and the following Friday at the olive meeting. We're getting very close, the chairman and I. Monday, I'm sorry, that's right. We had a Sabbath we had to deal with, didn't we. That's right, yes.

RECORDING CONCLUDED

12 **WORD COUNT: 23,429**