

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

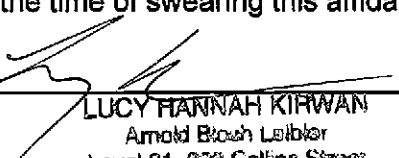
Prepared by:  
**ARNOLD BLOCH LEIBLER**  
Lawyers and Advisers  
Level 21  
333 Collins Street  
MELBOURNE 3000

Solicitor's Code: 54  
DX 38455 Melbourne  
Tel: 9229 9999  
Fax: 9229 9900  
Ref: [ ]

(Leon Zwier [lwier@abl.com.au](mailto:lwier@abl.com.au)/  
Lucy Kirwan [lkirwan@abl.com.au](mailto:lkirwan@abl.com.au))

This is the exhibit marked '**MAK-56**' now produced and shown to MARK ANTHONY KORDA at the time of swearing this affidavit on 3 March 2010.

Before me:

  
**LUCY HANNAH KIRWAN**  
Arnold Bloch Leibler  
Level 21, 333 Collins Street  
Melbourne 3000

An Australian Legal Practitioner within the  
meaning of the Legal Profession Act 2004

**Exhibit 'MAK-56'**

**Copy of PowerPoint Slides of Mark  
Korda's presentation**



**Timbercorp Almond Schemes Meeting**  
31 July 2009

**Agenda**

- Welcome: Chairman – Matt Walsh
- Liquidators' update
- Timbercorp Growers Group (TGG)
- Stephen Lynch
- Align Proposal
- Questions
- Resolutions
- Poll Process
- Close meetings



Crusky Limited by a scheme approved under Professional Standards Legislation

Page 1

**Almond Scheme Meetings**

**Almond Schemes List**

- 2001 Timbercorp Almond Project (ARSN 098 849 748)
- 2002 Timbercorp Almond Project (ARSN 098 811 835)
- 2003 Timbercorp Almond Project (ARSN 103 187 288)
- 2004 Timbercorp Almond Project (ARSN 108 338 670)
- 2005 Timbercorp Almond Project (ARSN 112 835082)
- 2006 Timbercorp Almond Project (ARSN 118 387 974)
- 2007 Timbercorp Almond Project (ARSN 122 511 040)

**Liquidators' Update**



Crusky Limited by a scheme approved under Professional Standards Legislation

Page 2



Crusky Limited by a scheme approved under Professional Standards Legislation

Page 3

## Background

- Administrators were appointed to the Timbercorp Group on 23 April 2009.
- Operations were suspended prior to entering into agreements to harvest 2009 crops.
- Applied to the Supreme Court to see if it was appropriate to wind up schemes.
- Applied to the Federal Court to protect interests in leased land.

## Current Position

- 2009 crop harvest was completed through arrangement with Select Harvest (relying upon contractual right of set off under the existing management agreement).
- To protect 2009 crop proceeds we have written to Select Harvest and informed them that they cannot continue to use 2009 proceeds to fund their ongoing costs in relation to the 2010 crop.
- Funding to pollinate orchards has been sourced and the bees are on their way. However, costs to September are approximately \$31.5m and fertilizer in particular is a time critical issue.
- Leases remain unpaid. We have obtained a waiver from TIPF for the period to 5/9.

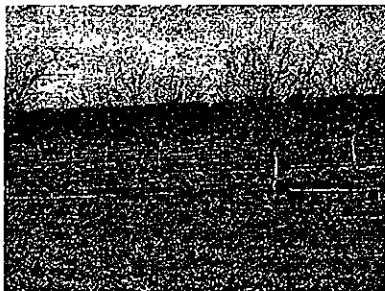
## 2010 Almond Crop – 2001 to 2005 Schemes

- Costs to September 2009 - \$18.4m
- Costs for 2010 Crop - \$79.2m
- Capital Expenditure - \$11m
- The orchards are primarily on leased land and the leases are unpaid.
- The leased and owned land is mortgaged to financiers.
- We have no money to pay the costs to September.
- If, as occurred last year, Growers do not pay all the invoices in October there is no way of paying all the costs of operating the Schemes. The arrears from last year are \$6.8m.
- Capital Expenditure costs cannot be recovered from Growers.

## 2010 Almond Crop – 2006 to 2007 Schemes

- Costs to September 2009 - \$18.1m
- Costs for 2010 Crop - \$88.3m
- Capital Expenditure - \$38m
- The orchards are on Timbercorp Group owned land.
- The land is mortgaged to financiers.
- We have no money to pay the costs to September.
- If, as occurred last year, Growers do not pay all the invoices in October there is no way of paying all the costs of operating the Schemes. The arrears from last year are \$6.8m.
- Capital Expenditure costs cannot be recovered from Growers.
- Already these schemes are not being maintained by Select Harvest.

## Menegazzo Farm - May



## Menegazzo Farm – early July



## 2010 Almond Crop – All Schemes

- Operating Expenditure- \$168m
- Crop Proceeds- \$87m
- Deficit - \$89m
- Capital Expenditure- \$100m
- Ordinarily the Growers would fund the majority of the \$168m through invoices raised in October 2009 and receive the crop proceeds in 2010/11.

### Solvency and Viability

- The cash position means that the schemes are not solvent.
- While reducing the costs of operating the schemes in the future would improve viability it will not address the cash position. Whether or not the cost of operating the schemes can be reduced by say tens of millions of dollars we do not have the funds.

## Winding Up Application – Why we went to Court

- Historically, the Timbercorp Group underwrote the operation of the schemes by:
  - Honouring contracts (farm operating costs, leases, etc) even though not all Growers had met their share of costs.
  - Funding the working capital requirements of the scheme, i.e. meeting the costs of the scheme before they can be recovered from Growers or crop proceeds.
- The Timbercorp Group owns lots in the Almond Schemes in its own right.
- The Timbercorp Group met the cost of capital expenditure necessary for the operation of the schemes.
- Timbercorp Finance Ltd (in Liquidation) provided finance to many Growers to fund their participation in the Schemes.

*The Timbercorp Group is in liquidation and does not have the funds to continue underwriting the Schemes.*

*In essence, although the application is to wind up, in reality it provides a way to solve/realise the orchards.*

## Proposed Strategy

- Urgent sale or recapitalisation of the Schemes  
Seeking EOI
- The solution is likely to be different for the 2001-2005 and 2005-2007 Schemes
- Grower Returns under this scenario:
  - 2009 Crop proceeds to be received. \$31.5m less arrears, etc.
  - No more cash to be contributed
  - Return from winding up will depend on what's realised through the sale/recapitalisation of the Schemes process and Grower entitlements may have to be determined by the Courts.

## Timbercorp Growers Group

Performance for 2001 to 2005				
Project Summary				
Project Name	Project Number	Project Status	Project Type	Project Category
Project 1	1	Completed	Construction	Infrastructure
Project 2	2	In Progress	Construction	Infrastructure
Project 3	3	Completed	Construction	Infrastructure
Project 4	4	In Progress	Construction	Infrastructure
Project 5	5	Completed	Construction	Infrastructure
Project 6	6	In Progress	Construction	Infrastructure
Project 7	7	Completed	Construction	Infrastructure
Project 8	8	In Progress	Construction	Infrastructure
Project 9	9	Completed	Construction	Infrastructure
Project 10	10	In Progress	Construction	Infrastructure
Project 11	11	Completed	Construction	Infrastructure
Project 12	12	In Progress	Construction	Infrastructure
Project 13	13	Completed	Construction	Infrastructure
Project 14	14	In Progress	Construction	Infrastructure
Project 15	15	Completed	Construction	Infrastructure
Project 16	16	In Progress	Construction	Infrastructure
Project 17	17	Completed	Construction	Infrastructure
Project 18	18	In Progress	Construction	Infrastructure
Project 19	19	Completed	Construction	Infrastructure
Project 20	20	In Progress	Construction	Infrastructure
Project 21	21	Completed	Construction	Infrastructure
Project 22	22	In Progress	Construction	Infrastructure
Project 23	23	Completed	Construction	Infrastructure
Project 24	24	In Progress	Construction	Infrastructure
Project 25	25	Completed	Construction	Infrastructure
Project 26	26	In Progress	Construction	Infrastructure
Project 27	27	Completed	Construction	Infrastructure
Project 28	28	In Progress	Construction	Infrastructure
Project 29	29	Completed	Construction	Infrastructure
Project 30	30	In Progress	Construction	Infrastructure
Project 31	31	Completed	Construction	Infrastructure
Project 32	32	In Progress	Construction	Infrastructure
Project 33	33	Completed	Construction	Infrastructure
Project 34	34	In Progress	Construction	Infrastructure
Project 35	35	Completed	Construction	Infrastructure
Project 36	36	In Progress	Construction	Infrastructure
Project 37	37	Completed	Construction	Infrastructure
Project 38	38	In Progress	Construction	Infrastructure
Project 39	39	Completed	Construction	Infrastructure
Project 40	40	In Progress	Construction	Infrastructure
Project 41	41	Completed	Construction	Infrastructure
Project 42	42	In Progress	Construction	Infrastructure
Project 43	43	Completed	Construction	Infrastructure
Project 44	44	In Progress	Construction	Infrastructure
Project 45	45	Completed	Construction	Infrastructure
Project 46	46	In Progress	Construction	Infrastructure
Project 47	47	Completed	Construction	Infrastructure
Project 48	48	In Progress	Construction	Infrastructure
Project 49	49	Completed	Construction	Infrastructure
Project 50	50	In Progress	Construction	Infrastructure
Project 51	51	Completed	Construction	Infrastructure
Project 52	52	In Progress	Construction	Infrastructure
Project 53	53	Completed	Construction	Infrastructure
Project 54	54	In Progress	Construction	Infrastructure
Project 55	55	Completed	Construction	Infrastructure
Project 56	56	In Progress	Construction	Infrastructure
Project 57	57	Completed	Construction	Infrastructure
Project 58	58	In Progress	Construction	Infrastructure
Project 59	59	Completed	Construction	Infrastructure
Project 60	60	In Progress	Construction	Infrastructure
Project 61	61	Completed	Construction	Infrastructure
Project 62	62	In Progress	Construction	Infrastructure
Project 63	63	Completed	Construction	Infrastructure
Project 64	64	In Progress	Construction	Infrastructure
Project 65	65	Completed	Construction	Infrastructure
Project 66	66	In Progress	Construction	Infrastructure
Project 67	67	Completed	Construction	Infrastructure
Project 68	68	In Progress	Construction	Infrastructure
Project 69	69	Completed	Construction	Infrastructure
Project 70	70	In Progress	Construction	Infrastructure
Project 71	71	Completed	Construction	Infrastructure
Project 72	72	In Progress	Construction	Infrastructure
Project 73	73	Completed	Construction	Infrastructure
Project 74	74	In Progress	Construction	Infrastructure
Project 75	75	Completed	Construction	Infrastructure
Project 76	76	In Progress	Construction	Infrastructure
Project 77	77	Completed	Construction	Infrastructure
Project 78	78	In Progress	Construction	Infrastructure
Project 79	79	Completed	Construction	Infrastructure
Project 80	80	In Progress	Construction	Infrastructure
Project 81	81	Completed	Construction	Infrastructure
Project 82	82	In Progress	Construction	Infrastructure
Project 83	83	Completed	Construction	Infrastructure
Project 84	84	In Progress	Construction	Infrastructure
Project 85	85	Completed	Construction	Infrastructure
Project 86	86	In Progress	Construction	Infrastructure
Project 87	87	Completed	Construction	Infrastructure
Project 88	88	In Progress	Construction	Infrastructure
Project 89	89	Completed	Construction	Infrastructure
Project 90	90	In Progress	Construction	Infrastructure
Project 91	91	Completed	Construction	Infrastructure
Project 92	92	In Progress	Construction	Infrastructure
Project 93	93	Completed	Construction	Infrastructure
Project 94	94	In Progress	Construction	Infrastructure
Project 95	95	Completed	Construction	Infrastructure
Project 96	96	In Progress	Construction	Infrastructure
Project 97	97	Completed	Construction	Infrastructure
Project 98	98	In Progress	Construction	Infrastructure
Project 99	99	Completed	Construction	Infrastructure
Project 100	100	In Progress	Construction	Infrastructure