

**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:
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This is the exhibit marked '**MAK-57**' 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 2008

Exhibit 'MAK-57'

**Copy of PowerPoint Slides
of Stephen Lynch's presentation**

Timbercorp Almond Projects Investor Presentation

Melbourne
31 July 2009

Stephen Lynch

Stephen Lynch
B Agr Sc, MSc (Econ)



Timbercorp is a listed company and its securities are listed on the ASX.

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Disclaimer

- No personal advice
- This presentation is for general information only.
- It does not take into account your current or future financial circumstances, nor does it make a specific recommendation as to the viability or otherwise of particular projects. It is important for you to consider these matters before you make an investment decision on holding or acquiring financial products. Whilst due care has been taken in the compilation of this presentation, and the information contained herein is believed to be based on reliable current relevant information, there is no guarantee of the absolute accuracy of such information or the integrity of source material, nor is responsibility accepted for any errors and omissions which may subsequently be found evident in the appraisal.
- Do not rely on forward-looking statements
- This presentation contains forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the presentation, are more likely than not to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that cannot be assessed or quantified. No assurance is given that the results, performance or achievements expressed or implied by the material contained in this presentation will actually occur and growers/unitholders are cautioned not to place undue reliance on these forward-looking statements.

Stephen Lynch - Background

- Agribusiness consultant – 30 years
- 10 years experience in almond industry
- Almond Board of Australia board member for 7 years - current, chairman for 3 yrs, vice chairman 2 yrs.
- Developed 1600 ha almond projects 1999 - 2008

Content

1. Overview of Almond Industry
 - Australia
 - USA/Global
2. Industry Outlook for 2009/10 onward
3. Timbercorp Almond Orchards
 - Prospects
 - Cost Structures
4. Alternatives for Growers
 - Continue Project
 - Alternate Structures

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Australian Almond Industry

- Australian almond industry value
AUD \$260 million
- 60% export : 40% domestic
- Australian almonds currently exported to more than 40 countries
- Anticipated industry value to double:
\$600 million by 2015 (180 mill lbs)
- Exports anticipated to represent 70% sales by 2015, with related value of approximately \$350 million

Australian Almond Industry View

The following 14 slides represent the Australian Industry's case for almond investment

Compiled from the Almond Board of Australia promotional material, but is not the official view of the board

Almonds

- the "Right Product"
 - the "Right Time"
 - the "Right Place"
- Well managed,
under an appropriate,
efficient and funded
structure
=
- Viable investment

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Almonds = the "Right Product"



- Almonds are a healthy, versatile, natural food that has been consumed around the world since ancient times.

Almonds = the "Right Product"

- Increased almond production will be needed to feed growing world population
- Future supply growth will be restricted by access to suitable growing conditions
- New developments in Australia and USA expected to be minimal over next few years

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Almonds = the "Right Product"

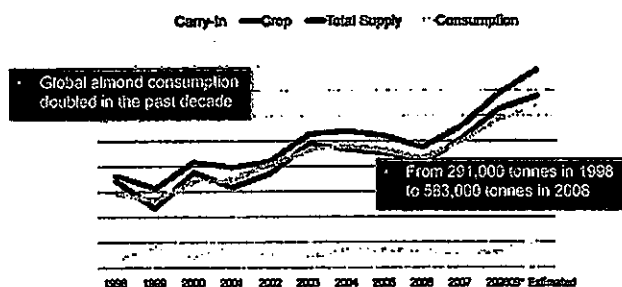
Positive price pressure



World almond consumption is at an all time high. Strong demand growth over many years has consistently matched supply increases.

Global Almond Consumption

matches supply historically

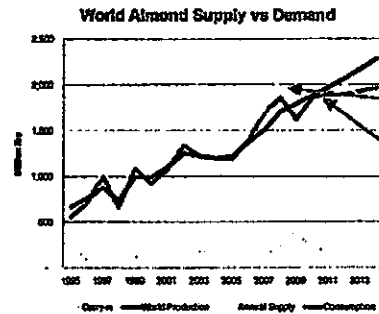


Almonds – the “Right Time”

- Today's consumers are seeking natural, healthy foods
- Population and income growth is driving demand in traditional consuming countries: **China, India and Middle East**

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Almonds – the “Right Time”



- Average 9% consumption growth over past 10 years
- Stocks up 2008, US crop/supply down 2009, back in balance 2010/2011
- Future consumption growth of 5% per annum will exceed supply by 2013

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Almonds – the “Right Time”

- Future Outlook:
 - Limited supply increases
 - Strong consumption growth
 - ↑ price pressure

= the “Right Time” to be in Almonds



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Australia = the “Right Place”

- Australia is one of the very few suitable growing locations for almonds:
 - Favourable climatic conditions
 - Suitable soils
 - Low impact of pest and disease



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Australia = the “Right Place”

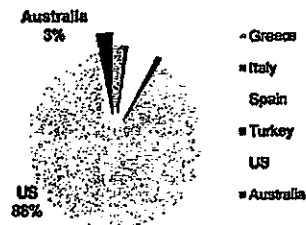
- Ability for high level of mechanisation of almond production and processing
- Enables scale
- = Limited dependence upon high cost labour

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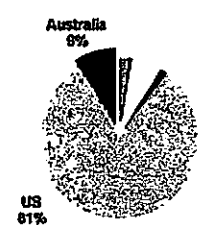
Australia = the “Right Place”

- Australia to become the world's second largest almond producer as existing plantings mature

2008 Global Shares



2016 Global Shares



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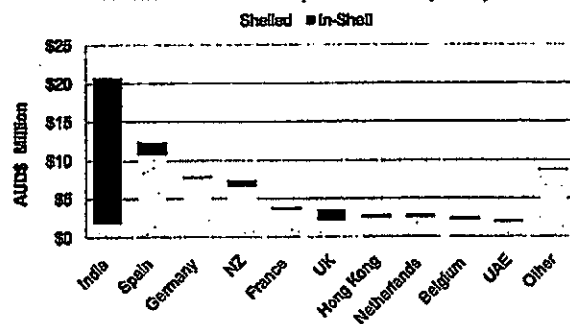
Australia = the “Right Place”

- Australia has long-standing track record of successfully marketing increased tonnages into rapidly expanding domestic and international markets
- Australian almonds are enjoyed by more than 40 countries around the world.

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Australia = the “Right Place”

Australian Almond Exports 2007/08 (Value)



Australia = the “Right Place”

- Australia is competitive in both quality and cost
- Advantages:
 - Climatic \Rightarrow = High yields
 - Structural \Rightarrow = Cost competitive
 - Counter-seasonal \Rightarrow = Quality
 - Low level pest and disease \Rightarrow = Price competitive

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USA Almond Industry

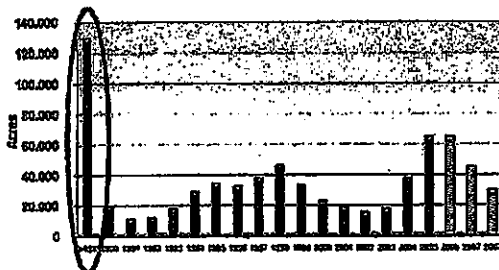
The following 4 slides represent USA data on the almond industry

Data is from Doug Youngdahl, President of Blue Diamond, (the largest processor and marketer of almonds in the USA) , and chairman of the 2009 Almond Working Group at the International Nut & Dried Fruit Congress in Monaco May, 2009

USA Almonds: Orchard Age

– Future Supply Impact

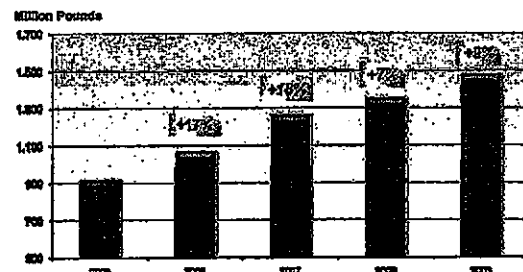
A significant area of USA almonds are now old. With limited current plantings in USA and Australia ,supply will plateau in next 5 years



Source: Blue Diamond May, June 2009

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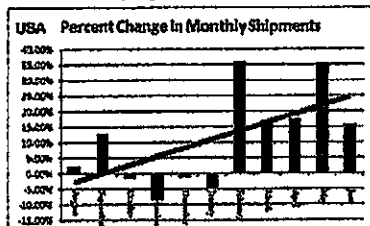
USA Almond Shipment Trends



Demand - Almonds Recovering from Recession

– record shipments continue for USA

- 2008/09 shipments up 9%
- June 2009 shipments record monthly volume – up 15%
- US shipments will be 1.38 mill lbs, 2009 harvest estimate is only 1.35 billi lbs – supply /demand in balance.



Source:
Blue Diamond June 2009

Almond Outlook

Summary of Chairman of 2009 Almond Industry Working Group - International Nut and Dried Fruit Congress, Monaco, May 2009



Big crops are needed. . .

- Consumption in India, the Middle East and China will continue to accelerate.

Prices are poised to rise. . .

- As demand catches supply, market prices will rise from near-historic lows.

The future of our industry is promising. . .

- Global consumption will continue to increase, sustaining the long-term growth of our industry.

Outlook for 2009/10 - Global

- Three record US crops in a row (2006-2008) meant supply temporarily outpaced demand, but demand growth likely to exceed supply by end of 2009
- The global and domestic consumption of almonds is growing
- Production of almonds globally will fall due to the US crop being 18% down in 2009*. It will increase again in following years, but not expected to outstrip demand.
- Supply will still remain above demand this year, given the amount of stock the USA will carry in to this year from their last harvest due to slow European sales
- New markets are experiencing double digit growth in demand: eg India (12%), Middle East (45%) and China (100%)*

*Based on the latest crop estimates (Blue Diamond Intl. Apr 2009). Growth figures are for US almonds

Outlook Beyond 2010 - USA

- The US crop is only 37% premium non pareil variety. Australia is 50% - i.e Australia has better percentage of the higher value main variety
- Conclusion of USA position:
 - a. Due to record crops in 2006-08 and carry-in, supply is currently outpacing demand, but this is expected to return to balance with growth in new markets
 - b. Unlikely to be any significant new plantings given market and growing conditions
 - c. Crops on younger trees will support supply growth, but at lower rate, with less new plantings

Viability of Almonds

Key Components of a viable and competitive Australian industry:

- **Price** – future price will be determined by supply and demand – global demand is projected to match supply within 5 years
- **Costs** – Australia is cost competitive
- **Yield** – competitive, Australian yields higher on average than USA
- **Water** – availability and cost is a challenge at present with a long drought

Water is a key issue, investment needs to take a view on water - likely to be available, but at a cost.
Current research suggests water cost is manageable for almonds under right project and orchard cost structure.

► Australian almond industry well placed to be viable long term

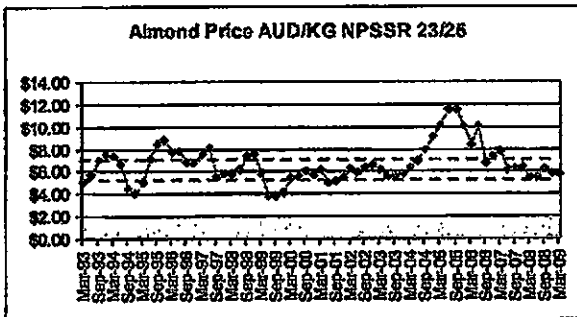
Impacts on Australian/ Timbercorp almonds

1. Key drivers:

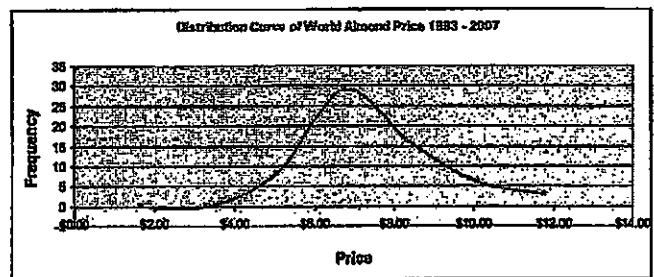
- Drought /Water**
 - Water restrictions remain and therefore so does the cost to buy temporary water
- Almond price**
 - Price has been low – but outlook is for recovery
- Yield**
 - Timbercorp project yields have been good against forecasts
 - Quality of Timbercorp orchards generally good

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Almond Prices - Historical



Almond Prices - Distribution



Source : Select Harvests Limited

Outlook for 2009/10 – Timbercorp Almonds

- Deficits are forecast for 2009/10.
 - If working capital applied shortly, positive outlook for crop yield, but
 - Price is likely to remain low over next year with AUD appreciation and USA supply overhang from 2008.
 - Drought remains – low water reserves – resulting in additional water costs, similar to last two years
 - Young orchards still developing – higher deficit
 - Provision of working capital is a significant requirement
 - Investors/RE will need to consider how they fund Timbercorp JV (10% in some projects), and defaulting grower costs.
- Pollination - Bees are being placed in all orchards currently
- Capex - a funding source is required for capital expenditure
- Water - can be funded as extra operating cost where needed

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Timbercorp Project Cost Structures

1. Older orchards 2001 - 2003
Under current cost structures break even is at an almond price around 10% above current prices – high \$5's. Currently deficit forecast this year.
 2. Younger Orchards
Younger orchards require ongoing working capital until they reach mature yields. 2006 – 2008 projects - this is as expected.
2004 – 2005 projects - drought and price are affecting how quickly they can reach break even. Price will then be determinant of break even or loss in next 2 years.
- All projects require capital expenditure in coming years. For the younger projects this is significant, for irrigation set up, additional piping etc
 - The capital cost for water could, by agreement, be reverted to an annual purchase cost, hence reducing capital costs significantly for young orchards. But increasing operating costs – an investor expense.
 - For all projects, some review of fees for administration, licence fees and TIM management fees may be possible under any new structure. This will depend on a number of factors such as scheme management costs, landlord minimum licence fee requirement (for debt and return on asset).

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Project Summaries

2001 -2003	Mature Low capital expenditure required (Capex) Timbercorp 10% JV
2004	Close to mature crop in 2010 Low Capex
2005	Will mature 2011 Still requires Capex plus water
2006	4 yrs to full crop, could break even 2011 Significant Capex & water required
2007/2008	All planted 2007 1 st crop 2010 Significant Capex & water required. Cash deficit for at least 2 years. Less attractive to trusts. Large % Timbercorp loan investors

Project Structure

- MIS Project - Investor growers are currently "in business", contracted to pay farm costs (in advance) every year. In years of profit there is no net cost, the investor receives the net profit back, in years of loss the investor incurs the net cost.
- Alternate Structures – alternate structures may vary but for example a unit trust, generally treats the investor much like a shareholder, entitled to dividends (distributions) when there is a profit but not liable for day to day business costs. The investor owns their share of an asset, the value of which rises or falls based on a) the business profits, and b) the value of any assets in the structure (e.g. orchard, water etc), net of any borrowings the entity may have. This could be a listed or unlisted entity.

Individual investors should seek their own legal and investment advice about any such restructure proposal.

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Structure Options

MIS PROJECT STRUCTURE

Reasons For	Reasons Against
1. Tax deduction when loss	1. Liable for all shortfalls
2. Taxable gain will all be distributed to growers	2. Annual cash for working capital
	3. No exit strategy
	4. May get nil from windup
	5. Landlord capital deficit for works
	6. Cost Structure

ALTERNATE TRUST STRUCTURE

Reasons For	Reasons Against
1. Retains a value – currently at risk	1. Lose tax deductibility in years of loss
2. No investor business cost liability	2. Not all profit may be distributed
3. Funding for essential Cap Ex	3. Diluted withholding for MIS investor
3. Entity easier borrow or raise capital	
4. Own share of assets – orchard itself	
5. Exit strategies possible – unit sale	

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Where to find out more about the almond Industry

- Almond Board Australia www.australianalmonds.com.au
- Almond Board of California: www.almondboard.com
- Blue Diamond website (USA): www.bluediamond.com
- Select Harvests Limited annual & half yearly reports (ASX code: SHV)
- Almond Industry National Conference: 28 – 30 October 2009 (See ABA for details)

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Questions?

Scheme Resolutions

Resolution 1 A resolution that the Scheme continue and not be wound up;

Resolution 2 A special resolution that the constitution of the Scheme be modified as follows:

- Inserting after Clause 11 the following clause:

"11A Responsible Entity's additional powers

The Responsible Entity has the power to:

- borrow, for the limited purpose provided in sub-clause (i) below (and repay such borrowing and pay interest and costs in relation to such borrowing from monies in the Agency Account);
- grant security over the monies in the Agency Account, for the limited purpose provided in sub-clause (i) below;
- advance funds using the monies in the Agency Account, for the limited purpose provided in sub-clause (i) below;
- seek, act, negotiate and implement any restriction proposal and working capital funding proposal to be approved by Growers by ordinary resolution."

- Inserting after Clause 14 the following clause:

"14A Responsible Entity's entitlements:

The Responsible Entity is entitled to pay or be reimbursed for expenses reasonably and properly incurred in relation to sub-clause 11A(d) out of the Agency Account."

- replacing the words, "five months after 30 June each year" in sub-clause 13.7(d) with the words, "eleven months after 30 June each year".

Scheme Resolutions (cont'd)

Resolution 3. Subject to Resolution 2 being passed, an ordinary resolution approving a working capital funding proposal in the terms put to such meeting.

Resolution 4. Subject to Resolution 2 being passed, an ordinary resolution:

- * that it is in the best interests of Growers to have the opportunity to consider a restructure proposal which may or may not include all or any of the following:
 - converting Growers' interests to ownership interests;
 - the issue of listed or unlisted securities in exchange for Growers' interests; and
 - the convening of meetings under section 411 of the Corporations Act for Growers to approve a compromise of their contractual claims against Timbercorp Securities Limited (in Liquidation) ACN 082 311 459 and related bodies corporate as defined in the Corporations Act.
- * that the Responsible Entity take or cause to be taken all necessary and incidental actions to allow the restructure proposal to be submitted to Growers for their consideration at one or more meetings of Growers (whether in their capacity as members of the Scheme, creditors of the Timbercorp Group (all in Liquidation) or otherwise).

Scheme Resolutions (cont'd)

Resolution 5. A resolution that proposed resolutions 6 and 7 be held over to an adjournment of the meeting.

Resolution 6. An extraordinary resolution that TSL be removed as responsible entity.

Resolution 7. An extraordinary resolution choosing a company to be the new responsible entity.

Resolution 8. Alternatively, a resolution that the TGG prosecute the Interlocutory Processes forthwith.



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Poll Process

- Complete Voting Forms
- Place Voting Form in Box for relevant scheme
- Poll Results will be displayed on the Timbercorp and KordaMentha websites once the votes are counted. COB Today



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