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Media release

Timbercorp olive harvest set to resume

Harvesting of the Timbercorp olive crop in Victoria is set to resume at 6 am tomorrow after an agreement reached with Boundary Bend Limited today.

Mark Korda, Administrator of the Timbercorp group of companies, said he had approved the sale of the 2009 crop to Boundary Bend Limited, which manages and harvests 6500 hectares of olive groves for Timbercorp at Boort and Boundary Bend in northern Victoria.

The agreement followed two days of hearings in the Federal Court in Melbourne.

The urgent court application was made because delays in harvesting threatened to cause substantial losses this year and next year. Timbercorp had no cash to pay for the cost of harvesting after being placed in Voluntary Administration on April 23.

Under the agreement yesterday, Boundary Bend will pay \$15.5 million for the unprocessed olive crop, subject to a rise and fall clause. After processing, the crop is expected to produce approximately \$26.5 million in olive oil. Boundary Bend will take the first \$11 million from the olive oil sales to cover harvesting costs, with the balance going to investor growers, subject to adjustments.

Mr Korda said Boundary Bend could now obtain finance for the harvesting operations against the value of the crop.

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Mr Korda said: “Under very difficult circumstances, this is an excellent result for growers, Boundary Bend and Timbercorp.”

Mr Korda told the First Meetings of Creditors this week that the olive agreement may be able to be used as a model to arrange harvesting operations for other Timbercorp projects in similar circumstances.

Meanwhile, Mr Korda repeated that no formal process had begun at this stage for the sale of any Timbercorp assets, including water rights. The Administrators were focusing on the first parts of their three-point plan - examining funding operations and preparing strategies for Timbercorp operations on a project-by-project basis.

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