



# THE HUNTLEY GROUP

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## **COLLECTIVE OLIVE GROVES LIMITED (COGL) - UPDATE**

This update has been prepared by the Managing Director of Huntley Management Limited (HML), John Knox, in response to numerous enquiries from Growers seeking information on the current situation concerning the administration of COGL.

The day after Mr Reidy was appointed as Administrator for COGL Mr Knox visited Mr Reidy's office with our lawyer to present the HML position as Responsible Entity of the six Olive projects. Although investors hold 82% of the shares in COGL they are not creditors of COGL and have no standing at creditors meetings. As COGL owns the project land HML naturally has an interest in at least retaining the leasehold we are entitled to hold on behalf of investors.

Mr Reidy was provided a file of documents supporting the HML position which were taken on the undertaking that, following a review, HML would receive their commentary and they would keep in touch. Mr Reidy was also provided with a copy of a Piper Alderman letter to the COGL auditor dated 19 November 2008 which provided some further background to the matter.

Nothing further was heard from the Administrator until last week when we were invited to meet him. Mr Reidy apologised for his lack of response to our emails and formal letters written by our lawyer.

A second meeting of creditors was held on 20 March 2009 and, on Monday 23 March, we met again with Mr Reidy and his lawyer.

We reported various issues of concern including the question of ownership of the water infrastructure, the validity of the lease to protect investor interests and the dimension of the AOL claim of \$8M+. Mr Reidy advised that the creditors meeting on Friday had voted to place the company into a Deed of Company Arrangement (DOCA) which provided that AOL would have 90 days to raise funds from COGL shareholders to fund the debt to AOL.

Both Mr Reidy and his lawyer expressed the view that this could not be achieved and the company would therefore be placed into liquidation by mid June.

Mr Reidy did not appear to understand the validity of the HML claim to the transfer of the lease over the subject property which AOL/McMahon Clarke refuse to transfer on the basis of a challenge to the HML appointment as Responsible Entity for P3. Mr

Reidy advised that the quantum of the AOL claim of \$8M+ seemed reasonable in view of the fact that he had sought an independent valuation which had produced a figure of approximately \$9.3M. We discussed an email from Kostas Livardaras and his assumptions of value based on costs as shown in the accounts of AOL and AOHL of around \$1.5M. Peter Shakspeare our farm manager had put a current replacement value of around \$1M. Although Mr Reidy noted our views he advised that with this and our other arguments he had taken legal advice and saw no reason to change his mind. Mr Reidy said he strongly recommended the liquidation and felt this would be the result in due course.

Provided the lease of the land is transferred from AOL in accordance with the law the consequence of liquidation is not a disaster. We have written to ASIC advising a number of breaches of the law by AOL and have requested that appropriate action be taken.

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