

Our Ref: AJ
Your Ref:



19 November 2008

Huntley Management Limited
Suite 301, 3rd Floor
37 Bligh Street
SYDNEY NSW 2000

Attention: John Knox

Dear John

COGL

We refer to our discussions of this morning.

We note as follows:

1. At least 21 days notice of a meeting must be given if the company is not listed. The Constitution can only provide for a longer minimum period not a shorter period ⁽¹⁾. A shorter period is only permitted for an AGM where **all** the members entitled to attend and vote at the AGM consent to a shorter period which is not applicable here ⁽²⁾.
2. A notice of meeting is sent by post or fax it is taken to be given 3 days after it is posted ⁽³⁾ so you have to allow that period before the 21 days commences to run ⁽⁴⁾.
3. The company is required to hold its AGM before 30 November in each year ⁽⁵⁾.
4. The business of an AGM may include any of the following, even if not referred to in the notice of meeting:
 - 4.1 the consideration of the annual financial report, directors' report and auditor's report;
 - 4.2 the election of directors;
 - 4.3 the appointment of the auditor;

Lawyers

ABN 42 843 327 183
Level 23
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Telephone +61 2 9253 9999
Facsimile +61 2 9253 9900
DX 10216
Sydney Stock Exchange

www.piperalderman.com.au

**Sydney • Melbourne
Brisbane • Adelaide**

Partner:

Alan Jessup
Direct Phone +61 2 9253 9911
Email: ajessup@piperalderman.com.au

¹ section 250H(1) of the *Corporations Act, 2001*

² section 250H(2) of the *Corporations Act, 2001*

³ section 249J(4) of the *Corporations Act, 2001*

⁴ *Re United Medical Protection of Queensland* [2004] NSWSC 14 (2 December 2004)

⁵ section 250N(2) of the *Corporations Act, 2001*



To: John Knox
Date: 19 November 2008
Our Ref: AJ
Page: 2



- 4.4 the fixing of the auditor's remuneration ⁽⁶⁾.
5. The directors of COGL must lay before the AGM:
 - 5.1 the financial report ; and
 - 5.2 the directors' report; and
 - 5.3 the auditor's report;for the last financial year ended 30 June 2008 ⁽⁷⁾. However there is no requirement for a vote to be taken on these reports.
6. COGL must report to their members by the earlier of 21 days before the first AGM after the end of the financial year or four months after financial year end which must include the reports referred to in 5 above or a concise report for the year ⁽⁸⁾. A member may request that it either not receive the reports or to send them a full financial report, directors' report and auditor's report ⁽⁹⁾.
7. The chair of the AGM must allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the company which would include the reports referred to in 5 above ⁽¹⁰⁾.
8. Because COGL is not listed there is no requirement for the company's auditor to attend but if the company's auditor or their representative is at the meeting, the chair of an AGM must allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or the auditor's representative questions relevant to:
 - 8.1 the conduct of the audit; and
 - 8.2 the preparation and content of the auditor's report; and
 - 8.3 the accounting policies adopted by the company in relation to the preparation of the financial statements; and
 - 8.4 the independence of the auditor in relation to the conduct of the audit ⁽¹¹⁾
9. We are not sure on what basis it is possible for an increase in valuation of the biological plant to cause a tax liability to arise. There is no disposal of any asset which would give rise either to ordinary income or a capital gain. Further, the product rulings for at least Projects 2 to 6 inclusive provided that the person entitled to the deduction for the biological plant was the Grower not the land owner by reason of the Growers holding the land on which the biological assets is established under licence. The deduction is

⁶ section 250R(1) of the *Corporations Act, 2001*

⁷ section 317 of the *Corporations Act, 2001*

⁸ section 314 and 315 of the *Corporations Act, 2001*

⁹ section 316 of the *Corporations Act, 2001*

¹⁰ section 250S(1) of the *Corporations Act, 2001*

¹¹ section 250T(1) of the *Corporations Act, 2001*

To: John Knox
Date: 19 November 2008
Our Ref: AJ
Page: 3



for the decline in value of that biological assets. While at the end of the Groves licence agreements, the biological assets will revert to COGL until the Projects are ended the ownership is subject to the licence of the same to the Growers. The valuation would seem to be at odds with these matters. There would appear to be a question mark over the accounting for this biological assets in the audited accounts.

However at the end of the day there is little that shareholders can do about the financial reports other than ask questions, complain to ASIC, remove the directors or if a cause of action arises out of the improper preparation of the financial reports sue for the loss or damage suffered.

Yours faithfully
Piper Alderman

Per


Alan Jessup
Partner