MEMO

To: Board of Directors

From: Company Secretary

Subject: **ANNUAL REPORT / ELECTION TO RECEIVE**

Section 315 of the Corporations Act requires that all public companies – including unlisted companies – and large proprietary companies*, must "report to" members/ shareholders no later than 21 days prior to the Annual General Meeting or within 4 months of the annual balance date/financial year end at the latest (even if that is more than 21 days before the AGM date).

The words "report to" mean such companies must send (ie, despatch by post or other delivery means) an actual [hard] copy of a physical printed Annual Report to all shareholders – <u>except</u> where a company has elected to adopt an 'opt in' alternative whereby a printed Annual Report need only be sent to those shareholders who have provided a written request to receive such, and other shareholders can access the Annual Report through the company's website – see secs.314(1AA)~(1AE).

A small proprietary company need only prepare an Annual Report if the company is directed to by shareholders pursuant to the provisions of sec.293 – which requires despatch within 4 months of financial year end or as otherwise allowed under the Act.

It is noted that some observers actually suggest that "report to" means the Annual Report must be 'in the hands of' shareholders within the prescribed timeframe, which would mean despatching sufficient days prior to ensure they 'report' in time.

Sec.314 specifies that the 'Annual Report' for a financial year comprises:

- financial report – under sec.295: the financial statements, notes thereto and directors' declaration, as per the Accounting Standards (sec.334)
- directors' report – under sec.298, to include information set out in sec.299, 299A, 300, 300A & 307C
- auditor's report – under sec.308.

'Opt-in' Election

If a company elects to adopt the 'opt in' approach it must first notify all shareholders in writing – sec.314(1AB) – that:

(i) they may elect to receive a free hard copy of the Annual Report; and

(ii) if they do not so elect, they may freely access the Report on the company's website.

Any election stands until a shareholder ceases or changes their election.

From a practical perspective a company should initially send a letter to shareholders and make provision for them to respond with their election – which is then noted in the Share Register.

Then every year, for example when sending notice of the Annual General Meeting, the company must include reference (in the wording, somewhere) to the fact that all shareholders may access an electronic copy of the Annual Report through the web-site.

If the company has such a facility, it can also collect email addresses and then notify all shareholders (through a 'broadcast email') – or those who want to – that an electronic copy is available on the web-site and/or email a copy to them. This is purely voluntary alternative – see sec.314(1AD).

Broadcast Email

A typical email to shareholders regarding the Annual Report:

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Dear Shareholder

Thank you for electing to receive electronic notification of the 2010 Annual
Report for Manaccom Corporation Limited. The Annual Report is viewable at
http://www.manaccom.com/docs/annualreport/Annual_Report_MNL_2010.pdf

By electing to receive information electronically you are receiving timely, cost
effective and environmentally friendly online solutions. We hope you find this
information helpful and easy to access.

Yours faithfully

Mr Bill Lyne
Company Secretary
Manaccom Corporation Limited

You have received this message because you have elected to receive electronic
securityholder communications. If you no longer want to receive electronic
messages from us, visit http://www.investorcentre.com/unsubscribe, enter your
details and then update your communication elections. Please do not reply to this
email as it is an unattended mailbox. If you have received this email in error,
please visit https://www-
au.computershare.com/investor/contactus/default.asp?bhjs=1&fla=1&state=EmailForm&S
ection=investor&cc=AU&lang=en to report your complaint.
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** a large proprietary company is one which satisfies at least 2 of the following criteria:*

- *revenue of $25m*
- *assets of $12.5m*
- *50 employees*

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.