# COSMOS LIMITED

## Corporate Governance

In response to a routine query by the Australian Stock Exchange Limited, Cosmos Limited advises as follows in regard to certain corporate governance reporting issues.

1. Currently, the company does not have a majority of independent non-executive directors. The Board considers this to be appropriate at the present time given the size of the company, its present financial position, the composition of its share register and the difficulty it has encountered in attracting suitable candidates who would require to be suitably indemnified and insured.
2. For the reasons given above, the company does not enjoy the services of an independent chairman; nor can the audit committee consist of only non-executive directors.
3. As advised in the 2004 annual report, the charter for the audit committee is being finalised and will be reported to shareholders in the next annual report.
4. The company does maintain policies and principles to enable continuous disclosure in regard to matters of material interest to shareholders and the stock market generally.
5. With regard to equity based remuneration, the company has an approved employee share option scheme in place. Any other issues of shares or options to employees or directors are approved on and *ad hoc* basis by shareholders in general meeting.

Henry Preston,

Chariman.

31 March 2005