

**K&S CORPORATION LIMITED**

**A.C.N. 007 561 837**

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY NOTES TO SHAREHOLDERS**

**A PROXY FORM IS ALSO ENCLOSED**

**Please read the Notice and Explanatory Notes carefully.**

**If you are unable to attend the Annual General Meeting of  
shareholders, please complete and return the enclosed Proxy  
Form in accordance with the specified directions.**

**K&S CORPORATION LIMITED (A.C.N. 007 561 837)  
NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE OF MEETING**

Notice is hereby given that the Annual General Meeting of shareholders of K&S Corporation Limited (the "Company") will be held at the Barn Palais, Punt Road, Mount Gambier, South Australia on Tuesday, 23 November 2010 at 2.00pm (CDST).

**AGENDA**

**Ordinary Business**

**1. Financial Statements and Reports**

To consider the Financial Statements and the Reports of the Directors and of the Auditors in respect of the year ended 30 June 2010.

**2. Remuneration Report**

To adopt the Remuneration Report for the year ended 30 June 2010.

*Note – the vote on this resolution is advisory only and does not bind the directors or the Company.*

**3. Election of Directors**

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

**3.1 Re-election of Mr GC Boulton AM**

"That Mr Gregory Colin Boulton, being a director of the Company who retires by rotation pursuant to Rule 84 of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

**3.2 Re-election of Mr RM Smith**

"That Mr Raymond Maxwell Smith, being a director of the Company who retires by rotation pursuant to Rule 84 of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

**Special Business**

**4. Approval of share issues for the purposes of ASX Listing Rules 7.1 and 7.4**

To consider, and if thought fit, to pass the following ordinary resolution:

"That, for the purpose of ASX Listing Rules 7.1 and 7.4, the issue by the Company of:

- 500,000 fully paid up ordinary shares to Adrian Keith Crook & Samantha Jane Crook as trustee for the Pacific Group Investment and Share Trust at an issue price of \$2.80 per share on 13 January 2010; and
- 750,000 fully paid up ordinary shares to Tribridge Holdings Pty Ltd (ACN 065 348 174) as trustee for the Niall Trust and 200,000 fully paid up ordinary shares to Tradewinds Nominees Pty Ltd (ACN 079 991 567) as trustee for the Salvarinas Family Trust at an issue price of \$2.80 per share on 8 July 2010,

is approved by shareholders".

**5. Approval of the giving of financial assistance by Regal Transport Group Limited.**

“That, for the purposes of section 260B(2) of the Corporations Act 2001 (Cth), approval is given for the giving by Regal Transport Group Limited (ACN 134 989 343) of financial assistance in relation to its acquisition by K&S Freighters Pty Ltd (ACN 007 544 390) on 8 July 2010, including (without limitation) by:

- (a) acceding as guarantors under the Group Guarantee<sup>1</sup>;
- (b) entering into the Standard Terms<sup>2</sup>; and
- (c) performing its obligations under those agreements.”

**6. Approval of amendment to Constitution**

To consider, and if thought fit, to pass the following special resolution:

“That Rule 115 of the Company’s Constitution be amended as follows:

115 ~~Dividends out of profits~~ Circumstances in which dividends may be paid

115.1 No dividend is payable except in accordance with section 254T of the Corporations Act ~~out of the profits of the Company~~, and no dividend or other monies payable on or in respect of a share carries any interest as against the Company.”

**EXPLANATORY NOTES**

Shareholders are referred to the Explanatory Notes accompanying and forming part of this Notice of Meeting.

**VOTING EXCLUSION STATEMENT**

**Resolution 4**

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by Mr Adrian Crook, Mrs Samantha Crook, Tribridge Holdings Pty Ltd, and Tradewinds Nominees Pty Ltd and their associates.

Notwithstanding the foregoing, the Company need not disregard a vote cast on the Resolution by the named person or an associate of the named person if:

- the vote is cast by that person as proxy for a person who is entitled to vote on the Resolution, in accordance with the directions on the proxy form; or
- the vote is cast by the Chairman as proxy for a person who is entitled to vote on the Resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

<sup>1</sup> As defined in the explanatory notes to item 5.

<sup>2</sup> As defined in the explanatory notes to item 5.

## PROXY FORMS

A proxy form accompanies this Notice of Meeting and to be effective must be completed in accordance with the Explanatory Notes and received at the Company's registered office:

The Company Secretary  
K&S Corporation Limited  
141-147 Jubilee Highway West  
Mount Gambier SA 5290

or by facsimile on: (08) 8721 1799

**by no later than 1:30 pm Adelaide time on Sunday, 21 November 2010.**

By Order of the Board



CW Bright  
Company Secretary  
Dated: 7 October 2010

## **EXPLANATORY NOTES FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING AND THE PROXY FORM**

### **Determination of Entitlement to Attend and Vote**

For the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as shareholders as at 10 am Adelaide time on Sunday, 21 November 2010.

### **Proxy Forms**

- 1 In the case of joint shareholders, this form must be signed by each of the joint shareholders personally or by attorney.
- 2 A corporate shareholder must execute this form in accordance with its constitution or under the hand of its duly authorised attorney.
- 3 A member entitled to vote is entitled to appoint not more than two (2) proxies. Unless a member specifies the specific proportion or number of votes in respect of which each proxy is appointed, under the Constitution of the Company each proxy will be deemed to represent half of the votes that the member is entitled to cast. If the member wishes to appoint two (2) proxies, additional forms are available from the Company's registered office.
- 4 A proxy need not be a member of the Company.
- 5 Completed proxy forms should be returned to the Company Secretary at the Company's registered office shown on the proxy form. The Constitution of the Company requires that, to be effective, proxy forms together with any power of attorney under which they are executed must reach the Company not less than forty eight (48) hours before the commencement of the meeting. Alternatively the completed proxy forms can be sent by facsimile transmission to the Company on facsimile number (08) 8721 1799.

### **Ordinary Business of the Annual General Meeting**

The following notes set out the detail of the ordinary resolutions to be proposed at the Annual General Meeting:

#### **Item 1 – Financial Statements and Reports**

This item is self explanatory. It is intended to provide an opportunity for shareholders at the Annual General Meeting to raise questions on the Financial Statements and Reports themselves and on the performance of the Company generally.

No formal vote is required in relation to item 1.

#### **Item 2 - Resolution – Remuneration Report**

During this item, there will be a reasonable opportunity for shareholders at the Annual General Meeting to comment on and ask questions about the Remuneration Report which commences on page 21 of the Company's 2010 Annual Report.

The vote on the proposed resolution in item 2 is advisory only and will not bind the directors or the Company. However, the directors will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The directors recommend that shareholders vote in favour of the resolution in item 2.

### **Item 3.1 - Resolution – Re-election of Mr GC Boulton AM**

Mr Greg Boulton has been a director of the Company since 1996, is Deputy Chairman of the Company's Board of Directors, and is also a member of the Company's Audit Committee. Mr Boulton retires by rotation in accordance with the Constitution of the Company and the ASX Listing Rules and, being eligible, offers himself for re-election.

### **Item 3.2 - Resolution– Re-election of Mr RM Smith**

Mr Ray Smith has been a director of the Company since February 2008. Mr Smith is Chairman of the Company's Audit Committee. Mr Smith retires by rotation in accordance with the Constitution of the Company and the ASX Listing Rules and, being eligible, offers himself for re-election.

The directors (in each case excluding the relevant director) recommend that shareholders vote in favour of the resolutions in items 3.1 and 3.2.

### **Special Business of the Annual General Meeting**

The following notes set out the detail of the special business to be proposed at the Annual General Meeting:

### **Item 4 – Resolution – Approval of issue of shares for the purposes of ASX Listing Rules 7.1 and 7.4**

The directors seek shareholder approval under Listing Rules 7.1 and 7.4 for the issue of the following fully paid ordinary shares in the capital of the Company made within the last twelve months:

- (a) 500,000 shares issued to Adrian Keith Crook & Samantha Jane Crook as trustees for the Pacific Group Investment and Share Trust at an issue price of \$2.80 per share on 13 January 2010. Those shares were issued as part of the consideration payable on the acquisition by K&S Freighters Pty Ltd (a wholly owned subsidiary of the Company) of the business and assets of Pacific Transport.
- (b) 750,000 shares issued to Tribridge Holdings Pty Ltd as trustee for the Niall Trust and 200,000 shares issued to Tradewinds Nominees Pty Ltd as trustee for the Salvarinas Family Trust at an issue price of \$2.80 per share on 8 July 2010. Those shares were issued as part of the consideration payable on the acquisition by K&S Freighters Pty Ltd of Regal Transport Group Limited ('RTG'), Strategic Transport Services Pty Ltd ('STS'), Vortex Nominees Pty Ltd ('Vortex') (collectively 'Regal Transport Group') and the assets, goodwill and business names used in the business conducted by Regal Transport Group.

Collectively these 1,450,000 shares ('Issue Shares') comprise 1.97% of the Company's issued share capital as at the date of this notice of meeting. The Company presently has 73,542,501 fully paid ordinary shares on issue.

Subject to some exceptions which are not relevant to this item of business, Listing Rule 7.1 permits a Company to issue up to 15% of its issued share capital in any twelve month period without seeking the approval of shareholders (the '15% Cap'). The Issue Shares were issued by the Company pursuant to Listing Rule 7.1.

Listing Rule 7.4 provides that issues of shares made by the Company within the preceding twelve months under Listing Rule 7.1, and which would otherwise count against the 15% Cap, may be approved by shareholders. In that event, those issues of shares will not count against the 15% Cap if the Company subsequently seeks to issue further shares pursuant to Listing Rule 7.1 without shareholder approval.

The purpose of the proposed resolution on this item of business is to obtain shareholder approval to the issue of the Issue Shares so that they do not count against the 15% Cap.

If the proposed resolution on this item of business is passed by shareholders, subject always to the terms of the Listing Rules, the Company will have the ability to issue up to 11,031,375 new shares pursuant to Listing Rule 7.1 without obtaining shareholder approval. If the proposed resolution on this item of business is not passed, the Company will only have the ability to issue up to 9,363,875 new shares pursuant to Listing Rule 7.1 without obtaining shareholder approval.

The directors consider that the approval by shareholders of the issue of the Issue Shares is in the Company's interests as it preserves the Company's ability to issue up to 15% of the Company's issued share capital in accordance with Listing Rule 7.1 without the need for shareholder approval at a general meeting. The directors are of the view that this flexibility is preferable to allow the Company to react quickly to opportunities, as well as prudent in the current economic climate.

The directors also note that existing shareholders have been provided several opportunities to participate in share issues by the Company via the share purchase plan completed in May 2010 and also the Company's dividend reinvestment plan which applied to both the interim and full year dividends for the 2009/10 year. Those issues to existing shareholders have all been made at a discount to the market price for the Company's shares at the time that the offer prices under the share purchase plan and the dividend reinvestment plan were announced.

#### *Voting Exclusion Statement*

A voting exclusion statement in respect of the resolution in item 4 is set out in the Notice of Meeting.

The directors recommend that shareholders vote in favour of the resolution in item 4.

#### **Item 5 – Resolution – Approval of the giving of financial assistance by Regal Transport Group Limited**

##### Background:

On 8 July 2010, K&S Freighters Pty Ltd (a wholly owned subsidiary of the Company) acquired RTG, STS, and Vortex (collectively 'Regal Transport Group') and the assets, goodwill and business names used in the business conducted by Regal Transport Group. The acquisition of Regal Transport Group was funded by a combination of debt and the issue by the Company of 950,000 fully paid ordinary shares at an issue price of \$2.80 per share.

On 5 July 2010, the Company entered into a new \$40 million interest only revolving cash advance facility ('Facility') with one of its existing debt providers, Westpac Banking Corporation ('Westpac'), to fund the cash component of the purchase price for Regal Transport Group. The Facility matures on and is required to be repaid by the Company by 4 July 2014.

Pursuant to the terms of the K&S Group Standard Terms agreement dated 3 May 2005, as amended ('Standard Terms') and the agreement ('Facility Agreement') between Westpac and the Company under which the Facility is provided, the Company is required, amongst other things, to procure that by no later than 14 December 2010 RTG:

- (a) accedes as a guarantor under the deed of cross-guarantee ('Group Guarantee') provided to Westpac by the Company and its wholly owned subsidiaries in support of the financial

accommodation provided to the Company under the Standard Terms and the Facility Agreement;

(b) provides security over its assets and undertakings to Westpac; and

(c) becomes a party to the Standard Terms.

(collectively 'Westpac Requirements').

Under the Standard Terms and the Facility Agreement, the obligation for the Company to procure that RTG complies with the Westpac Requirements is at all times subject to the Company complying with the applicable provisions of the *Corporations Act 2001 (Cth)* ('Act').

Restrictions on companies giving financial assistance:

Under section 260A of the Act, a company may financially assist a person to acquire shares in the company only if the giving the assistance does not materially prejudice:

- the interests of the company or its shareholders; or
- the company's ability to pay its creditors,

or otherwise if the financial assistance is approved by the company's shareholders.

Under section 260B of the Act, the financial assistance can be approved where:

(a) in the case of the company giving the financial assistance:

- a special resolution is passed at a general meeting of the company at which no votes are cast in favour of the resolution by the person acquiring the shares or by their associates; or
- a resolution is agreed to at a general meeting by all ordinary shareholders of the company; and

(b) in the case of a company which is a subsidiary of a domestic company listed on the ASX ('Listed Holding Corporation'), the financial assistance is also approved by a special resolution passed by shareholders at a general meeting of that Listed Holding Corporation.

A company may be regarded as giving financial assistance where it gives something needed in order that a transaction be carried out or something in the nature of aid or help. An example of the giving of financial assistance is the giving of undertakings or security to a person under a loan agreement.

The compliance by RTG with the Westpac Requirements may be considered to constitute the giving of financial assistance by RTG in relation to the acquisition by K&S Freighters Pty Ltd of its issued share capital as part of the purchase of Regal Transport Group completed on 8 July 2010.

Reasons for giving financial assistance:

Subject always to complying with the Act, the financial assistance is required to be given by RTG under the Standard Terms and Facility Agreement and as a condition of Westpac providing the Facility. The Facility was used by the Company to fund the purchase of Regal Transport Group.

Effect of financial assistance:

The Company has concluded that the financial assistance described above is in the best interests of the Company and its shareholders.

The directors have no reason to believe that the compliance by RTG with the Westpac Requirements is not in the best interests of the Company and its shareholders and do not have any reason to believe that the accession of RTG to the Group Guarantee, the entry of RTG to the Facility Agreement, or the provision by RTG of security over its assets and/or undertakings will increase the likelihood of there being an event of default under the Standard Terms or the Facility Agreement.

Nonetheless, if there is a default by RTG under the terms of the Standard Terms or the Facility Agreement, Westpac may become entitled to enforce any of its rights under those agreements and such enforcement may materially prejudice the interests of the Company. Pursuant to a deed of pari passu dated 2 September 2002 (as amended) between Commonwealth Bank of Australia ('CBA') (which also provides debt facilities to the Company), Westpac and the Company, CBA may also become entitled to enforce rights under facility agreements ('CBA Agreements') between it and the Company if there is a default by RTG under the Standard Terms or the Facility Agreement. Again, the enforcement by CBA of any its rights under the CBA Agreements may materially prejudice the interests of the Company.

While RTG is a trading entity with assets and liabilities, the directors of the Company have no reason to believe that RTG is not capable of paying its debts when they fall due. As previously advised to shareholders, the Company is also of the view that the acquisition of Regal Transport Group (of which RTG is the main trading entity) will be earnings per share accretive for the Company.

Advantages of the proposed resolution:

The passing of the proposed resolution will allow the Company to procure the satisfaction by RTG of the Westpac Requirements.

Disadvantages of the proposed resolution:

As outlined above, once RTG has complied with the Westpac Requirements, if there is a default by RTG under the Standard Terms or the Facility Agreement Westpac and CBA may become entitled to enforce rights under the Standard Terms or the Facility Agreement and the CBA Agreements respectively which enforcement may be materially prejudicial to the interests of the Company.

RTG has complied with section 260B of the Act:

K&S Freighters Pty Ltd is the sole shareholder in RTG. In accordance with section 260B of the Act, a unanimous resolution of shareholders was passed at general meetings of RTG on 17 September 2010 approving the giving of financial assistance by RTG.

Prior notice to ASIC:

As required by section 260B(5) of the Act, a copy of this notice of meeting and explanatory notes, as sent to shareholders, was lodged with Australian Securities & Investments Commission prior to despatch to shareholders.

Special resolution:

The proposed resolution on this item of business is a special resolution. For a special

resolution to be passed, at least 75% of votes cast by shareholders must be in favour of the proposed resolution.

Disclosure:

The directors consider that these explanatory notes to the proposed resolution for item 5 contain all information known to the Company that would be material to shareholders in deciding how to vote on the proposed resolution, other than information that it would be unreasonable to require the Company to include because it has previously been disclosed to shareholders of the Company.

Recommendation:

The directors recommend that shareholders vote in favour of the resolution in item 5 to approve the giving of financial assistance.

**Item 6 – Resolution – Approval of amendment to Constitution**

It is proposed that Rule 115 of the Constitution be amended to allow the Company to pay dividends in the circumstances prescribed by section 254T of the *Corporations Act 2001 (Cth)* ('Act').

The Company's Constitution which was adopted by shareholders on 23 November 2004 currently provides that dividends may only be paid out of the profits of the Company. At the time that the Company's Constitution was adopted, section 254T of the Act also prescribed that dividends may only be paid out of the profits of a company.

On 28 June 2010, section 254T of the Act was amended. Section 254T of the Act now provides that a company must not pay a dividend unless:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The change to section 254T of the Act has the effect that the 'profits' based test for the payment of dividends has now been replaced in the Act by a 'solvency' based test. The directors believe that the Company's Constitution should reflect the current position under the Act in relation to the payment of dividends.

Under section 136(2) of the Act, an alteration to the Constitution requires a Special Resolution to be passed by shareholders.

Recommendation:

The directors recommend that shareholders vote in favour of the resolution in item 6 to approve the proposed amendment to the Company's Constitution.

# proxy form

I/We .....  
of.....  
being a member of K&S Corporation Limited entitled to..... votes  
(insert number ordinary shares held)  
hereby appoint .....  
or failing him/her .....  
or failing my/our appointee, or if I/we have not nominated any other person, the Chairman of the meeting as my/our proxy to vote on my/our behalf in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held on 23 November 2010 and at any adjournment thereof.

**To be completed only if you wish to appoint 2 proxies (see Explanatory Notes to the Notice of Annual General Meeting).**

The proxy appointed by this proxy form shall represent ..... % of my/our voting rights.  
Dated this ..... day of .....2010.  
Usual signature/s of Shareholder/s .....

OR

EXECUTED BY )  
) )  
..... )

(insert name of company)  
in accordance with section 127 of the  
Corporations Act 2001 in the presence of:

.....  
Director Director/Secretary

**Voting Instructions to Proxy (completion is optional)**

If you do not wish to direct your proxy how to vote, please insert X in the box opposite.

If you desire to direct your proxy how to vote please insert X in the appropriate box below.

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>Ordinary Business</b>			
2. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Directors:			
3.1 Mr Gregory Colin Boulton AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Mr Raymond Maxwell Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Business</b>			
4. Approval of share issues for the purposes of Listing Rules 7.1 and 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the giving of financial assistance by Regal Transport Group Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of amendment to Rule 115 of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**See the Explanatory Notes to the Notice of Annual General Meeting for notes on completion of this form**