

# 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.

## 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 corporate office of the Company's freight terminal located at 591 Boundary Road, Truganina, Victoria on Tuesday, 28 November 2017 at 2.00pm (EDST).

## 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 2017.

[www.ksgroup.com.au](http://www.ksgroup.com.au)

#### 2 Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2017.

*Note, the resolution is advisory only and does not bind the Directors or the Company.*

#### 3 Election of Director

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

##### 3.1 Re-election of Mr JL Winser

"That Mr John Legh Winser, 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 the issue to Related Parties under the Short Term Incentive Scheme

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

"That, for the purpose of Listing Rules 10.12 and 10.14, the proposed issue of up to 110,294 fully paid ordinary shares to Mr Paul Sarant, managing director of the

Company, over the period of 3 years following the passing of this resolution pursuant to the Company's Short Term Incentive Scheme as described in the Explanatory Notes is approved."

## EXPLANATORY NOTES

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

## VOTING EXCLUSION STATEMENT

### Resolution 2 and 4

In accordance with sections 250BD and 250R of the *Corporations Act 2001* (Cth), the Company will disregard any votes cast on Resolutions 2 and 4 by the persons named in the Remuneration Report (ie, Messrs Johnson, Sarant, Winser, Smith, Walsh, Bright, and Hine) or their closely related parties.

Notwithstanding the foregoing, the Company need not disregard a vote cast on the Resolution by the named person or a closely related party 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.

If you complete a proxy form appointing the chairman of the meeting to vote on your behalf as proxy holder, and you do not mark any of the boxes, you provide express authority to the chairman to cast your votes. The chairman intends to vote undirected proxies in favour of Resolutions 2 and 4.

## 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 2.00 pm eastern daylight savings time on Sunday, 26 November 2017.

By Order of the Board



Chris Bright  
Company Secretary  
Dated: 5 October 2017

# 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 2 pm eastern daylight savings time on Sunday, 26 November 2017.

## 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 a maximum of 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 23* of the Company's 2017 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.

In addition, pursuant to amendments to the *Corporations Act 2001 (Cth)* which took effect in 2011, if:

- at the Company's 2017 Annual General Meeting, at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against the adoption of the Remuneration Report; and
- at the Company's 2018 Annual General Meeting, again at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against the adoption of the Remuneration Report,

then at the Company's 2018 Annual General Meeting the Company must allow shareholders to vote on a resolution that:

- another general meeting (the "spill meeting") of the Company's shareholders be held within 90 days; and
- all of the Directors of the Company (other than the managing director who will remain in office) cease to hold office immediately before the end of the spill meeting; and
- resolutions to appoint persons to the offices (ie, as Directors) that will be vacated immediately before the end of the spill meeting be put to a vote at the spill meeting.

**Voting Exclusion Statement**

A voting exclusion statement in respect of the resolution in item 2 is set out in the Notice of Meeting. As disclosed in the Notice of Meeting and the proxy form, if you complete a proxy form that authorises the chairman to vote on your behalf as proxy holder, and you do not mark any of the boxes so as to give him directions about how your votes should be cast, then your proxy will automatically become a directed proxy in favour of the resolution to adopt the Remuneration Report, and the chairman will vote accordingly.

If you wish to appoint the chairman as your proxy holder but you do not want to put him in a position to cast your votes in favour of the Remuneration Report, you should complete the appropriate box on the proxy form, directing him to vote against or abstain from voting on this resolution.

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

**Item 3 – Election of Director**

**Item 3.1 – Resolution - Re-election of Mr JL Winser**

Mr Winser has been a non-executive director since 2013. Mr Winser is a member of both the Environmental Committee and the Nomination & Remuneration Committee.

Mr Winser is a former Managing Director of the Company, a position which he held for 14 years prior to his retirement in 2012. Mr Winser has extensive knowledge of the transport and logistics industry with more than 40 years experience.

Mr Winser is an alternate director of several companies within the Scott Group of Companies. The Scott Group of Companies includes the largest shareholder in the Company, AA Scott Pty Ltd.

Mr Winser has a beneficial interest in 1,217,893 shares in the Company.

Mr Winser is 69.

Mr Winser is not considered by the board of directors to be independent.

Mr Winser 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 (excluding Mr Winser) recommend that shareholders vote in favour of the resolution in item 3.1.

**Special Business of the Annual General Meeting**

**Item 4 – Resolution - Approval of the issue to Related Parties under the Short Term Incentive Scheme**

The Board seeks shareholder approval under Listing Rules 10.12 and 10.14 for the proposed issue of up to 110,294 fully paid ordinary shares to Mr Paul Sarant, managing director of the Company, under the terms of the K&S Corporation Limited Short Term Incentive Scheme (“STI”) over the period of 3 years following the passing of the resolution in item 4.

The STI applies for the year ended 30 June 2018 and, subject to any changes that may be made by Directors, in subsequent years.

Persons entitled to participate in the STI are eligible to receive from 2% up to a maximum of 20% of their base salary as a short term incentive if the Company exceeds its budgeted profit after tax (excluding any profit benefits that may be realised from acquisitions or abnormal items, unless those items were included in the budgeted net profit after tax against which STI entitlements are to be determined) based on a sliding scale from minimum outperformance of budget of 100.5% up to outperformance greater than 118% as follows:

	Performance Target											
Profit After Tax	<Budget	Budget	Budget +0.5% to 1.99%	Budget +2.0% to 3.99%	Budget +4.0% to 5.99%	Budget +6.0% to 7.99%	Budget +8.0% to 9.99%	Budget +10.0% to 11.99%	Budget +12.0% to 13.99%	Budget +14.0% to 15.99%	Budget +16.0% to 17.99%	Budget +18.0%
STI	0%	0%	2%	4%	6%	8%	10%	12%	14%	16%	18%	20%

**Listing Rule 10.11** requires a listed entity to obtain shareholder approval for the issue of securities to related parties, which includes a director of the Company.

**Listing Rule 10.12**, Exception 4 provides that approval under Listing Rule 10.11 is not required where securities are to be issued to a person under an employee incentive scheme that has been approved under Listing Rule 10.14.

**Listing Rule 10.14** requires a listed entity to obtain shareholder approval for the issue of securities under an employee incentive scheme to certain parties, including a director, or an associate of a director, of the Company.

Accordingly, the Company is required to obtain shareholder approval before issuing shares to Mr Sarant under the STI.

The resolution in item 4 seeks shareholder approval for the proposed issue of shares to Mr Sarant under the STI.

The Board considers that the issue of shares to Mr Sarant under the STI is in the Company's interests as it aligns the interests of the Managing Director with the interests of the Company's shareholders.

The issue of shares to Mr Sarant under the STI will be on the same terms and conditions as issues to other eligible members of the Company's Executive Team under the STI, including that any entitlements payable to Mr Sarant and other participants in the STI will be paid as to fifty percent of that entitlement in cash and fifty percent of that entitlement in fully paid ordinary shares issued by the Company.

**Listing Rule 10.15A** sets out the information that must be provided to shareholders in order to obtain shareholder approval. The following information is provided in accordance with Listing Rule 10.15A.

#### ***Persons entitled to participate***

The person who may be issued shares under the STI, and for which approval is sought from shareholders, is Mr Paul Sarant, Managing Director of the Company.

#### ***Maximum Entitlement***

The maximum number of shares that may be issued to Mr Sarant under the STI over the period of 3 years following the passing of this resolution is 110,294 shares. This is based on Mr Sarant qualifying for the maximum entitlement payable under the STI in each year (being 20% of his base salary) and on the basis that Mr Sarant's current base salary of \$600,000 per annum may increase over that 3 year period up to \$625,000 in the year ended 30 June 2019 and \$650,000 in the year ended 30 June 2020<sup>1</sup>.

A notional share price of \$1.70/share has been used for the purposes of calculating the maximum number of 110,294 shares to be issued to Mr Sarant over the period of 3 years following the passing of Resolution 4. If the Company's share price increases over the period of 3 years following the passing of Resolution 4, the maximum number of shares that may be issued to Mr Sarant under the STI will be less than 110,294 shares.

The issue price for shares under the STI is the volume weighted average price of the Company's shares on the first five trading days of July following the conclusion of the financial year in respect of which the STI entitlement is to be determined.

Where an STI entitlement arises in respect of a financial year, the STI entitlement will not be paid (and shares will not be issued) until the Company's auditors have issued an unqualified audit opinion in respect of the relevant financial year.

Mr Sarant's salary for the relevant periods will be reported to shareholders in the Company's Remuneration Report in accordance with the Corporations Act.

#### ***Price***

As noted above, the price payable by Mr Sarant for his shares will be the volume weighted average price of the Company's shares on the first 5 trading days immediately following the conclusion of the financial year in respect of which the STI entitlement (if any) is to be determined.

#### ***Persons who received shares since last approval***

No previous issues of shares have been made under the STI.

<sup>1</sup> The quoted amounts of \$625,000 and \$650,000 for Mr Sarant's base salary in respect of the years ended 30 June 2019 and 30 June 2020 are indicative only and have been used purely for the purposes of calculating the maximum number of shares that may be issued to Mr Sarant under the STI pursuant to Resolution 4. The Directors of the Company are not bound to increase Mr Sarant's base salary to these amounts, nor are the Directors of the Company constrained to limit Mr Sarant's base salary to these amounts. If, and to the extent that, Mr Sarant's base salary exceeds the quoted amounts of \$625,000 and \$650,000 in respect of the years ended 30 June 2019 and 30 June 2020 respectively, and consequently his entitlement to shares under the STI may exceed the maximum number of shares approved by shareholders pursuant to Resolution 4, the Company will reduce the number of shares issued under the STI to comply with that cap and will gross up the cash component of Mr Sarant's STI entitlement. For a full explanation of the philosophy of Directors in relation to remuneration, shareholders are referred to the Remuneration Report which commences on page 23 of the Company's 2017 Annual Report.

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

### **Item 4 – Resolution - Approval of the issue to Related Parties under the Short Term Incentive Scheme – *continued***

#### ***Voting Exclusion Statement***

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

#### ***Loan***

No loans will be provided by the Company to Mr Sarant in connection with the shares that may be issued to him under the STI.

#### ***Annual Report***

Details of any shares issued to Mr Sarant under the STI will be published in each annual report of the Company relating to the period in which securities have been issued with a statement that approval for the issue of the shares was obtained under Listing Rule 10.14.

#### ***Issues to additional persons***

Any additional person who is prevented by Listing Rule 10.14 from acquiring shares under an employee incentive scheme without shareholder approval, who becomes entitled to participate in the STI and who is not named in the Notice of Meeting will not participate in the STI until approval is obtained under Listing Rule 10.14.

#### ***Date of Issue***

Subject to the qualifying hurdles under the STI being met for a particular financial year, Mr Sarant will be entitled to be issued shares in the Company immediately following the provision by the Company's auditors of an audit certificate in respect of the Company's full year statutory accounts for that year (ie, in or about the last week of August of each year) along with other eligible employees under the STI.

The date by which the Company will issue all of the shares referred to in the resolution in item 4 is 27 November 2020, being the date that is 3 years after the date of the annual general meeting.

The directors (excluding Mr Sarant) recommend that shareholders vote in favour of the resolution in item 4.

If Resolution 4 is not approved by shareholders, the Company reserves the right to pay STI entitlements (if any) to which Mr Sarant becomes entitled exclusively in cash.







# K&S Corporation Limited

ABN 67 007 561 837

## Lodge your vote:



### By Mail:

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

Alternatively you can fax your form to  
(within Australia) (08) 8721 1799  
(outside Australia) +61 8 8721 1799

## For all enquiries call:

(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000



## Proxy Form

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For your vote to be effective it must be received by 2:00pm (EDST) Sunday 26 November 2017

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**



Review your securityholding



Update your securityholding

Your secure access information is:



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of K & S Corporation Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of K & S Corporation Limited to be held at the corporate office of the Company's freight terminal located at 591 Boundary Road, Truganina, Victoria on Tuesday, 28 November 2017 at 2:00pm (EDST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 2 & 4** (except where I/we have indicated a different voting intention below) even though **Items 2 & 4** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 2 & 4** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### Ordinary Business

	For	Against	Abstain
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1 Re-election of Mr JL Winser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Special Business

4 Approval of the issue to Related Parties under the Short Term Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /