
TFS CORPORATION LTD

ABN 97 092 200 854

**NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY
STATEMENT AND PROXY FORM**

TIME: 9:00 am (WST)

DATE: 20 November 2008

PLACE: Meeting Room 5, 6 and 7

Sheraton Hotel

207 Adelaide Terrace

PERTH WA 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 08 9221 9466.

CONTENTS PAGE

	PAGE
Notice of Annual General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	7
Proxy Form	

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

An Annual General Meeting of the shareholders of TFS Corporation Ltd will be held at 9:00 am (WST) on 20 November, 2008 at:

Meeting Room 5, 6 and 7

Sheraton Hotel

207 Adelaide Terrace

PERTH WA 6000

HOW TO VOTE

You may vote by attending the meeting in person, by proxy or authorised representative.

VOTING IN PERSON

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 9.00am (WST).

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Memorandum as soon as possible and either:

- send the proxy form by facsimile to the Company's share registry, Link Market Services Ltd, on facsimile number (02) 9287 0309 (International: + 61 2 9287 03097); or
- deliver the proxy form to the Company's share registry, Link Market Services Ltd, office at Level 12, 680 George Street, Sydney NSW 2000 or Locked Bag A14, Sydney South NSW 1235.

so that it is received not later than 9.00am (WST) on Tuesday, 18 November, 2008. Proxy forms received later than this time will be invalid.

Your proxy form is enclosed at the end of this Memorandum.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of shareholders of TFS Corporation Ltd (**Company**) will be held at Meeting Room 5,6 and 7, Sheraton Hotel, 207 Adelaide Terrace, Perth, Western Australia, at 9.00am (WST) on 20 November, 2008.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the business of the Annual General Meeting. Terms and abbreviations used in this Notice and the Explanatory Statement are defined in the Glossary.

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2008, together with the directors' report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report.”

Short Explanation: Section 250R of the Corporations Act requires that a company ask shareholders to consider the Remuneration Report as contained in the Annual Report, and if seen fit, adopt the report by way of a non-binding resolution. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2 – RE-ELECTION OF MR FRANK WILSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Frank Wilson, being a Director, retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a Director.”

Short Explanation: Under clause 13.2 of the Company's Constitution, one third of the Directors must retire each year at the Annual General Meeting.

3. RESOLUTION 3 – RE-ELECTION OF MR IAN THOMPSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Ian Thompson, being a Director, retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a Director.”

Short Explanation: Under clause 13.2 of the Company's Constitution, one third of the Directors must retire each year at the Annual General Meeting.

4. **RESOLUTION 4 – CHANGE OF AUDITORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Section 327B of the Corporations Act and for all other purposes, RLF Bentleys Audit & Corporate Pty Ltd, trading as Bentleys, be appointed as the Company’s auditor.”

Short Explanation: The Company’s auditors Rix Levy Fowler Partnership has recently changed corporate structures and are now RLF Bentleys Audit & Corporate Pty Ltd, trading as Bentleys.

5. **RESOLUTION 5 – FINANCIAL ASSISTANCE**

To consider, and if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That approval be and is hereby given, under and for the purposes of Section 260B(2) of the Corporations Act and for all other purposes, for the giving of financial assistance by Mt Romance Holdings Pty Ltd and its wholly owned subsidiaries in connection with the acquisition by the Company of those entities which occurred on or about 26 August 2008 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under Section 260B(2) of the Corporations Act, if a company will be a subsidiary of a listed domestic corporation immediately after the acquisition of shares to which the financial assistance relates, the financial assistance must also be approved by a special resolution passed at a general meeting of that parent company. In this case, Mt Romance Holdings Pty Ltd (and its subsidiaries) will become a wholly owned subsidiary of the Company and therefore the financial assistance requires approval by the shareholders of the Company.

DATED THIS 16th DAY OF OCTOBER 2008

BY ORDER OF THE BOARD



QUENTIN MEGSON

COMPANY SECRETARY

NOTES:

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of the Corporations Act, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Annual General Meeting. The snapshot date is the close of business on 18 November 2008.

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for Shareholders in connection with the Annual General Meeting of the Company to be held on 20 November, 2008.

2. BUSINESS OF THE ANNUAL GENERAL MEETING

2.1 Financial Statements and Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2008 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.tfsltd.com.au.

2.2 Resolution 1 – Adoption of Remuneration Report

The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.3 Resolutions 2 and 3 – Re-election of Directors

Clause 13.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years,

or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

In accordance with clause 13.2 of the Constitution, Mr Frank Wilson and Mr Ian Thompson will retire as Directors and, being eligible, will offer themselves for re-election.

Accordingly, Messrs Wilson & Thompson will retire and have tendered their resignations to the Company to take effect immediately prior to the Annual General Meeting.

Mr Wilson's profile is as follows:

Mr Wilson is the founding Chairman, major shareholder and Chief Executive of the TFS Group. He was previously the Managing Partner of the legal firm Wilson and Atkinson (for 16 years) which has established a reputation as a leading Australian taxation litigation and advisory law firm.

Mr Wilson has extensive experience in the forestry sector and comes from a strong agricultural / forestry family background. He is a Governor of the University of Notre Dame.

Mr Thompson's profile is as follows:

Mr Thompson is a former senior executive of News Corporation and has experience in marketing, public relations and human resource management. He was instrumental in the building and commissioning of a \$100m printing plant for News Corporation in Perth.

2.4 **Resolution 4 – Change of Auditors**

The Directors consider it prudent to change the Company's auditors from Rix Levy Fowler Partnership to RLF Bentleys Audit & Corporate Pty Ltd, trading as Bentleys, as the audit firm has changed corporate structures.

The Company has received, a nomination from a shareholder nominating RLF Bentleys Audit & Corporate Pty Ltd as the Company's auditors. A copy of this nomination is annexed to this Explanatory Statement.

Bentleys has consented to act as the Company's auditor in accordance with the Corporations Act and has not withdrawn this consent.

The Board of the Company unanimously recommends that shareholders vote to change auditors.

2.5 **Resolution 5 – Financial Assistance**

Background

On 26 August 2008, the Company completed the acquisition of Mt Romance Holdings Pty Ltd and its wholly owned subsidiaries, being Mt Romance Australia Pty Ltd, Tribal Dreaming Pty Ltd and Australian Sandalwood Oil Co Pty Ltd (together, the **Mt Romance Group**) (**Acquisition**).

In connection with the financing arrangements relating to the Acquisition, the Company's finance provider, Commonwealth Bank of Australia Limited (**CBA**), has agreed to provide the Company and its subsidiaries (together, the **TFS Group**) with an \$18 million cash advance facility (**Facility**). The Facility will be available to all entities within the TFS Group, and will be secured by the existing securities provided by the TFS Group to CBA, and, subject to the Company obtaining shareholder approval, new securities to be provided by the Mt Romance Group entities (**MRA Securities**).

In granting the MRA Securities, each of the Mt Romance Group entities will arguably be providing financial assistance to the Company in connection with the acquisition by the Company of shares in Mt Romance Pty Ltd and its subsidiaries.

Section 260A of the Corporations Act

Section 260A of the Corporations Act provides that a company or a holding company (**Assisting Company**) may financially assist a person (**Receiving Company**) to acquire shares in the Assisting Company or a holding company only if the giving of financial assistance does not materially prejudice the interest of the Assisting Company or its shareholders, or the Assisting Company's ability to pay its creditors, or the financial assistance has been approved by the Assisting Company's shareholders. For the purpose of Section 260A, it is irrelevant whether the financial assistance is given before or after the acquisition of the shares.

Each entity within in the Mt Romance Group has sought and obtained shareholder approval under Section 260B(1) of the Corporations Act in order to provide financial assistance to the Company in the form of the provision of the MRA Securities to CBA.

Under Section 260B(2) of the Corporations Act, if a company will be a subsidiary of a listed Australian corporation immediately after the acquisition of shares to which the financial assistance relates, the financial assistance must also be approved by a special resolution passed at a general meeting of that parent company. In this case, Mt Romance Pty Ltd (and through it, each of its subsidiaries) became a subsidiary of the Company immediately after the Acquisition and therefore the proposed financial assistance requires approval by the shareholders of the Company.

Terms of the MRA Securities

The terms of the MRA Securities shall be materially the same as the existing securities provided to CBA by the TFS Group entities in respect of existing TFS Group finance facilities, and include the following material terms:

- (a) each Mt Romance Group entity agrees to charge all of its undertaking and property (including uncalled capital) (**Mortgaged Property**) with the payment to CBA of the moneys owing from time to time by the TFS Group to CBA under the Facility;
- (b) the charge shall operate as a fixed and floating charge over the Mortgaged Property;
- (c) each of the MRA Securities contains covenants provided by the relevant Mt Romance Group entity in favour of CBA which are standard for an agreement of this type; and
- (d) if the TFS Group defaults in repayment of the secured moneys under the Facility, the MRA Securities shall become enforceable, and CBA may appoint a receiver of the Mortgaged Property who shall have all powers which are usual in agreements of this type, including the power to take possession of, sell, lease or charge the Mortgaged Property.

Whilst the provision of the financial assistance by the Mt Romance Group entities to CBA is unlikely to materially prejudice the interests of the Mt Romance Group entities or their shareholders or the ability of the Mt Romance Group entities to pay their creditors, CBA has requested that the Company seek shareholder approval in respect of the giving of financial assistance by the Mt Romance Group entities by virtue of the provision of the MRA Securities to ensure that the provision of the MRA Securities does not breach Section 260A of the Corporations Act.

GLOSSARY

Annual General Meeting means the meeting convened by the Notice.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Company and **TFS Corporation** means TFS Corporation Ltd (ABN 97 092 200 854).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Memorandum means all of the documents accompanying the Notice and referred to in the Contents section.

Notice means the notice of meeting which forms part of this Memorandum.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the Company's annual report for the year ended 30 June 2008.