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**TFS CORPORATION LTD**

**ABN 97 092 200 854**

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

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**TIME:** 9:00 am (WST)

**DATE:** 19 November 2009

**PLACE:** Golden Ballroom North  
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.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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An Annual General Meeting of the shareholders of TFS Corporation Ltd will be held at 9:00 am (WST) on 19 November, 2009 at:

Golden Ballroom North  
Sheraton Hotel

207 Adelaide Terrace

PERTH WA 6000

**HOW TO VOTE**

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

**VOTING IN PERSON**

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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**

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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, 17 November, 2009. Proxy forms received later than this time will be invalid.

\*Please visit Link Market Services Ltd new Shareholder service centre available on-line at [linkmarketservices.com.au](http://linkmarketservices.com.au). This centre gives you access to a wide variety of holding information, make some changes on-line or download forms. You can:

- Check your holding balances
  - Elect to receive our annual report by email or in hard copy
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- Update your address details
- Lodge, or confirm lodgement of, your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Enter your email address
- Check the security prices and graphs
- Download a variety of instruction forms
- Subscribe to receive email notification of major company announcements
- Check transaction history registered after Monday, 29 June 2009

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an Annual General Meeting of shareholders of TFS Corporation Ltd (**Company**) will be held at Golden Ballroom North, Sheraton Hotel, 207 Adelaide Terrace, Perth, Western Australia, at 9.00am (WST) on 19 November, 2009.

### AGENDA

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#### 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 2009, together with the directors' report and the auditor's report.

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#### 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.

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#### 2. RESOLUTION 2 – RE-ELECTION OF MR BLAKE MYLES

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

*“That Mr Blake Myles, 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.

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#### 3. RESOLUTION 3 – RE-ELECTION OF MR TIMOTHY CROOT

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

*“That Mr Timothy Croot, 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.

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4. **RESOLUTION 4 – RATIFICATION OF SHARE ISSUE**

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

*“That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 28,000,000 Shares to a collection of clients of Merrill Lynch, issued on 10 September 2009, on the terms described in the Explanatory Statement which form part of this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, 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.

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5. **RESOLUTION 5 – ISSUE OF FURTHER SHARES UNDER THE TFS LONG TERM INCENTIVE PLAN**

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

*“That for the purposes of exception 9 of ASX Listing Rule 7.2, approval is given for the issue of securities under the amended TFS Corporation Long Term Incentive Plan as detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Short Explanation:** The ASX Listing Rules do not specifically require shareholder approval to implement an employee share scheme. However, Listing Rule 7.1 provides that securities aggregating not more than 15% of issued capital can be issued within a 12 month period. An exception to ASX Listing Rule 7.1 is the issue of securities pursuant to an employee incentive scheme if the scheme has been approved by Shareholders within 3 years from the issue of the securities.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in any employee incentive scheme of the Company, and any of their associates. However, 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.

**DATED THIS 12<sup>th</sup> DAY OF OCTOBER 2009**

**BY ORDER OF THE BOARD**



QUENTIN MEGSON  
COMPANY SECRETARY

**NOTES:**

- a. 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.
- b. 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 17 November 2009.

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## **EXPLANATORY STATEMENT**

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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.

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### **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 19 November, 2009.

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### **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 2009 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](http://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. Blake Myles and Mr. Timothy Croot will retire as Directors and, being eligible, will offer themselves for re-election.

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

Mr Myles' profile is as follows:

Since 1987 Mr. Myles has been an investment adviser in Sydney, London, New York and Perth. Mr. Myles has lived in Perth since August 2000 where he works as a Senior Investment Adviser at Bell Potter Securities. Mr. Myles has wide experience in finance and capital markets both here and in overseas markets. He was actively involved in the float of TFS Corporation on ASX in December 2004.

Mr Croot's profile is as follows:

Mr. Croot has lived in Kununurra since 1991 and has been working in the agricultural industry for 39 years with 35 of these owning and developing a range of horticultural, agricultural, wholesaling, nursery and pastoral businesses throughout Australia. Tim's passions include the development of the North through the empowerment of the community and its people. He has held positions on numerous Development Committees and regionally focused organisations including:

The Western Australian Farmers Federation Wool Council and General Council, The Agriculture Protection Board and Kimberley Region Board, Ord Development Board, Chair Kimberley Beef Team Board, Joint Chair Kimberley Sustainable Rural Development Council, Chair Ord Land and Water Management Plan and the Ordguard committee.

While in these roles some of the key changes include Ord irrigators refocusing on sustainable and productive management practices (Chairman of the OL&W), and the evolution of a vibrant and productive Kimberley Pastoral Industry (Chairman Kimberley Beef team). Currently among many other positions he is the Chairman and Managing Director of a large horticulture producing business on the Ord, an owner and operator of a large nursery business which supplies seedlings to the Indian sandalwood industry in the Ord, and an owner and developer of greenfields agricultural land in the Ord region.

Tim has been a shareholder in TFS since 2000.

#### **2.4 Resolution 4 – Ratification of Prior Share Issue**

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 4 is seeking Shareholder ratification for 28,000,000 Shares which were issued on 10 September 2009 (without Shareholder approval).

The issue of these Shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting that Shareholders ratify the issue of the Shares the subject of Resolution 4 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- a. 28,000,000 Shares were issued in total;
- b. the Shares were issued at \$1.00 per Share;
- c. the Shares are ordinary fully paid Shares and rank equally with the Company's other issued Shares;
- d. the Shares were issued on 10 September 2009;
- e. the Shares were allotted to a collection of clients of Merrill Lynch (none of whom were related parties of the Company); and
- f. the funds from the placement are intended to be used reduce net debt and maintain balance sheet flexibility and will also enhance TFS' ability to pursue growth opportunities.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

## 2.5 **Resolution 5 – Issue of Further Shares under the TFS Long Term Incentive Plan**

At the General Meeting held on 18 April, 2006, the Shareholders approved the establishment of the TFS Long Term Incentive Plan and to date 6,371,700 Shares have been issued to employees under that Plan. The Directors are of the view that the issue of more shares would further incentivise employees to remain with TFS Corporation.

Resolution 5 seeks Shareholder approval to allow the issue of further Shares under the Incentive Plan as an exception to the Listing Rules in accordance with ASX Listing Rule 7.2 Exception 9(b).

The purpose of the Incentive Plan is to provide employees with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with Shareholders, and provide greater incentive for them to focus on the Company's long term goals. The Directors consider that the Incentive Plan will assist in retaining and attracting high quality employees.

Should any Shareholder wish to view a full set of the Incentive Plan Terms they can be obtained from the Company Secretary, Mr Quentin Megson, on 08 9221-9466. A summary of the terms of the Incentive Plan is set out below.

### ***Eligible Participants***

Permanent full time and part time employees of the Company are eligible to participate in the Incentive Plan.

### ***Structure of the Incentive Plan***

Under the Incentive Plan, Eligible Participants will be offered annually the opportunity to acquire a number of Shares. The Eligible Participants may accept the offer in full or in part. Upon acceptance by the Eligible Participant, a manager (appointed by the Company) will instruct the Incentive Plan's stockbroker to acquire the Shares on behalf of the Eligible Participants. The Shares will either be purchased by the stockbroker on market, or issued by the Company, at the discretion of the Directors.

The number of Shares to be offered under the Incentive Plan at any one time shall not exceed 5% of the total number of Shares on issue in the capital of the Company. The number of Shares to be offered to each Eligible Participant will be calculated according to a percentage of the Eligible Participant's remuneration package.

Employees who acquire Shares under the Incentive Plan must hold those Shares for a minimum period of 12 months, unless the loan is repaid in full. Subject to any vesting conditions attached to the Shares, after the expiry of the 12 month period, an employee may only sell the Incentive Plan Shares if the sale proceeds on those Shares are likely to be greater than the outstanding balance of the loan.

Shares issued under the Incentive Plan will attract full Shareholder rights such as in relation to rights and bonus issues, voting and dividends but participants cannot participate in any dividend reinvestment plan.

The board may alter the rules of the Incentive Plan subject to the ASX Listing Rules.

### ***Vesting Conditions***

The Directors may impose conditions such that an employee's entitlement under the Plan shall only vest in portions to the employee over a period of time, whilst they remain in the employment of TFS (**Employment Conditions**) The Employment Conditions imposed on an employee will be set out in the offer of Shares made by the Company to the employee.

The Shares will be placed in escrow until such time as the Employment Conditions are met and the loan is repaid.

Should the employee leave before the Employment Conditions are met, the Company shall be empowered to sell the unvested Shares and retain any profit made on the sale of those Shares. The Company shall be responsible for any tax consequences arising on the profit from sale of the unvested Shares. Similarly, the Company will bear the burden of any loss incurred on the sale of those Shares.

### ***Purchase Price***

The price of the Shares will be:

- a. where the Shares are purchased on market – the best price reasonably obtainable by the Incentive Plan's stockbroker at the time of the purchase; or
- b. where the Shares are issued by the Company - the weighted average price of the Shares over the week prior to the acquisition date.

### ***Structure of the Loan***

The Shares are paid for by way of a limited recourse loan from the Company to the Eligible Participant, with interest payable on the loan being limited to the dividends paid on the Shares acquired under the Incentive Plan. That is, when a dividend is paid on the Incentive Plan Shares, the amount of the dividend is retained by the Company and represents interest received on the loan.

If an Eligible Participant is required to sell their Shares and settle the loan, and the proceeds of sale do not cover the outstanding loan balance to the Company, the Company will meet the loss on the loan. This means that the loan will effectively be linked to the value of the Shares.

### ***Ceasing to be an Eligible Participant***

Upon ceasing to be an Eligible Participant for any reason, the employee must either:

- a. sell the Incentive Plan Shares and repay the loan (and retain any surplus of the sale price exceeding the outstanding amount of the loan); or
- b. retain the Incentive Plan Shares provided that the employee agrees to repay the loan in full within 1 month of ceasing to be an Eligible Participant.

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## GLOSSARY

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**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 2009.

**Share** means a fully paid ordinary share in the capital of the Company.