



**KORVEST LTD**

ABN 20 007 698 106

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36th Annual General Meeting of Shareholders will be held at the KPMG Boardroom, Level 7, 151 Pirie Street, Adelaide, South Australia, on Friday October 13, 2006 at 11.30am.

### **ORDINARY BUSINESS**

#### **1. Financial Statements and Reports**

To receive and consider the Company's Financial Statements for the year ended 30 June 2006 together with Consolidated Accounts of the Company and its Controlled Entities and the Reports of the Directors and Auditors thereon.

#### **2. Election of Directors**

- (a) Ms Nicole Peters retires by rotation in accordance with the Company's Constitution and being eligible for re-election offers herself accordingly.
- (b) Mr John Easling retires by rotation in accordance with the Company's Constitution and being eligible for re-election offers himself accordingly.

### **SPECIAL BUSINESS**

#### **3. Amendment to Executive Share Plan**

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

"That the Company hereby approves:

- (a) amendment to the Korvest Ltd Executive Share Plan (comprising an Option Plan and a Restricted Share Plan) to enable shares issued in accordance with the Plan Rules to be issued to a trustee nominee of the Eligible Executive; and
- (b) the corresponding amendments to the Executive Share Plan Loan Agreement;

in accordance with the matters described in the Explanatory Memorandum included with the 2006 Notice of Annual General Meeting"

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on the above resolution by:-

- any Executive Directors (including the Managing Director) of the Company who may participate in the Plan; and
- any associate of the Executive Directors (or Managing Director) of the Company who may participate in the Plan.

However, the Company need not disregard a vote if:-

- it is cast by a person as proxy for a member (other than any of the Executive Directors of the Company who may participate in the Plan; or any associate of the Executive Directors of the Company who may participate in the Plan) 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 member (other than any of the Executive Directors of the Company who may participate in the Plan; or any associate of the Executive Directors of the Company who may participate in the Plan) who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. Members wishing to appoint the Chairman of the meeting as their proxy should read carefully the instructions on the proxy form and mark the relevant box to ensure their votes are not disregarded.

#### **4. Issue of Options to Executive Directors pursuant to the Executive Share Plan**

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

“That the Company hereby approves that:

- (a) Mr Ric Gros or his nominee in accordance with the Executive Share Plan Rules be invited to apply for 30,000 options under the Korvest Executive Share Plan on the terms set out in the Explanatory Memorandum included with the 2006 Notice of Annual General Meeting.
- (b) Ms Nicole Peters or her nominee in accordance with the Executive Share Plan Rules be invited to apply for 15,000 options under the Korvest Executive Share Plan on the terms set out in the Explanatory Memorandum included with the 2006 Notice of Annual General Meeting.”

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on the above resolution by:-

- any of the abovenamed Executive Directors of the Company who may participate in the Plan; and
- any associate of the abovenamed Executive Directors of the Company who may participate in the Plan.

However, the Company need not disregard a vote if:-

- it is cast by a person as proxy for a member (other than any of the abovenamed Executive Directors of the Company who may participate in the Plan; or any associate of the abovenamed Executive Directors of the Company who may participate in the Plan) 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 member (other than any of the abovenamed Executive Directors of the Company who may participate in the Plan; or any associate of the abovenamed Executive Directors of the Company who may participate in the Plan) who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. Members wishing to appoint the Chairman of the meeting as their proxy should read carefully the instructions on the proxy form and mark the relevant box to ensure their votes are not disregarded.

#### **5. Other Business**

- (a) To receive and consider the Remuneration Report, and if thought fit pass the following resolution:

“That the Company adopt the Remuneration Report.”

- (b) To transact any other business which may lawfully be brought before the meeting.

An Explanatory Memorandum for the assistance of members of the Company in assessing Resolutions 2, 3, 4 and 5(a) is attached to this Notice of Annual General Meeting.

By Order of the Board

**Nicole A. Peters**  
Company Secretary

**NOTES RELATING TO PROXY**

- (a) *A member entitled to attend the meeting 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 member's voting rights. A proxy need not be a member.*
- (b) *Where a member has appointed an attorney, the form of proxy must be signed by the member's attorney duly authorised in writing or, if the member is a corporation, under its corporate seal or by its duly authorised attorney or representative.*  
*If any attorney is to attend the meeting, please submit the relevant power of attorney for noting.*  
*If a representative of a corporation is to attend the meeting, the appropriate Letter of Representation should be produced prior to admission.*
- (c) *In the case of joint holders, the proxy form may be signed by any one holder.*
- (d) *Proxies will only be valid and accepted by the Company if they are signed and forwarded to the Share Registry of the Company at Level 5, 115 Grenfell Street, Adelaide, South Australia 5000 or faxed to (08) 8236 2305 so as to be received not later than 48 hours before the meeting.*
- (e) *Should a member desire to direct the proxy how to vote, the member should place a mark in the appropriate box, otherwise the proxy form will be deemed to constitute a direction to vote as the proxy decides.*
- (f) *The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001, that for the purpose of voting at the meeting, shares of the Company will be taken to be held by the persons who hold them at close of business on October 11th, 2006.*



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# 2006 Annual General Meeting Explanatory Memorandum

This Explanatory Memorandum has been prepared to accompany the 2006 Notice of Annual General Meeting and is intended to provide Members with sufficient information to form a view as to whether or not to vote in favour of the proposed resolutions being put to the 2006 Annual General Meeting.

## **1. PROPOSED RESOLUTION 2 – ELECTION OF DIRECTORS**

Rule 10.3 of the Company's Constitution requires that at every Annual General Meeting one-third of the Directors for the time being (excluding the Managing Director) must retire from office and be eligible for re-election.

Listing Rule 14.4 provides that a director (excluding the Managing Director) must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. However, a Director appointed to fill a casual vacancy or an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

- (a) Ms Nicole Anne Peters retires in rotation and offers herself for re-election pursuant to Listing Rule 14.4 of the Company's Constitution.
- (b) Mr John Easling retires in rotation and offers himself for re-election pursuant to Listing Rule 14.4 of the Company's Constitution.

Profiles of the Directors who offer themselves for re-election are contained in your Company's Annual Report

## **2. PROPOSED RESOLUTION 3 – AMENDMENT OF EXECUTIVE SHARE PLAN RULES**

After monitoring the implementation of the Executive Share Plan, your Directors recommend that the scheme be amended.

The proposed amendment is to enable the Eligible Executive flexibility in the arrangement of his or her personal affairs, in particular to nominate a trustee recipient of the Options or shares issued upon exercise of the Options, should the Eligible Executive wish and should the Board of the Company approve.

**There is no change to the scope of the Plan, issue or exercise price of Options, or the restrictions on shares issued.**

An explanation of the proposed amendments are as follows:

- (a) At a General Meeting of the Company held in March 2005, members approved the terms of the Executive Share Plan. The Executive Share Plan has continued to operate since that time.

The terms of the Executive Share Plan includes a provision enabling the Eligible Executive to nominate a corporate nominee (the Eligible Executive Corporate Nominee, or EECN) to be issued Options under the Option Plan (in lieu of the Eligible Employee) and any shares pursuant to the exercise of the Options.

In order to provide the Executives flexibility in arranging their personal affairs, it is proposed that the definition of EECN be amended so as to enable the Eligible Executive to nominate a discretionary family trust to be issued Options under the Option Plan (in lieu of the Eligible Employee) and any shares pursuant to the exercise of the Options, provided that:

- i) such nominee remains subject to approval by the Board of the Company, and subject to such terms and conditions to the granting of the Options to the nominee as the Board considers appropriate; and
- ii) the Eligible Executive is the trustee of the discretionary trust, or (if the trustee of the discretionary trust is a company) controls the trustee.
- iii) the Eligible Executive and his or her nominee complies with such other restrictions as the Board determines necessary in order to preserve the spirit of the Plan

- (b) If members approve the amendment described in Item 2(a) above of this Explanatory Memorandum, the Executive Share Plan Loan Agreement under the Plan will need to be amended to reflect the obligations on the nominee of the Eligible Executive.

A copy of the proposed amended Korvest Ltd Executive Share Plan Rules and Loan Agreement is available to members upon request of the Company Secretary.

**All other terms of the Executive Share Plan remain the same.**

The Directors recommend that members vote in favour of the proposed amendments to the Executive Share Plan.

**3. PROPOSED RESOLUTION 4 – ISSUE OF OPTIONS TO EXECUTIVE DIRECTORS PURSUANT TO EXECUTIVE SHARE PLAN**

The Australian Stock Exchange Limited requires (under Listing Rule 10.14) that Members approve the issue of options under the Korvest Executive Share Plan to Directors of your Company or their nominee under the Executive Share Plan Rules.

At the 2005 General Meeting of the Company, members approved the granting of the following options to Executive Directors of the Company:

<b>Name</b>	<b>Position</b>	<b>Maximum Number of Options</b>
<b>Ric Gros</b> Or the Eligible Executive's Corporate Nominee (EECN)	Managing Director	30,000
<b>Andre Jude D'Souza (former Director)</b> Or the Eligible Executive's Corporate Nominee (EECN)	Executive Director	15,000

It is proposed that the following Executive Directors of the Company will be invited under the Korvest Executive Share Plan to take up in the next 12 months, no more than the number of options set out after their names:-

<b>Name</b>	<b>Position</b>	<b>Maximum Number of Options</b>
<b>Ric Gros</b> Or the Eligible Executive's Nominee, if members approve the proposed resolution 3	Managing Director	30,000
<b>Nicole Anne Peters</b> Or the Eligible Executive's Nominee, if members approve the proposed resolution 3	Executive Director	15,000

The Non-Executive Directors recommend that shareholders vote in favour of the proposed grant of options to Executive Directors of the Company or their Eligible Executive Nominee under Executive Share Plan.

Since the last approval of the grant of options to Executive Directors of the Company at the 2005 General Meeting of the Company, no shares have as yet been issued to any Executive Directors of the Company as a result of the exercise of options upon achievement of the qualifying conditions associated with options issued.

For further details, please refer to the item "Remuneration Report" in your Company's Annual Report.

## **Terms and Conditions of Grant of Options**

### **Who is Eligible?**

Executive Directors and employees of any Group Company recommended by the remuneration committee of the Company to the board are determined eligible to participate. There are no Executive Directors eligible to participate other than those named above.

Non-Executive Directors are not eligible to participate.

### **Exercise Condition**

The Exercise Condition requires that there be growth in the total of your Company's share price and dividends paid over the Option Period (approximately two years from the Grant Date) by a percentage nominated by the Board at the date of issue of the Options. Such percentage growth in Korvest Ltd share price would be not less than an annualised multiplier of 10% plus the Consumer Price Index (All Groups) for Australia published by the Australian Bureau of Statistics for each applicable year of the Option Period. Due to the delays in publishing the CPI results, Directors shall have the discretion to adopt the CPI for the last four quarters published by the Australian Bureau of Statistics available to them at the end of each 12 months of the Option Period or such other published CPI figure as they deem appropriate.

### **Exercise Price**

The Exercise Price of the Options will be calculated in accordance with the Plan Rules i.e. the Market Value of the shares at the date of grant of the options, being the weighted average of the prices at which the Company's shares were traded on the ASX (excluding transactions that take place at a non-market price) during the five day period terminating on the day immediately preceding the Grant Date.

### **Executive Share Plan Loan Agreement**

A loan for up to the total exercise price for the Options is made available by your Company to participating executives to exercise the Options. The loan is interest-free with no recourse against the borrower personally. The loan is repaid from dividends, from the executive's own resources and/or from the proceeds of sale of the shares.

Where an executive dies, retires or ceases employment (where the Board permits exercise), provided the exercise condition is satisfied the Options may be exercised. In this case no loan is available and Shares allotted on exercise have no restrictions.

### **Other Terms**

Options will be granted upon acceptance by the Company of a duly signed and completed application and in any event, issued no later than 12 months after the meeting.

The options are not transferable and will be issued at no cost to Executive Directors.

## **4. PROPOSED RESOLUTION 5(a) – REMUNERATION REPORT**

In accordance with the Corporations Act, included in the Company's 2006 Annual Report is the Remuneration Report, setting out details of the Company's Director and executive remuneration. A copy of the Company's 2006 Annual Report is available to members upon request at the Company's offices, and is also available from the Company's website at [www.korvest.com.au](http://www.korvest.com.au).

Section 250R of the Corporations Act requires a resolution that the Remuneration Report be adopted be put to a vote. The vote on the resolution is advisory only, and does not bind the directors of the Company.