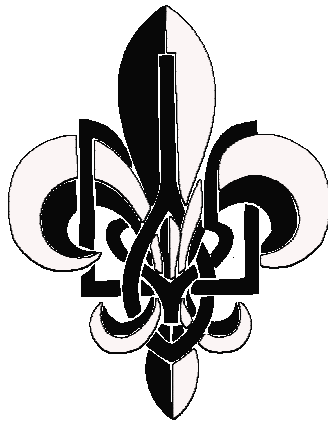


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PROPOSAL TO INCORPORATE A PLAST KPS ASSOCIATED ENTITY



About this Document

This Document explains the proposed incorporation of the Plast KPS Associated Entity in accordance with Article 12.1 of the Plast Constitution.

This Document explains how the Proposal may work, and how it will affect you as a Member of Plast and contains the following information:

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Part 1. Overview of the Proposal

Background to the Proposal

The purpose of the Proposal is to incorporate a Plast KPS Associated Entity in accordance with Article 12.1 of the Plast Constitution in order to receive certain grants and obtain other ancillary benefits.

This document should be read in conjunction with the Plast Constitution. Should there be an inconsistency with this Document and the Plast Constitution, the Plast Constitution shall prevail.

What are the benefits of the Proposal?

Incorporating a Plast KPS Associated Entity in accordance with Article 12.1 of the Plast Constitution and receiving grants will allow Plast KPS to apply the proceeds of the grants towards the objectives of Plast as stated in Articles 1.3, 1.4, and 2 of the Plast Constitution.

Furthermore, a number of ancillary benefits that may flow from incorporating a Plast KPS Associated Entity include:

- Receiving State and Federal Government grants;
- Applying grant and bequest funding to further develop the activities of Plast Australia;
- Receiving legacies from deceased members and other supporters of Plast;
- Obtaining cost savings through aggregation of services on a national basis e.g. coordinating national public liability insurance for all Plast Stanytsi;
- Limiting the Liability of the National Executive of Plast KPS and Members of Plast through eligibility to obtain relevant directors' insurance coverage; and
- Obviate the need to change the current Plast Constitution to attain the benefits of incorporation for Plast KPS.

What is the next step?

Before deciding whether a Delegate may wish to vote in favour or against the Proposal, you should read the rest of this Document and the Plast Constitution. Should you require further information please view the Plast KPS website www.plast.org.au/KPS.

Plast Due Diligence

In relation to this Document Plast KPS:

- Reviewed the Plast Constitution;
- Reviewed the Requirements of KUPO; and
- Sought Legal Advice.

Part 2. How the Proposal works

What follows is a step by step guide of how the Proposal works.

Entity - Overview

Step 1. Understanding the Proposal

It is proposed that Plast KPS:

- establish an Entity;
- designate current officers of Plast KPS to become directors of the Entity;
- upon changes to personnel of Plast KPS Executive the outgoing Plast KPS Executive will resign and the new Plast KPS Executive will occupy the position of Directors;
- designate current officers of Plast KPS Executive to be the custodians of shares in the Entity and hold the shares in Trust for the benefit of all Members of Plast;
- upon changes to personnel of Plast KPS Executive the outgoing Plast KPS Executive will cease to hold the shares in the Entity as Trustees and the new Plast KPS Executive will hold the shares as Trustees for the benefit of all Members of Plast;
- the Entity and Plast KPS will enter into a Service Agreement; and
- the Service Agreement will enable the Entity to efficiently carry out the objectives of Plast outlined in the Plast Constitution.

Proposed Structure

Step 2. The Entity

The Entity will be established in accordance with the Corporations Act (2001).

Step 3. Role of KPS

The Role of Plast KPS will not change. Plast KPS will continue to act in accordance with the Plast Constitution.

Step 4. The Service Agreement

The Entity will enter an Agreement with Plast KPS to service the objectives of Plast as outlined in Articles 1.3, 1.4 and 2 of the Plast Constitution. The Service Agreement will not change the current relationship between Plast KPS and Plast Stanytsi.

Step 5. Ongoing Administration

It is envisaged that ongoing administration will remain the same for Plast KPS, other than to meet legislative and regulatory requirements as outlined by the appropriate Regulator.

Proposed Activities of the Entity

Step 6. Activities of the Entity

The Activities of the Entity will be limited to Articles 1.3, 1.4 and 2 of the Plast Constitution.

Step 7. Windup of the Entity

Should at any time it be thought necessary to windup the Plast KPS Entity, subject to the Relevant Law the proposal to windup the Entity shall be initiated by the Plast KPS Executive, in accordance with the Plast Constitution.

Step 8. Acceptance of the Proposal

Delegates who attend the Extra Ordinary General Meeting to be held on 28 May 2011 can either vote in favour or against the Proposal.

Part 3. Impact of the Proposal on you

Questions and Answers

1. How does the Proposal affect the terms of my membership of Plast?

The Proposal does not affect your Membership of Plast.

2. How will the Proposal affect the current structure of Plast Australia?

The Proposal does not affect the current structure of Plast Australia.

3. Why was this Proposal initiated?

In order to satisfy eligibility criteria for board membership of the Karpaty Foundation, and to be a recipient of wider grant funding Plast KPS needs to incorporate an Entity in accordance with the Corporations Act (2001) and the current Plast Constitution.

Following the Karpaty Credit Union and Sydney Credit Union merger in 2010 the Karpaty Foundation was established. The Karpaty Foundation provides grants to individuals and organisations particularly in relation to the Ukrainian community in Australia.

4. What is to happen with the current Plast Constitution?

The current Plast Constitution will not change.

5. Where can I obtain more information about the Proposal?

By visiting the Plast website www.plast.org.au/KPS.

6. What are the risks of Plast KPS incorporating an Entity?

Factors that influence the risk in establishing an Entity:

Activities and Operations

Plast KPS does not intend to initiate any new activities outside of the Plast Constitution.

Government Regulation and Legislation

Federal legislation and regulations have been extensive over recent years. Additional legal, regulatory and compliance obligations or failure to meet compliance requirements may expose Plast KPS to fines and penalties to comply with legislative and regulatory requirements.

Key Personnel as custodians

The Entity is reliant on a number of key personnel, who need to both understand and espouse the ideals and ethos of Plast and have a working understanding of corporate governance to act as custodians of the Entity on behalf of Plast.

7. Are there costs involved in incorporating an Entity?

There is a fee of \$340.00 as well as disbursement costs of approximately \$1,200.00 to register and incorporate the Entity. There is also an annual ASIC fee of approximately \$350.00 and costs for office bearers' liability insurance.

8. Why is there a need for a Service Agreement?

The Service Agreement will limit the activities of the Entity to those activities outlined in the Plast Constitution.

The Service Agreement will be established between Plast KPS and the Entity. The current relationship between Plast KPS and Plast Stanytsi will remain unchanged.

9. Will the Entity have a separate Constitution?

It is not a prerequisite for the Entity to adopt a constitution in order to register. Nevertheless Plast KPS will circulate a draft constitution on or before 18 May 2011.

10. Is there a conflict of interest that officers of Plast KPS will assume as directors of the Entity?

Provided their actions and interests are aligned to the Plast Constitution, the nominated members of Plast KPS who will be the directors of the Entity should have no conflict of interest as the activities of the Entity itself will be limited to Articles 1.3, 1.4 and 2 of the Plast Constitution. Nevertheless as directors of a corporate entity there are duties imposed on directors in accordance with Corporations Act. The Corporations Act will override any duties outlined in the Plast Constitution.

11. What form will the incorporated Entity take and will it have shareholders and members?

It is intended that Plast Australia will establish a proprietary (private) company formed on the principle of having the liability of its members limited to \$2.00 on the shares respectively held by them (see definition of "company limited by shares" under Section 9 of Corporations Act).

Plast KPS will hold 2 shares in the incorporated entity in trust on behalf of all members of Plast Australia.

Upon changes to personnel of Plast KPS Executive the outgoing Plast KPS Executive will cease to hold the shares in the Entity as Trustees and the new Plast KPS Executive

will hold the shares as Trustees for the benefit of all Members of Plast.

Part 4. Glossary of Terms

Associated Entity means a legal entity established by Plast KPS in accordance with Article 12.1 of the Plast Constitution to enable Plast KPS to carry out its objectives as outlined in the Plast Constitution.

Delegate means a delegate of the forthcoming Extraordinary General Meeting of KPZ to be held on Saturday, 28 May 2011.

Document means this document.

Entity means an entity as ratified by the delegate Members who attend the forthcoming KPZ in Melbourne on 28 May 2011.

KUPO means Konferentsia Ukrainskyhk Plastovyhk Orhanizatsyi and is the international Plast Conference of Ukrainian Plast Organisations held every three years.

Member means a member of Plast Australia as outlined in the Plast Constitution.

Plast means Plast Ukrainian Youth Association in Australia as defined in Article 1 of the Plast Constitution.

Plast Constitution means the Constitution of Plast Australia ratified at the fourteenth Plast KPZ in 1977.

Plast KPS means the National Executive of Plast known as Kraiova Plastova Starshyna and has the same meaning as defined in the Plast Constitution.

Plast KPZ means Kraiovyi Plastoviyi Ziizd and is the General Meeting of the members of Plast Australia.

Plast Stanytsi means Plast Stanytsi as defined in Article 10 of the Plast Constitution.

Proposal means the proposal outlined in this Document.

Regulator means the Government authority that regulates the conduct of any activity or enterprise or activities performed by the Entity.

Relevant Law means any legislation, regulation or common law relevant to the activities of Plast including its Associated Entity.

Service Agreement means an Agreement between Plast KPS and the Entity binding successors to carry out the activities of Plast in accordance with the Plast Constitution.

You or you means you as a member of Plast.