

# Notice of Annual General Meeting and Explanatory Notes

## **SMS Management & Technology Limited ACN 009 558 865**

Date: 22 October 2013  
Time: 10.00am  
Place: Level 2, Club Pavilion  
RACV Club  
501 Bourke Street  
Melbourne, Victoria

## **Notice of Annual General Meeting**

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Notice is given that the Annual General Meeting of shareholders of SMS Management & Technology Limited (**Company**) will be held on Level 2, Club Pavilion, RACV Club, 501 Bourke Street, Melbourne, Victoria at 10.00 am (AEST) on Tuesday, 22 October 2013.

### **Ordinary business**

#### **Financial Statements and Reports**

To receive and consider the financial statements and reports of the Directors and the Auditors of the Company for the year ended 30 June 2013.

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

#### **Resolution One: Remuneration Report**

1. 'That the Remuneration Report forming part of the Directors' Report for the year ended 30 June 2013 be adopted.'

Note that the vote on this resolution is advisory only and does not bind the Company or its Directors.

#### **Resolution Two: Election of Director**

2. 'That Deborah ('Deb') Radford, who retires as a Director pursuant to clause 47(d) of the Company's Constitution, be elected as a Director of the Company in accordance with clause 47(c) of the Company's Constitution.'

## Special Business

### Resolution Three: Executive Director Performance Rights

3. 'That approval for the purposes of Listing Rule 10.14 be given for the offer by the Company of 112,868 Performance Rights under the terms set out in the Explanatory Notes attached to this Notice to Mr Thomas Stianos, an Executive Director and Chief Executive Officer of the Company.'

### Voting Exclusion Statement on Resolutions

#### Resolution One

The Company will disregard any votes cast in respect of Resolution One:

- by or on behalf of a member of its Key Management Personnel named in the Remuneration Report; or
- by Closely Related Parties of its Key Management Personnel.

However, the Company need not disregard a vote cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the chairman of the meeting as proxy for a person who is entitled to vote and where the chairman has received express authority to vote undirected proxies as the chairman sees fit.

#### Resolution Three

The Company will disregard any votes cast in respect of Resolution Three:

- by or on behalf of Mr Stianos or any associate of Mr Stianos; or
- by a member of the Key Management Personnel at the date of the meeting (or their Closely Related Parties) acting as a proxy.

However, the Company need not disregard a vote cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the chairman of the meeting as proxy for a person who is entitled to vote and where the chairman has received express authority to vote undirected proxies as the chairman sees fit, even though Resolution Three is connected with the remuneration of a member of the Company's Key Management Personnel.

DATED 20 September 2013

BY ORDER OF THE BOARD



**Anna Gorton**  
Company Secretary

# Voting, proxies and company representatives

## 1. Voting

The Directors have determined that, for the purpose of voting at the meeting, shares will be taken to be held by those members recorded in the Company's Register of Members as at 7pm AEST on Friday, 18 October 2013. Accordingly, those persons who hold shares at that time will be entitled to attend and vote at the meeting.

## 2. Proxies

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy who need not be a shareholder of the Company. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is the chairman of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chairman of the meeting, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.

### ***Transfer of non-chair proxy to chairman of the meeting in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chairman of the meeting;
- at the meeting, a poll is demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

To be valid, the enclosed Proxy Form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be lodged either:

- (a) with Link Market Services Ltd, c/- Link Market Services Ltd, Locked Bag A14, Sydney South, NSW 1235, or
- (b) by successfully transmitting it by facsimile to Link Market Services Ltd on fax number (02) 9287 0309; or
- (c) by delivering it by hand to Link Market Services Ltd, Level 12, 680 George Street, Sydney, NSW 2000; or
- (d) online at <http://www.linkmarketservices.com.au> in accordance with the instructions given there,

by 10:00 am Eastern Standard Time on Sunday, 20 October 2013, being at least 48 hours before the holding of the Annual General Meeting.

### **3. Company Representatives**

If a company or corporate proxy appoints a corporate representative, please complete a 'Certificate of Appointment of Representative' available from the Company's share registry at Link Market Services Ltd (local: 1300 554 474; overseas: (02) 8280 7111) and present that certificate at the Annual General Meeting.

## Explanatory Notes

### 1. Financial Statements and Reports

The Corporations Act requires the financial report (which includes the financial statements and Directors' Declaration), the Directors' Report and Independent Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Company's Constitution for shareholders to approve the financial report, the Directors' Report or the Independent Auditor's Report. Shareholders will, however, be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

### 2. Remuneration Report

The Company's Remuneration Report for the year ended 30 June 2013 is set out in the 2013 Annual Report and is also available on the SMS website at [www.smsmt.com](http://www.smsmt.com).

The Remuneration Report includes an explanation of the Company's remuneration policies and the remuneration arrangements in place for Directors and certain executives whose remuneration arrangements are required by law to be disclosed.

As required by the Corporations Act, a non-binding resolution to adopt the Remuneration Report is to be put to shareholders at the meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

#### **Recommendation**

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report. The chairman of the meeting intends to vote all undirected proxies held by him in favour of the adoption of the Remuneration Report.

### 3. Election of Director

The Company's Constitution requires that a Director must retire from office no later than the longer of the third Annual General Meeting of the Company, or 3 years, following that Director's last election or appointment. Therefore, Mr Kerry Smith, a Director who has been in office three years since his last election, retires by rotation but has chosen not to stand for re-election.

The Company's Constitution requires that a Director appointed by the Board must retire at the next Annual General Meeting after that appointment. Therefore, Deb Radford, a Director appointed on 9 September 2013, retires and is eligible for election.

Details of the candidate are set out below:

**Deb Radford** B.Ec, Grad. Dip. in Finance and Investment  
Non-Executive Director

*Member: Remuneration and Nominations Committee; Audit and Risk Committee*

Deb joined the Board of SMS in September 2013.

Deb is currently a Director of Bendigo and Adelaide Bank Ltd. She was previously a Director and Deputy Chair of City West Water, and a Director of Forestry Tasmania and the Melbourne Market Authority.

Deb is a former Principal of Deb Radford & Associates Pty Ltd, where she consulted to many Victorian government departments and agencies, as well as private sector organisations dealing with government, advising on government business enterprises and public private partnerships.

Prior to establishing her own consultancy, Deb held a number of senior roles within the Department of Treasury and Finance of the Victorian Government, and was a senior manager with HSBC and Wardley Australia Ltd.

### **Recommendation**

The Directors believe that it is in the interests of shareholders that Deb be elected as a member of the Board and recommend (Deb abstaining from voting in relation to her election) that shareholders vote in favour of the resolution. The chairman of the meeting intends to vote undirected proxies held by him in favour of the election of Deb Radford.

## **4. Issue of Performance Rights to Chief Executive Officer**

### **Summary of Proposal**

The Remuneration and Nominations Committee (**Committee**) is a committee of the Company's Board of Directors (**Board**) whose charter is to review the performance and remuneration of executive management. The Committee has met and recommended to the Board to offer 112,868 Performance Rights under the Company's 2013 Executive Performance Rights Plan (**Plan**) to the Chief Executive Officer, Mr Thomas Stianos, for no consideration on offer or conversion, subject to approval by shareholders of the Company by way of an ordinary resolution. This recommendation was considered by the Board (Mr Stianos was excluded from all discussion on this resolution) and a resolution in accordance with the recommendation was passed.

The entitlement of Mr Stianos to have the 112,868 Performance Rights converted to shares will be subject to Mr Stianos meeting certain 'Performance Criteria' within a prescribed 'Performance Period'. The allocation of the Performance Rights are equally split, with Performance Criteria for 50% defined by reference to a relative Total Shareholder Return (**TSR**) hurdle and 50% by reference to a relative earnings per share (**EPS**) performance hurdle.

Relative TSR is defined as the return to shareholders measured by the company's share price change over the Performance Period plus reinvestment of dividends, expressed as a percentage of investment and adjusted for changes in the entity's capital structure, when ranked relative to the performance of companies in a peer group consisting of 15 comparator companies (Comparator Group) with the Performance Period defined in this case as being three years from 1 July 2013 to 30 June 2016.

If the Company's TSR over the Performance Period measured against the Comparator Group is:

- below the 50<sup>th</sup> percentile, the Performance Criteria will not have been met and no Performance Rights will be converted to shares;
- equal to the 50<sup>th</sup> percentile, 50% of the Performance Rights will be converted to shares;
- higher than the 50<sup>th</sup> percentile but below the 75<sup>th</sup> percentile, between 50% and 100% of the Performance Rights, calculated on a linear basis, will be converted to shares; or
- at or above the 75<sup>th</sup> percentile, 100% of the Performance Rights will be converted to shares.

The relative EPS is the EPS growth of the Company relative to the EPS growth of the Comparator Group. At the end of the Performance Period, being 30 June 2016, the Comparator Group will be ranked by an independent accounting firm based on their EPS growth for that period. The Company's ranking relative to the Comparator Group will determine how many Performance Rights will vest.

If the Company's EPS growth over the Performance Period measured against that of the Comparator Group is:

- below the 50th percentile, the Performance Criteria will not have been met and no Performance Rights will be converted to shares;
- equal to the 50th percentile, 50% of the Performance Rights will be converted to shares;
- higher than the 50th percentile but below the 75th percentile, between 50% and 100% of the Performance Rights, calculated on a linear basis, will be converted to shares; or
- at or above the 75th percentile, 100% of the Performance Rights will be converted to shares.

Where Mr Stianos becomes entitled to shares under the Plan, the Company may issue out of unissued capital an equivalent number of fully paid ordinary shares in the Company at its own expense or, in the alternative, the Company may elect to purchase the equivalent number of shares on market at its own expense.

If shareholder approval is given, the Performance Rights will be granted within one month of the Annual General Meeting.

#### **How much was paid to Mr Stianos in 2013 under the 2010 Executive Performance Rights Plan?**

A total of 33,841 Performance Rights, which were issued to Mr Stianos for no consideration under the 2010 Plan, vested and converted to 33,841 shares in the Company with effect from 1 July 2013.

The Performance Criteria were defined by reference to a rights issue with two equal tranches, TSR and EPS, each with a separate performance hurdle. Under the 2010 Plan, the 33,841 Performance Rights that vested and were converted to shares represented 0% of the TSR Performance Rights and 100% of EPS Performance Rights issued to Mr Stianos in 2010.

#### ***Recommendation***

The Non-Executive Directors of SMS believe that the Plan is an appropriately designed equity-based employee incentive scheme, having regard to the role of the Plan in the attraction, motivation and retention of key executives and in driving the improved performance of SMS.

Your Board supports this Resolution in recognition of the need to provide an appropriate remuneration package to Mr Stianos, commensurate with the risks and responsibilities over a period of sufficient duration for Mr Stianos to contribute in a meaningful way to the growth and development of the Company and prosperity of its shareholders.

Accordingly, the Non-Executive Directors of SMS unanimously recommend that shareholders vote in favour of the resolution associated with Resolution Three. The chairman of the meeting intends to vote all undirected proxies held by him in favour of the resolution for an offer to be made by the Company of 112,868 Performance Rights to Mr Stianos.

#### **ASX Listing Rule Requirements**

ASX Listing Rule 10.14 states that approval is required for an entity to permit a Director to acquire securities under an employee incentive scheme where the securities are not purchased on market. Such approval is to be given by way of an ordinary resolution passed at a general meeting. As Mr Stianos is a Director, his participation in the Plan falls within this category and as such requires the approval of shareholders. Mr Stianos and any of his associates will be excluded from voting on Resolution Three.

Any additional persons to whom Listing Rule 10.14 applies who become entitled to Performance Rights after Resolution Three is approved and who are not named in this Notice will not be issued Performance Rights until approval is obtained under Listing Rule 10.14.

In accordance with Listing Rule 10.15.4, it is also confirmed that since the last approval, and in accordance with the shareholder resolution at the 2012 Annual General Meeting, Mr Stianos received 98,232 Performance Rights for no consideration.

## Glossary

In this document, unless the context otherwise requires:

**AEST** means Australian Eastern Standard Time.

**Board** means the Company's Board of Directors.

**Closely Related Party** means any of the following persons:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company that the member controls; or
- a person described by the Corporations Regulations 2001 (Cth).

**Committee** means the Remuneration and Nominations Committee

**Corporations Act** means *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company and **Director** refers to one of the Directors.

**EPS** means earnings per share.

**Explanatory Notes** means the explanatory notes set out in this document.

**Key Management Personnel** has the same meaning as in the Australian Accounting Standards and broadly includes persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director.

**Notice** and **Notice of Meeting** means this notice of Annual General Meeting and a reference to this Notice includes the Explanatory Memorandum and the proxy form that accompanies it.

**Plan** means the Company's 2013 Executive Performance Rights Plan.

**TSR** means Total Shareholder Return.





**By mail:**  
 SMS Management & Technology Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 554 474



**X99999999999**

**SHAREHOLDER PROXY FORM**

I/We being a member(s) of SMS Management & Technology Limited and entitled to attend and vote hereby appoint:

**STEP 1**

**APPOINT A PROXY**

**the Chairman of the Meeting**  
*(mark box)*

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 22 October 2013, at Level 2, Club Pavilion, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

**STEP 2**

**VOTING DIRECTIONS**

	For	Against	Abstain*
<b>Resolution 1</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Election of Director, Deborah Radford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Issue of Performance Rights to Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3**

**SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Sunday, 20 October 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**

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

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

SMS Management & Technology Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**



Management & Technology

ABN 49 009 558 865

LODGE YOUR DIRECTION



ONLINE >

www.linkmarketservices.com.au



By mail:
SMS Management & Technology Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



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VOTING DIRECTION FORM

STEP 1

DIRECTION TO THE TRUSTEE OF THE PLAN

I, being a participant of the SMS Management & Technology Limited Employee Share Plans direct the Trustee of the Plan to vote on my behalf in respect of any voting rights attaching to shares held for my benefit under the Plan at the Annual General Meeting of the Company to be held at 10:00am on Tuesday, 22 October 2013 at Level 2, Club Pavilion, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000 and at any adjournment of that meeting. Forms will only be valid and accepted by the Company if they are signed and received no later than 10:00am on Friday, 18 October 2013.

This form will only be used for the purpose of voting on the resolutions specified below.

To direct the Trustee on how to vote on any resolution, please insert [X] in the appropriate box.

In the absence of a direction by you, the Trustee has no direction and your votes will not be counted.

STEP 2

VOTING DIRECTIONS

Table with 3 columns: Resolution, For, Against, Abstain\*. Rows include Resolution 1 (Adoption of Remuneration Report), Resolution 2 (Election of Director, Deborah Radford), and Resolution 3 (Issue of Performance Rights to Chief Executive Officer).

\* If you mark the Abstain box for a particular Resolution, you are directing the Trustee not to vote on your behalf and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF PARTICIPANT - THIS MUST BE COMPLETED

Signature of Participant

Empty box for signature

