

Notice
of
Annual General Meeting
and Explanatory Notes

SMS Management & Technology Limited
ACN 009 558 865

Date: 20 October 2009
Time: 10.00 a.m.
Place: KPMG Theatrette
147 Collins Street
Melbourne Victoria

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of SMS Management & Technology Limited (Company) will be held at the KPMG Theatre, 147 Collins Street, Melbourne, Victoria at 10.00 a.m. (EST) on Monday, 20 October 2009 (Notice).

Ordinary business

Financial Statements and Reports

To receive and consider the financial statements and the reports of the Directors and the Auditors of the Company for the year ended 30 June 2009.

The following resolutions will be proposed as ordinary resolutions:

Remuneration Report

1. 'That the Remuneration Report forming part of the Directors' Report for the year ended 30 June 2009 be adopted.'

Note the vote on this resolution does not bind the Company or its Directors.

Re-election of Director

2. 'That Laurence Cox, who retires by rotation as Director pursuant to clause 47(a) of the Company's Constitution, be re-elected as a Director of the Company.'

Special Business

To consider and if thought fit, pass the following resolution as an ordinary resolution:

3. 'That approval for the purposes of Listing Rule 10.14 be given for the offer by the Company of 107,000 Performance Rights under the terms set out in the Explanatory Notes attached to this Notice of General Meeting to Mr Thomas Stianos, a Director of the Company.'

Voting Exclusion Statement on Resolutions

Resolution 3

The Company will disregard any votes cast in respect of Resolution 3 by Mr Stianos and any associate of Mr Stianos.

However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- the vote 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 3 September 2009

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Sarah Turner', written in a cursive style.

Sarah Turner
Company Secretary

Voting, proxies and company representatives

1. Voting

The Directors have determined that, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the date and time to determine voting entitlements for the purposes of the Annual General Meeting, will be 7.00 p.m. Eastern Standard Time on Friday, 16 October 2009. 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. If the shareholder appoints two proxies, neither may vote on a show of hands.

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:

- (a) with Link Market Services Ltd, c/- Link Market Services Limited, 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
- (c) online at <http://www.linkmarketservices.com.au> in accordance with the instructions given there,

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

Financial Statements and Reports

The Corporations Act 2001 requires the financial report (which includes the financial statements and Directors' Declaration), the Directors' Report and Independent Auditor Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act 2001 or the Company's Constitution for shareholders to approve the financial report, the Directors' Report or the Independent Auditor Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

Remuneration Report

The Directors' Report for the year ended 30 June 2009 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives. The Corporations Act 2001 expressly provides that the vote on the Remuneration Report is advisory only and does not bind the Directors or the Company.

Re-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, Laurence Cox, being a Director who has been three years in office, retires by rotation and is eligible for re-election.

Issue of Performance Rights to Chief Executive Officer

Summary of Proposal

The Remuneration and Nominations Committee (the Committee) is a committee of the Company's Board of Directors (the Board) whose charter is to review the performance and remuneration of executive management, including Directors. The Committee have met and recommended to the Board to offer 107,000 Performance Rights under the Company's Executive Performance Rights Plan (the Plan) to the Chief Executive Officer, Mr Thomas Stianos, for no consideration, 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 of the Committee was passed.

The entitlement of Mr Stianos to have the 107,000 Performance Rights converted to shares will be subject to Mr Stianos meeting certain 'Performance Criteria' within a prescribed 'Performance Period'. The Performance Criteria are defined by reference to a 50% relative Total Shareholder Return (TSR) hurdle and a 50% relative earnings per share (EPS) performance hurdle.

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 2009 to 30 June 2012.

If the Company's TSR over the Performance Period measured against 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.

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, the Comparator Group will be ranked 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 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.

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


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 Company's Executive Performance Rights 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 3.


Any additional persons to whom Listing Rule 10.14 applies who become entitled to Performance Rights after Resolution 3 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.

LODGE YOUR DIRECTION

 **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

 **ONLINE** www.linkmarketservices.com.au

All enquiries to:
 **Telephone:** 1300 554 474
Overseas: +61 2 8280 7111



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VOTING DIRECTION FORM

STEP 1 **DIRECTION TO THE TRUSTEE OF THE SMS MANAGEMENT & TECHNOLOGY LIMITED EMPLOYEE SHARE PLANS**

I, being a participant of the **SMS Management & Technology Limited Employee Share Plans** direct the Trustee of the Plans 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, 20 October 2009 at KPMG Theatre, 147 Collins 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 Saturday, 17 October 2009.


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 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**

	For	Against	Abstain*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director, Laurence Cox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Performance Rights to Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * 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




LODGE YOUR VOTE

 **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

 **ONLINE**

www.linkmarketservices.com.au

All enquiries to:
 **Telephone:** 1300 554 474
Overseas: +61 2 8280 7111



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SHAREHOLDER VOTING 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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, 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, 20 October 2009, at KPMG Theatre, 147 Collins Street, Melbourne, Victoria 3000 and at any adjournment or postponement of the meeting.

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*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director, Laurence Cox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Performance Rights to Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * 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) <input type="text"/>	Joint Shareholder 2 (Individual) <input type="text"/>	Joint Shareholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	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).

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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 leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

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.

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, 18 October 2009, 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:

 **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

 **online:** **ONLINE** www.linkmarketservices.com.au

lodging it online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website);

 **by hand:**
delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

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.