

SIMONDS GROUP LIMITED

ACN: 143 841 801

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Simonds Group Limited (or “the Company” or “Simonds Group”) will be held at **1.00pm on Wednesday, 18 November 2015 at Pullman Hotel (Lake Room), 65 Queens Road, Melbourne, Victoria** for the purpose of transacting the following business:

AGENDA

Item 1. Financial Statements and Reports

To consider and receive the Financial Report and the Reports of the Directors and Auditor for the year ended 30 June 2015.

Note: There is no vote on this item.

Item 2. Remuneration Report

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

“That the Remuneration Report for the year ended 30 June 2015 be adopted.”

Note: In accordance with section 250R of the Corporations Act 2001 (Cth) (“Corporations Act”), the vote on this resolution will be advisory only.

Item 3. Re- election of Director – Mr Matthew Chun

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

“That, Mr. Matthew Chun, a Director retiring in accordance with Rule 3.6 of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.”

Item 4. Re-election of Director – Ms Susan Oliver

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

“That, Ms. Susan Oliver, a Director retiring in accordance with Rule 3.3 of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.”

Item 5. Increase in Non-executive Directors' Remuneration Limit

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

“That, for the purposes of ASX Listing Rule 10.17 and for all other purposes, the shareholders of the Company approve the increase of the aggregate maximum amount available for the remuneration of all non-executive Directors from \$750,000 to \$1,000,000 per annum, effective from 18 November 2015.”

Item 6. Grant of Performance Rights to the Managing Director and CEO

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

"To approve for all purposes, including ASX Listing Rule 10.14, the grant of performance rights under the Simonds Group Employee Share Plan to the Managing Director and CEO, Mr Paul McMahon and on the terms summarised in the Explanatory Notes accompanying the Notice of Meeting."

Voting exclusions

The Company will disregard any votes cast (in any capacity) on Item 2 (Remuneration Report) by or on behalf of:

- a) a member of the Key Management Personnel ("KMP") whose remuneration is disclosed in the Remuneration Report; and
- b) their Closely Related Parties ("CRPs"),

and any votes cast (in any capacity) on Item 5 (Increase in Non-executive Directors' Remuneration Limit) by or on behalf of:

- a) any Director of the Company; and
- b) their associates,

and any votes cast (in any capacity) on Item 6 (Grant of Performance Rights to the Managing Director and CEO) by or on behalf of:

- a) the Managing Director and CEO of the Company; and
- b) his associates,

as well as any votes cast as a proxy on Item 2, Item 5 or Item 6 by a member of the KMP at the date of the Meeting and their CRPs, unless the vote is cast.

- a) as proxy for a person who is entitled to vote in accordance with a direction in the proxy form; or
- b) by the Chairperson as proxy for a person who is entitled to vote and the Chairperson has received express authority to vote undirected proxies as the Chairperson sees fit.

Definitions

Key Management Personnel ("KMP") has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the KMP means:

- a) A spouse or child of the member;
- b) A child of the member's spouse;
- c) A dependant of the member or the member's spouse;
- d) 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 dealing with the entity;
- e) A company the member controls; or
- f) A person prescribed by the Corporation Act.

Please refer to the Notes and Explanatory Memorandum for further information on the proposed resolutions.

By Order of the Board



Robert Stubbs
Company Secretary

NOTES

EXPLANATORY MEMORANDUM

The Explanatory Memorandum and the annexure accompanying this Notice of Annual General Meeting ("Notice") are incorporated in and comprise part of this Notice and should be read in conjunction with this Notice.

WHO MAY VOTE

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Company (as convenor of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 1.00pm (AEDT) on Monday 16 November 2015. This means that any Shareholder registered at 1.00pm (AEDT) on Monday 16 November 2015 is entitled to attend and vote at the Meeting.

PROXIES

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- a) A proxy need not be a Shareholder.
- b) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- c) If the Shareholder appoints only one proxy, that proxy is entitled to vote on a show of hands. If a Shareholder appoints two proxies, only one proxy is entitled to vote on a show of hands.
- d) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- e) A Form of Proxy accompanies this Notice.
- f) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstains from voting.
- g) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the form of proxy and comply with the instructions set out in that form relating to lodgement of the form with the Company.
- h) The form of proxy must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.
- i) If any attorney or authorised officer signs the form of proxy on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the form of proxy.
- j) The form of proxy (together with any relevant authority) must be received by no later than 1.00 pm AEDT on Monday 16 November 2015 before the time scheduled for the commencement of the meeting (or any adjournment of that meeting).

You can lodge your completed proxy form, letter of representation or power of attorney:

- Online: [Voting online](#)
- By fax: +61 2 9290 9655
- By mail to: Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority must be sent to the Company registry at least 24 hours in advance of the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Simonds Group Limited (the “Company”) to be held at 1.00pm AEDT on Wednesday 18 November 2015.

This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed resolutions. Both documents should be read in their entirety and in conjunction with each other.

ITEM 1: FINANCIAL STATEMENTS AND REPORTS

At this Meeting, the Shareholder will consider the Company's financial statements and the Directors' and Auditor's Reports for the Company for the year ended 30 June 2015.

Shareholders are not required to vote on the financial statements. However, the shareholders will be given reasonable opportunity at the Meeting to raise questions on the financial statements and reports. Shareholders will also be able to ask the Auditor questions relevant to the audit of the financial statements and reports.

ITEM 2: REMUNERATION REPORT

The Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company. Nevertheless the Board will take into account the outcome of the vote when considering the future remuneration policies and practices of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel of the Company. The Remuneration Report is part of the Annual Report for the year ending 30 June 2015.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The Remuneration Report for the year ended 30 June 2015:

- Describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between remuneration of executives and the Company's performance;
- Sets out the remuneration arrangements for Key Management Personnel; and
- Explains the difference between the basis for remunerating Non-Executive Directors and Senior Managers.

Voting consequences – Remuneration Report

The Directors' Report in the Annual Report for the year ended 30 June 2015 contains (in a separate and clearly defined section) a Remuneration Report which sets out the remuneration policy of the Company and reports the remuneration arrangements in place for specified executives and the Directors of the Company.

The Company is required by the Corporations Act to put to the vote at the annual general meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform Shareholders in the notice of the annual general meeting that a resolution to this effect will be put at the meeting.

Before calling for votes in relation to this Item 2, the Chairman of the meeting will allow a reasonable opportunity for the Shareholders present to ask questions about, or make comments on, the Remuneration Report.

It should be noted that, in accordance with section 250R(3) of the Corporations Act, the vote on Item 2 is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Shareholders will be required to vote at the second of those annual general meetings on a resolution (“spill resolution”) that another meeting will be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

The Company did not propose a resolution to approve the Remuneration Report at its 2014 Annual General Meeting as Company was not an ASX listed entity at the time, and was not required to prepare a Remuneration Report. Accordingly, the spill resolution is not relevant for this Meeting.

ITEM 3: RE-ELECTION OF MR MATTHEW CHUN AS DIRECTOR

In accordance with the Company's Constitution, at every Annual General Meeting, one third of the Company's Directors must retire from office and are eligible for re-election. The Directors to retire are those who have been longest in office since their last re-appointment.

Matthew Chun was appointed to the Board in September 2014 and was re-elected at the October 2014 AGM. Mr Chun has been a director of the Company for one year and has been Chairman of the Audit and Risk Committee since December 2014.

Matthew has over 23 years of senior management and corporate advisory experience and currently runs a private property development and advisory business based in Melbourne. He was previously an Executive Director and CEO of ASX listed company, Becton Property Group. Prior to Becton Property Group Matthew held positions at Cbus Super Fund and Coles Myer. Matthew holds a Bachelor of Economics from La Trobe University, a Graduate Diploma in Property, Graduate Diploma in Applied Investment and Finance and is a licenced estate agent.

The Board (excluding Mr Chun) unanimously recommends the re-election of Mr Matthew Chun as Director of the Company.

ITEM 4: RE-ELECTION OF MS SUSAN OLIVER AS DIRECTOR

In accordance with the Company's Constitution, the Board may appoint a person to be a Director at any time except during a general meeting. Any director so appointed:

- a) automatically retires at the next annual general meeting and is eligible for re-election by that annual general meeting; and
- b) is not taken into account in deciding the rotation or retirement of Directors or the number of them to retire under rule 3.6 at that annual general meeting.

Susan Oliver was appointed to the Board in October 2014, Chairman of the Nomination and Remuneration Committee in November 2014, and Deputy Chairman of the Board in June 2015

Susan is currently a Non-Executive Director of CNPR Limited and Coffey International Limited. Susan is also Chair of Scale Investors Limited. Her past Directorships include Chair of Fusion Retail Brands Pty Ltd as well as being a former Non-Executive Director of VLine Corporation, Programmed Maintenance Services Limited, Transurban Group Limited, Just Group Limited, Centro Properties Group and MBF Australia Limited. Susan has been a company Director for more than 19 years and has expertise in building profitable enterprise, restructuring and turnarounds. She has senior management experience in both public and private sectors spanning construction, urban renewal, policy, professional services, innovation and industry development. With a background in strategy, marketing, technology and scenario planning, Susan also manages her own advisory practice and start-up information technology companies and is founding Chair of an angel investor group.

The Board (excluding Ms Oliver) unanimously recommends the re-election of Ms Susan Oliver as Director of the Company.

ITEM 5: INCREASE IN NON-EXECUTIVE DIRECTORS' REMUNERATION LIMIT

As part of the performance evaluation undertaken by the Board in September 2015, it was identified that a skills gap exists in the expertise of the Board with regards to registered training organisations and the industry generally. To address the skills gap, the Directors are seeking to appoint an independent non-executive director during FY2016. It is anticipated that this appointment will help achieve the diversity objectives as set out by the Board.

To enable the appointment of a suitable qualified and credentialed director, the Directors have proposed an ordinary resolution that the maximum sum available for the remuneration of all non-executive Directors be increased by \$250,000 from \$750,000 to \$1,000,000.

No securities were issued to any non-executive Director under ASX Listing Rules 10.11 or 10.14 within the last 3 years.

ITEM 6: GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CEO

The board recognises that it is desirable for the managing director and CEO to be incentivised and remunerated on a consistent basis and in a manner that focuses their efforts on delivering long-term value for shareholders. The board has developed the Simonds Group Employee Share Plan ("ESP") to ensure this alignment. Pursuant to ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval.

For the purposes of the approval sought under ASX listing rule 10.14 and for all other purposes, the following information is provided to the shareholders in respect of the Performance Rights:

- a) 353,807 Performance Rights will be issued to Mr Paul McMahon (the Managing Director and CEO) or related entities.
- b) It is anticipated that shares will be sourced on-market to satisfy these Performance Rights as provided for under the ESP.
- c) Mr McMahon was issued with 280,898 Performance Rights on listing of the Company as disclosed in the financial statements for the year ended 30 June 2015.
- d) Voting exclusion statements are set out in page 2 of the Notice.
- e) No consideration will be payable by Mr McMahon at the time of grant of the Performance Rights or on vesting of the Performance Rights.
- f) Performance Rights granted to Mr McMahon will be divided into two components, subject to separate performance measures, as follows:
 - a. 50% of the Performance Rights ("Tranche 1 Performance Rights") will be subject to a performance hurdle relating to relative Total Shareholder Return ("TSR"), which is the TSR of the Company over a three year performance period commencing on 27 August 2015 ("Performance Period"), when compared with the TSR of component companies in the ASX small ordinaries index (ASX Code XSI) excluding resources at the commencement of the Performance Period. The TSR performance condition provides that no Performance Rights will vest until the Company's relative TSR performance achieves a percentile ranking of 50%, at which point 50% of Tranche 1 Performance Rights will vest. Above the 50 percentile ranking, the number of Tranche 1 Performance Rights that will vest will be pro-rated on a linear basis between the 50th percentile and the 75th percentile. At the 75th percentile (or above), 100% of Performance Rights will vest; and
 - b. 50% of the Performance Rights ("Tranche 2 Performance Rights") will be subject to a performance hurdle relating to Compound Annual Growth Rate ("CAGR") in earnings per share over a 3 year period commencing on 1 July 2015 ("Performance Period"). The CAGR performance condition provides that no Performance Rights will vest until CAGR of 7.5% is achieved. Where CAGR of 10% (or above) is achieved, 100% of the Tranche 2 Performance Rights will vest. Between 7.5% and 10% CAGR, the number of Tranche 2 Performance Rights that will vest will be pro-rated on a linear basis.
 - c. No Performance Rights may vest unless Mr McMahon remains employed by the Company up to and including 31 August 2018, subject to discretion of the Board to accelerate vesting of the Performance Rights under special circumstances or on certain types of events occurring.
- g) No loan will be made by the Company in connection with the acquisition of the Performance Rights.
- h) It is expected that the Performance Rights will be granted to Mr McMahon as soon as practicable following the Meeting and in any event no later than 12 months from the date of this Meeting.

Chapter 2E of the Corporations Act 2001 (Cth) (Corporations Act) regulates the provision of financial benefits to related parties by a public company. The issue of the Performance Rights to Mr McMahon under Item 6 constitutes the provision of a financial benefit to related parties. It is the view of the Directors that the proposed issue of Performance Rights to Mr McMahon under Item 6 falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by Mr McMahon. Accordingly, the Board has determined not to seek shareholder approval under section 208 of the Corporations Act for the issue of the Performance Rights to Mr McMahon.

The Board (excluding Mr Paul McMahon) unanimously recommends that the Shareholders vote in favour of Item 6.



Simonds Group

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 1:00pm AEDT on Monday 16 November 2015.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/simondsagm2015
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **1:00pm AEDT on Monday, 16 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/simondsagm2015
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Simonds Group Limited

ABN 54 143 841 801

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Simonds Group Limited** (Company) and entitled to attend and vote hereby appoint:

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

OR if you are **NOT** appointing the Chair 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 below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Pullman Hotel (Lake Room), 65 Queens Road, Melbourne, Victoria on Wednesday, 18 November, 2015 at 1:00pm AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2, 5 and 6, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2, 5 and 6 are connected with the remuneration of a member of the key management personnel for Simonds Group Limited.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2, 5 and 6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect Mr Matthew Chun as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4.	To re-elect Ms Susan Oliver as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Increase in Non-executive Directors' Remuneration Limit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Performance Rights to the Managing Director and CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015