



Southern Cross Electrical Engineering Limited

ABN 92 009 307 046

Notice of Meeting and Explanatory Statement and Proxy Form

Date of Meeting: Monday, 28 November 2011
Time of Meeting: 10:00am WST
Place of Meeting: Esplanade Hotel
Corner Marine Terrace
and Essex Street
Fremantle WA 6160

This Notice of Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Notice of AGM (continued)

Notice is given that the Annual General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (Company) will be held at 10:00am (WST) on Monday, 28 November 2011 at Esplanade Hotel, corner of Marine Terrace and Essex Street, Fremantle, Western Australia.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the various matters to be considered at the Annual General Meeting. Shareholders should read the Explanatory Statement before deciding how to vote.

AGENDA

FINANCIAL REPORTS

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2011.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

"That the Remuneration Report for the year ended 30 June 2011 be adopted."

Note – The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion

The Company will disregard any vote cast on Resolution 1 by, or on behalf of:

- (a) a member of the key management personnel as disclosed in the Remuneration Report (Key Management Personnel); and
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR FRANK TOMASI AS DIRECTOR

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

"That Mr Frank Tomasi, who retires in accordance with Rule 5.1 of the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3: ELECTION OF DR JOHN HAMILTON AS DIRECTOR

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

"That Dr John Hamilton, who was appointed as a Director on 1 October 2011 and retires in accordance with Rule 8.2 of the Constitution of the Company and, being eligible, offers himself for re-election, be elected as a Director of the Company."

RESOLUTION 4: ELECTION OF MR PETER FORBES AS DIRECTOR

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

"That Mr Peter Forbes, who was appointed as a Director on 1 October 2011 and retires in accordance with Rule 8.2 of the Constitution of the Company and, being eligible, offers himself for re-election, be elected as a Director of the Company."

RESOLUTION 5: APPROVAL OF THE SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN

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

"That for the purpose of ASX Listing Rule 7.2, exception 9 and for all other purposes, Shareholders approve the Senior Management Long Term Incentive Plan (LTIP), the terms and conditions of which are summarised in the Explanatory Statement, and the grant of Performance Rights or Options under the Plan and the issue of Shares upon the vesting of such Performance Rights or Options as required."

RESOLUTION 5: APPROVAL OF THE SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN (continued)

Voting exclusion

The Company will disregard votes cast on Resolution 5 by any Director (except one who is ineligible to participate in any employee incentive scheme of the Company) or any of their associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of 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.

Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 5.

RESOLUTION 6: ISSUE OF SHARES TO THE MANAGING DIRECTOR

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the issue of 750,000 Shares to the Managing Director of the Company, Mr Simon High (or his nominee)."

Voting exclusion

The Company will disregard votes cast on Resolution 6 by Mr High or any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of 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.

Further, a member of Key Management Personnel and their closely related parties (other than as the Chairman of the meeting) may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 6.

By Order of the Board



Chris Douglass
Company Secretary
17 October 2011

Important information for Shareholders

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Required majorities

All of the Resolutions are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Proxies

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and return the proxy form enclosed with this Notice of Meeting as soon as possible.

To be effective, a completed proxy form must be received by no later than 10.00am (WST) on **Saturday 26 November 2011**, being not less than 48 hours prior to the commencement of the meeting.

Details for sending your proxy form are as follows.

Address: Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria 3000

Facsimile: Australia: 1800 783 447 / International: +613 9473 2555

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. An appointment form is included with the meeting materials.

Voting entitlements

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 4.00pm (WST) on Thursday 24 November 2011.

Further information

If you need any further information about this form or attendance at the Annual General Meeting please contact Mr Chris Douglass, the Company Secretary on 61 8 9410 1833.

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held at 10.00am (WST) on Monday, 28 November 2011. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

FINANCIAL STATEMENTS

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial report, Directors' report (including the remuneration report) and the Auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Managing Director and senior executives and is set out in the Company's Annual Report. The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions, or make comments on, the remuneration report at the Annual General Meeting.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

The Directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR FRANK TOMASI

Mr Frank Tomasi was elected as a Director of the Company on 30 October 2007. Rule 5.1 of the Company's Constitution requires that no director may retain office for more than 3 years without submitting himself or herself for re-election. Accordingly, Mr Tomasi is required to resign and being eligible, has offered himself for re-election as a Director of the Company.

Mr Tomasi has over 40 years experience in the electrical construction industry. Mr Tomasi has been the owner and Director of the Company since 1978. Prior to his position with the Company, Frank worked at Transfield (WA) Pty Ltd from 1968 to 1978, serving as the National Manager from 1971 to 1978. Mr Tomasi holds an Electrical Engineering Certificate (NSW).

The Directors (other than Mr Tomasi) recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 3: ELECTION OF DR JOHN HAMILTON AS DIRECTOR

Dr John Hamilton was appointed to the Board on 1 October 2011. In accordance with Rule 8.2 of the Company's Constitution, Dr Hamilton, having been appointed by the Board as Directors of the Company since the last General Meeting, will retire and offer himself for election.

Dr Hamilton holds a Bachelor of Chemical Engineering Degree and a Doctorate of Philosophy (Engineering) both from the University of Melbourne. He has held a number of senior executive roles with international oil and gas exploration and production companies including Shell, Woodside and Liquid Niugini Gas. Whilst with Woodside, Dr Hamilton was acted as the Director of the North-West Shelf Ventures, having overall responsibility for Woodside's North-West Shelf Ventures Business Unit. Dr Hamilton currently holds a non-executive directorship with Geodynamics Ltd and executive directorship with Exergen Pty Ltd.

The Directors (other than Dr Hamilton) recommend that Shareholders vote in favour of Resolution 3.

RESOLUTION 4: ELECTION OF MR PETER FORBES AS DIRECTOR

Mr Peter Forbes was appointed to the Board on 1 October 2011. In accordance with Rule 8.2 of the Company's Constitution, Mr Forbes, having been appointed by the Board as Directors of the Company since the last General Meeting, will retire and offer himself for election.

Mr Forbes is a Fellow of Certified Practising Accountants, a Fellow of Chartered Secretaries Australia and is a Fellow of the Australian Institute of Company Directors. In the past Mr Forbes was Deputy Chief Executive and Executive General Manager, Equities, Queensland Investment Corporation (1989-2003) and also previously held a number of senior management positions across a board range of industries.

Mr Forbes holds non-executive directorships with Macarthur Coal Ltd, QIC Private Capital Pty Ltd and Cubbie Group Ltd (subject to Deed of Company Arrangement). He also serves as a member on the Queensland Council of the Australian Institute of Company Directors.

The Directors (other than Mr Forbes) recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5: APPROVAL OF THE SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN

Background

Resolution 5 seeks Shareholder approval for the Company's Senior Management Long Term Incentive Plan (**Plan**).

The Plan has two aspects to it as it enables the Company to grant long term incentives in the form of Options and/or Performance Rights to senior management. Senior management, as defined in the Plan, are the full-time or part-time employees (including the Managing Director and other Executive Directors) of the Company and its subsidiaries (Group) whom the Board considers, act in a senior management roles within the Group.

The Board believes that the Group will benefit from being able to provide the Group's senior management with an opportunity to acquire an ownership interest in the Company through the grant of Options.

The Board also believes that the Group will benefit from the flexibility of establishing an equity based plan allowing the Board to grant Performance Rights which will only vest on the satisfaction of appropriate performance conditions set by the Board.

The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Group's employment strategy, and that the implementation of the Plan will:

- (a) recognise the ability and efforts of senior managers who have contributed to the success of the Group;
- (b) provide incentives to the senior managers to achieve the long terms objectives of the Company and to improve the performance of the Company Group;
- (c) attract staff of experience and ability to work for the Company Group; and
- (d) foster and promote loyalty between staff and its senior managers.

The Board seeks Shareholder approval pursuant to Listing Rule 7.2, exception 9(b) in relation to the Plan. If Shareholder Approval is granted, the issue of Options and Performance Rights under the Plan will be exempt from the 15% annual limit on the issue of new securities without shareholder approval for a period of 3 years from the date of the approval of Resolution 5.

Summary of the Plan

Participation

As part of the Company's strategy, the Board wishes to be in a position to grant Options and/or Performance Rights under the Plan to senior management or an approved nominee to achieve the objectives outlined above.

Common Rules

The main features of the Plan which apply both to the issue of Options and to the issue of Performance Rights are as follows:

1. **Eligible Participants:** All full-time employees and permanent part-time employees (including the Executive Directors and the Managing Director) of the Group whom the Board have determined are in a senior management role, are eligible participants under the Plan. Shareholder approval is required before any Director or related party of the Company can participate in the Plan.
2. **Limits on Entitlements:** The maximum number of Shares that is issuable under the Plan, when combined with the number of Shares issued during the previous five years pursuant to the Plan or any other employee incentive scheme of the Company but disregarding any offer made, or Performance Rights acquired or Shares issued by way of or as a result of:
 - (a) an offer to a person situated at the time of receipt of the offer outside Australia; or
 - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (c) an offer made under a disclosure document, must not exceed 5% of the total number of issued Shares.
3. **Individual Limits:** The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.

4. **Amendments to Plan:** The Board may at any time and from time to time by resolution alter the Plan. However, any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws. Generally amendments to the Plan will not affect the terms of Options or Performance Rights that have already been issued under the Plan unless the resolution specifically says otherwise.
5. **Disposal of Options or Performance Rights:** Without the approval of the Board, no Options or Performance Rights issued under the Plan may be transferred, be made the subject of an option or a third party right (such as a charge or security), or otherwise be dealt with or disposed of by the eligible participant. If an eligible participant contravenes this requirement of the Plan, the Options or Performance Rights will lapse.
6. **Forfeiture:** If an eligible participant acts fraudulently, dishonestly or has wilfully breached his or her obligations to the Company Group, the Board will have the discretion to determine that any Options or Performance Rights granted to the eligible participant will lapse.
7. **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any Options or Performance Rights already granted.
8. **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, including consolidation, subdivision, reduction or return of issued capital, the number of Shares, to which an eligible participant is entitled to receive upon the exercise of an Option or a Performance Right will be adjusted in the way specified by the Listing Rules from time to time.
9. **Bonus Issue:** If there is a bonus issue of Shares to Shareholders, the number of shares, to which an eligible participant is entitled to receive upon the exercise of an Option or a Performance Right will be increased by the number of Shares which the eligible participant would have received if the Option or Performance Right, as applicable, had been exercised before the record date for the bonus issue.
10. **No Participation Rights:** There are no participation rights or entitlements inherent in the Options or the Performance Rights. An eligible participant will only be entitled to participate in new issues of capital offered to Shareholders to the extent that the Options or the Performance Rights have been exercised and the eligible participant has become a Shareholder.

Rules for granting options

The Board may issue a written invitation to an eligible participant to receive a grant of Options (Option Invitation).

The Option Invitation will set out the terms on which the Options will be granted and exercised. Participation in the Plan is subject to the acceptance of the Option Invitation by the eligible participant (or their nominee) within a specified period. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the issue of Options under the Plan.

The main features of the Plan (and the terms and conditions to be attached to the Plan) which are particular to the issue of Options are summarised as follows:

1. **Consideration Payable:** the Board will have the discretion to determine if any consideration is payable for the grant of the Options. The amount of consideration payable, if any, will be set out in the Option Invitation.
2. **Exercise of Options:** An eligible participant can be exercise the Options at any time before the date on which they lapse by issuing a notice to the Board setting out the number of Options to be exercised, paying the exercise price nominated in the Option Invitation for each Option that is being exercised and producing the certificate for the Options to the Board.

The Board also has the discretion to impose conditions on the Options (other than the payment of an exercise price) which must be satisfied either before the Options are exercised or before the Options vest. If such conditions are set out in the Option Invitation they must be met in accordance with the terms of the Option Invitation.

3. **Exercise Price:** The exercise price for each Option will be set out in the Option Invitation. The exercise price in respect of an Option may be reduced in accordance with the terms of the Plan if a pro rata issue of Shares is made to Shareholders before the Option is exercised.
4. **Vesting:** Subject to the satisfaction of any conditions attaching to the Options, within 10 business days of the exercise of the Options, the Company must allot and issue Shares to the eligible participant (or, if applicable, their nominee) without any further action being required on the part of the eligible participant.

5. **Term and Lapse:** The term of the Options is determined by the Board in its absolute discretion and will be specified in the Option Invitation. Options will lapse if they are not exercised by the expiry date set in the Option Invitation. The Options may also lapse if the eligible participant's employment is terminated for cause or in circumstances other than as described in the next paragraph.
6. **Retirement, Permanent Disablement, Redundancy or Death:** Under the Plan, within 30 days of the eligible participant ceasing to be a senior manager of the Company as a result of retirement, permanent disability, redundancy or death, the eligible participant (or their nominee or legal representative as applicable) may exercise the Options in accordance with the terms of the Option Invitation. To the extent that the conditions set out in the Option Invitation have been satisfied, the Options will vest. All remaining Options will lapse.
7. **Restriction on dealing with Shares:** All Shares issued to a participant under the Plan will be subject to the Company's Share Trading Policy. In addition, the Board has the discretion to impose further restrictions on Shares issued to a participant under the Plan in the Option Invitation.
8. **Takeover Bid or Change of Control:** In the event of:
 - (a) a Change of Control of the Company; or
 - (b) approval by the court of a merger of the Company by way of scheme of arrangement,all Options which have not been exercised by the eligible participant may be exercised and will vest notwithstanding the conditions set out in the Option Invitation, other than the payment of the Exercise Price.

Rules for granting Performance Rights

A Performance Right is a right to be issued a Share upon the satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the issue of Performance Rights under the Plan.

The number of Performance Rights granted under the Plan and the conditions that must be satisfied in order for the Performance Rights to either be exercised or to vest, will be determined by the Board and expressed in a written invitation ("Performance Right Invitation") made by the Company to the eligible participant. Participation in the Plan is subject to acceptance of the Performance Right Invitation by the eligible participant (or their nominee) within a specified period. It is intended that the conditions imposed on the Performance Rights will relate either to the performance of the Company, the Group or the employee (or a combination of these). The main features of the Plan (and the terms and conditions to be attached to the Plan) that are particular to the issue of Performance

Rights are summarised as follows:

1. **Consideration Payable:** It is intended that Performance Rights will be granted for no consideration, even though the Plan allows the Board to impose consideration on the grant of Performance Rights. The Performance Right Invitation will set out the amount of consideration payable, if any.
2. **Exercise of Performance Rights:** An eligible participant will apply to the Board to exercise some or all of the Performance Rights by giving notice to the Board and producing the certificate for those Performance Rights.
3. **Vesting:** Subject to the satisfaction of the conditions set out in the Performance Right Invitation, within 10 Business Days of the exercise of the Performance Rights, the Company shall allot and issue Shares to the eligible participant (or, if applicable, their nominee) without further action being required on the part of the eligible participant.
4. **Term and Lapse:** The term of the Performance Rights is determined by the Board in its absolute discretion and will be specified in the Performance Right Invitation. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if the eligible participant's employment is terminated for cause or in circumstances other than as described in the next paragraph.
5. **Retirement, Permanent Disablement, Redundancy or Death:** Under the Plan, within 30 days of the eligible participant ceasing to be a senior manager by reason of retirement, permanent disability, redundancy or death, the eligible participant (or their nominee or legal representative as applicable) may exercise the Performance Rights. To the extent that the conditions set out in the Performance Right Invitation have been satisfied, the Performance Rights will vest. All remaining Performance Rights will lapse.

6. **Restriction on dealing with Shares:** All Shares issued to a participant under the Plan will be subject to the Company's Share Trading Policy. In addition, the Board has the discretion to impose further restrictions on Shares issued to a participant under the Plan in the Performance Right Invitation.
7. **Takeover Bid or Change of Control:** In the event of:
 - (a) a Change of Control of the Company; or
 - (b) approval by the court of a merger of the Company by way of scheme of arrangement,an eligible participant may exercise all Performance Rights which have not been exercised or lapsed and will vest notwithstanding the conditions set out in the Performance Right Invitation.

Relief under the Corporations Act

To the extent that the Plan relates to the issue of Performance Rights, the Company has applied to ASIC for minor and technical relief from certain provisions of the Corporations Act. This is due to the fact that the issue of Performance Rights (rather than shares or options) does not fall under ASIC's Class Order for employee incentive schemes.

The relief required relates to not having to issue a prospectus for the performance rights; not having to hold a financial services licence to advise employees about the Plan and relief from the security hawking prohibitions in connection with the Plan. The Company expects ASIC to grant this relief. Performance rights will not be issued under the Plan (subject to other relevant exceptions being available under the Corporations Act) until the relief is granted.

The Directors recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6: ISSUE OF SHARES TO THE MANAGING DIRECTOR

Background

Resolution 6 seeks Shareholder approval for the issue of Shares to Mr Simon High, the Managing Director. Mr High has been the Managing Director of the Company for over a year.

Following a review of the terms of Mr High's employment agreement with the Company, the Board proposes to issue (subject to Shareholder approval) 750,000 Shares to Mr High as a part of his remuneration package. The grant of Shares is a key component of Mr High's remuneration and will provide Mr High with an added incentive in carrying out his duties as Managing Director of the Company.

Following the review, Mr High is entitled to receive a base salary, inclusive of superannuation, of \$750,000. In addition, Mr High is entitled to a variable Short Term Incentive ("STI") cash bonus of up to 50% of his base salary (depending on the achievement of certain short term objectives). It is also proposed that during this financial year, Mr High will be awarded a Long Term Incentive ("LTI") through the issue of Performance Rights under the Company's Senior Management Long Term Incentive Plan. The Board intends to separately seek Shareholder approval of any Performance Rights issued to Mr High at a future meeting.

The Directors believe that the remuneration for Mr High, including the proposed grant of Shares, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director and market levels of remuneration for managing directors of similar companies.

Regulatory information

Related party transaction

The Board is of the view that the remuneration package for Mr High, including the grant of the Shares, is reasonable for the purposes of Chapter 2E of the Corporations Act, having regard to the circumstances of the Company and Mr High (including the responsibilities involved in his office).

Listing Rules

In accordance with ASX Listing Rule 10.11, the acquisition of securities by a director requires shareholder approval. The following information is provided for the purposes of Listing Rule 10.13.

- (a) The Shares will be issued to Mr Simon High, the Managing Director of the Company (or his nominee).
- (b) The maximum number of Shares to be issued is 750,000.
- (c) The Share will be issued as soon as practicable following the date of the Meeting, and in any event, no later than one month after the date of the Meeting.
- (d) The price payable on the issue of each Share is nil.

As approval is being given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. This means that the issue of the Shares (subject to approval of Resolution 6) will not count towards the Company's annual 15% placement capacity under Listing Rule 7.1.

The Directors (other than Mr High) recommend that Shareholders vote in favour of Resolution 6.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 6.

GLOSSARY

The following terms and abbreviations used in this Explanatory Statement have the following meaning:

5% Limitation:	means the "5% Limitation" as defined at paragraph 5.1 of the LTIP.
ASX:	means the Australian Securities Exchange or ASX Limited, as appropriate.
ASX Listing Rules:	means the listing rules of the ASX and any other rule of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express, written waiver by ASX.
Board:	means the board of directors of the Company.
Change of control	means if: <ul style="list-style-type: none">(a) if a person becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or(b) a person becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company.
Company:	means Southern Cross Electrical Engineering Limited (ABN 92 009 307 046).
Constitution:	means the constitution of the Company.
Corporations Act:	means the Corporations Act 2001 (Cth).
Corporations Regulations:	means the Corporations Regulations 2001 (Cth).
Director:	means a member of the Board.
Executive Director:	means an executive director of the Company.
Explanatory Statement:	means this Explanatory Statement.
Group:	means the Company and each of its subsidiaries.
LTIP:	means Senior Management Long Term Incentive Plan.

Managing Director:	means the managing director of the Company.
Meeting or Annual General Meeting:	means the meeting convened by the Notice.
Notice or Notice of Meeting:	means the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
Option:	means an unlisted Option to subscribe to Share.
Option Invitation:	Is defined in the Explanatory Statement with respect to Resolution 5.
Performance Right:	means an entitlement to one Share, subject to vesting and satisfaction of a Performance Condition, granted in accordance with the LTIP.
Plan:	means the Southern Cross Electrical Engineering Rules of the Senior Management Long Term Incentive Plan.
Related Party:	means a "related party" as defined in section 9 of the Corporations Act.
Resolution:	means a resolution included in the Notice.
Shares:	means fully paid ordinary shares in the capital of the Company.
Shareholders:	means a holders of Shares.
Subsidiaries:	has the meaning given in division 6 part 1.2 of the Corporations Act.
WST:	means Western Standard Time, being the time in Perth, Western Australia.



**Southern Cross Electrical
Engineering Limited**

ABN 92 009 307 046
EC 001681

41 Macedonia Street,
Naval Base WA 6165

Phone: +618 9410 1833
Facsimile: +618 9410 2504



Southern Cross Electrical
Engineering Limited

ABN 92 009 307 046

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 SXE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by 10.00am (WST) Saturday 26 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form



View the Annual Report:

www.scee.com.au

View your securityholder information, 24 hours a day, 7 days a week

www.investorcentre.com

Your secure access information is: SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Southern Cross Electrical Engineering Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting 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) at the Annual General Meeting of Southern Cross Electrical Engineering Limited to be held at Esplanade Hotel, Corner Marine Terrace and Essex Street, Fremantle, Western Australia on Monday, 28 November 2011 at 10.00am (WST) and at any adjournment of that meeting.

Important for Items 1 and 6 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
 By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 6 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 1 and 6, the Chairman of the Meeting will not cast your votes on Items 1 and 6 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 1 and 6).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 1 and 6 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 6 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Frank Tomasi as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Dr John Hamilton as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Election of Mr Peter Forbes as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of the Senior Management Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Issue of Shares to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____