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## AMCOM TELECOMMUNICATIONS LIMITED

ABN 20 062 046 217

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### NOTICE OF ANNUAL GENERAL MEETING

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The Annual General Meeting of Amcom Telecommunications Limited ABN 20 062 046 217 will be held at Level 1, Media Suite, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth WA 6000 on Wednesday 20 November 2013 at 11 am.

#### ORDINARY BUSINESS

##### Financial statements and reports

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

##### Re-election of Directors

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

1. *That, Mr Anthony Davies, being a Director of the Company, who retires by rotation in accordance with the Company's Constitution and the ASX Listing Rules and being eligible, offers himself for re-election.*
2. *That, Mr Paul Brandling, having been appointed as a Director of the Company since the last annual general meeting and who retires under rule 81.2 of the Company's Constitution and being eligible, is elected as a Director of the Company.*

#### SPECIAL BUSINESS

##### Adoption of Remuneration Report

To consider the Remuneration Report as it appears in the Directors' Report for the year ended 30 June 2013, and if thought fit to pass, the following non-binding advisory resolution as an ordinary resolution in accordance with section 250R of the Corporations Act:

3. *That the Remuneration Report for the year ended 30 June 2013 be approved.*

*Voting exclusion statement:* The Company will disregard any votes cast on Resolution 3 by or on behalf of either of the following persons:

- a) a member of the Key Management Personnel of the Company (KMP); or
- b) a Closely Related Party of such a member,

(collectively a Prohibited Voter).

However, the Prohibited Voter may cast a vote on Resolution 3 as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 3; or
- b) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:
  - i. does not specify the way the proxy is to vote on the Resolution; and
  - ii. expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

If you are a KMP or a Closely Related Party of a KMP (or are acting on behalf of any such person) and purport to cast a vote in contravention of the above that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

##### Approval of grant of Performance Rights to Mr Clive Stein

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

4. *That, for the purposes of ASX Listing Rules 7.1, 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant 220,000 Tranche E Performance Rights (each to acquire one Ordinary Share in the capital of the Company) for nil consideration to Mr Clive Stein, and issue or transfer Ordinary Shares on the vesting of those Performance Rights, in accordance with the Performance Rights Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum.*

*Voting exclusion statement:* The Company will disregard any votes cast on Resolution 4 by or on behalf of either of the following persons:

- a) Mr Clive Stein, and any of his Associates;

- b) a Director of the Company (except one who is ineligible to participate in any employee incentive scheme of the Company) and any Associates of such a Director;
- c) a member of the KMP; or
- d) a Closely Related Party of a KMP

(collectively an Excluded Person for the purposes of this section).

However, the Excluded Person may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of an Excluded Person and either:

- a) the Excluded Person is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 4; or
- b) the Excluded Person is the Chair and the appointment of the Chair as proxy:
  - i. does not specify the way the proxy is to vote on the Resolution; and
  - ii. expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

If you are a KMP or a Closely Related Party of a KMP (or are acting on behalf of any such person) and purport to cast a vote in contravention of the above that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

#### **Remuneration of Non-executive Directors**

5. *That, the maximum aggregate remuneration of non-executive Directors of the Company be increased by \$200,000 per annum, from \$750,000 per annum, to a maximum of \$950,000 per annum to be divided amongst current and any additional non-executive Directors in such manner as may be approved by the Board.*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 5 by a Director of the Company and any Associate of the Directors. However the Company need not disregard a vote on Resolution 5 by the above excluded persons if it is cast by:

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

- b) 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.

#### **EXPLANATORY MEMORANDUM**

Accompanying this notice is an Explanatory Memorandum that provides shareholders with background information and further details on the resolutions to be considered at the meeting. The information provided is intended to assist shareholders in understanding the reasons for and the effect of the resolutions, if passed. Information is also presented in accordance with the requirements of the Corporations Act and the Listing Rules. Terms defined in the Explanatory Memorandum and used in this notice bear the same meaning as in the Explanatory Memorandum.

#### **VOTING ENTITLEMENTS**

The Board has determined that the entitlement of any person to vote at the meeting will be that person's entitlement as set out in the Company's Register of Members as at 5:00 pm (Perth Time) on Monday 18 November 2013.

#### **Voting by Proxy**

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. A proxy need not be a member of the Company. A shareholder may appoint an individual or body corporate to act as its proxy. If a body corporate is appointed as proxy, the body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the meeting. If two proxies are appointed, the appointment may specify the proportion or number of votes that the proxy may exercise. Otherwise, each proxy may exercise half the votes.

A proxy form accompanies this notice of meeting. To be valid, the proxy form (together with the original or a certified copy of any power of attorney under which the proxy form is signed) must be received at:

The Company's share registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001. The proxy form can also be faxed to 1800 783 447 within Australia or outside Australia +61 3 9473 2555.

Alternatively, you may lodge a proxy electronically, at [www.investorvote.com.au](http://www.investorvote.com.au)

For intermediary online subscribers only  
(custodians) www.intermediaryonline.com

DATED: 2nd October 2013

BY ORDER OF THE BOARD

A proxy form must be received by 11.00am (Perth time) on Monday 18 November 2013. Proxy forms received later than this time will be invalid.

David Hinton  
Chief Financial Officer &  
Company Secretary

For all enquiries call 1300 763 915 (within Australia) or +61 (03) 9415 4000 from outside Australia.

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## EXPLANATORY MEMORANDUM

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

### Financial statements and reports

The Corporations Act 2001 requires the company's financial statements and reports for the last financial year will be laid before the meeting. Members will be given the opportunity to ask questions about the reports. However, there will be no formal resolution put to the meeting. The Company's auditor, Ernst & Young, will be present at the Meeting and shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

### Ordinary Resolutions

Resolutions 1 to 5 (inclusive) are ordinary resolutions and will require the support of more than 50% of the votes cast at the meeting in order that they be passed.

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### Resolution 1 Re-election of Mr Davies

The Company's Constitution and ASX Listing Rules provides that a Director, excluding the Managing Director, may not hold office for a continuous period in excess of 3 years or past the third annual general meeting, following the Director's appointment, whichever is the longer, without submitting himself for re-election.

Mr Davies was re-elected at the Company's 2010 annual general meeting. Accordingly, under Rule 78 of the Constitution and Listing Rule 14.4, he must be submitted for re-election at this Annual General Meeting.

Mr Davies joined the Board in 2003 as a non-executive Director and is currently the Chairman of the Audit and Risk Committee. He is a Chartered Accountant and has held the role of Chief Financial Officer of a large public company until 2004. Previously he worked in areas of financial and risk management with public companies in Europe, North America and Australia.

The Directors (other than Mr Davies) recommend that Shareholders vote in favour of Resolution 1. Mr Davies, who has an interest in the outcome of Resolution 1, declines to make a recommendation.

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### Resolution 2 Election of Mr Brandling

Mr Brandling was appointed a Director on 20 September 2013 by the Board which is subsequent to the previous annual general meeting. Under rule 81.2 of the Company's Constitution he holds office only until this meeting and offers himself for re-election.

Mr Brandling has more than 27 years experience in the information technology industry. He was Vice President and Managing Director of Hewlett-Packard South Pacific from 2002 until 2012. In this role he was responsible for driving overall revenue growth and profitability for Australia and New Zealand. Prior to this position, he worked for Compaq Computer Corporation from 1993 where he held a variety of sales and divisional leadership roles and was appointed Vice President and Managing Director, Compaq Computer South Pacific in 2000.

Mr Brandling holds a BSC Hons. (Mechanical Engineering), was a member of the International CEO Forum (Australia) from 2001-2012 and served as a Director of the Australian Information Industry Association (AIIA) from 2002-2011. Mr Brandling is a resident of Sydney.

The Directors (other than Mr Brandling) recommend that Shareholders vote in favour of Resolution 2. Mr Brandling, who has an interest in the outcome of Resolution 2, declines to make a recommendation.

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### **Resolution 3 Adoption of the Remuneration Report**

This resolution is a requirement of section 250R of the Corporations Act. Section 250R of the Corporations Act requires that the Company's members vote on whether or not the Remuneration Report should be adopted. This vote is advisory only and the outcome will not be binding on the Board. However, if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the Remuneration Report, then:

- if comments are made on the report at the meeting, the Company's Remuneration Report for the financial year ending 30 June 2014 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2014 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting (Spill Meeting) be called to consider the election of directors of the Company (Spill Resolution). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Prior to holding this vote, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about the Remuneration Report.

#### **What is included in the Remuneration Report?**

The Remuneration Report includes information on how Company directors and certain executives are remunerated. More specifically, the report includes disclosure of all elements of the remuneration received by the Company's directors and other key management personnel. The report also includes a discussion of the Board's policy for determining executive remuneration and the relationship between the Board's policy for determining remuneration and the Company's performance. In respect of executives whose remuneration is linked to performance conditions, the report contains:

- a summary of the performance conditions that attach to each element of their remuneration; and
- an explanation of the relative proportions of those elements of their remuneration that are linked to performance conditions and those elements of their remuneration that are not.

The Remuneration Report forms part of the Directors' Report, adopted in accordance with a unanimous resolution of the Directors. Each of the Directors recommends the Remuneration Report to shareholders for adoption.

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### **Resolution 4 Approval of grant of performance rights to Mr Clive Stein**

Resolution 4 seeks Shareholder approval to the grant of 220,000 Tranche E Performance Rights to Mr Clive Stein, on the terms and conditions set out in this Explanatory Memorandum.

## **Background to the grant of Performance Rights**

On 16 February 2010, the Board established an employee incentive scheme which became known as the "Amcom Telecommunications Limited Performance Rights Long Term Incentive Plan" (Performance Rights Plan). It is proposed that these Performance Rights will be issued to Mr Stein pursuant to the Performance Rights Plan.

The purpose of the proposed grant of Tranche E Performance Rights to Mr Stein is to provide an appropriate long term remuneration strategy and incentive for Mr Stein to assist the Company to achieve an increase in shareholder wealth and to assist the Company to retain the services of Mr Stein.

The Board considers that the proposed grant of Tranche E Performance Rights to Mr Stein:

- aligns Mr Stein's incentives with Shareholder interests. The Board considers that vesting of the Tranche E Performance Rights should be aligned to what the Board believes are the Shareholders expectations of a superior Total Shareholder Return (TSR) in the long term. Mr Stein will only benefit from the grant of the Tranche E Performance Rights if the relevant Vesting Conditions attaching to these Performance Rights are fulfilled, the Performance Rights vested and he is issued or transferred Ordinary Shares.
- assists the Company to retain the services of Mr Stein by providing an attractive long term retention tool that builds an ownership of the Company mindset. The Tranche E Performance Rights proposed to be granted to Mr Stein reflect the level of commitment to be provided by Mr Stein to the Company and the Vesting Conditions take into account the responsibilities of Mr Stein and the time commitment required from him. The Tranche E Performance Rights to be granted to Mr Stein also reflect the value the Board believes Mr Stein brings to the enhancement of the Company and the importance of the performance objectives set by the Company.
- ensures that the extent to which Mr Stein benefits from any award is reasonably and objectively linked to the Company's comparative performance against the Index over a long term period.

The Board accordingly considers it appropriate for part of Mr Stein's remuneration package to include non-cash, incentive based remuneration such as Performance Rights. If Shareholders approve Resolution 4, the Tranche E Performance Rights will be granted to Mr Stein no later than three months after the date of the Meeting. However, the Tranche E Performance Rights will only vest if the Vesting Conditions attaching to the Tranche E Performance Rights are met.

## **Key details of the Performance Rights**

It is proposed that Mr Stein is to be granted 220,000 Tranche E Performance Rights by the Company on the following key terms:

- 220,000 Tranche E Performance Rights will be granted to Mr Stein pursuant to Resolution 4.
- Mr Stein is not required to pay any amount to acquire the Tranche E Performance Rights. If the Tranche E Performance Rights vest, Mr Stein will be issued with, or transferred, a corresponding number of Ordinary Shares for a nil exercise price. These shares will not be subject to any additional trading restrictions.
- Mr Stein will not be entitled to receive any dividends on these Performance Rights nor do the Performance Rights carry any voting rights.
- The Tranche E Performance Rights granted to Mr Stein are subject to Vesting Conditions as follows:
  - a) 73,333 Tranche E Performance Rights will vest if Mr Stein is employed by the Company on the last day of the Vesting Period (Retention Component);
  - b) 73,333 Tranche E Performance Rights will vest if Amcom achieves a TSR, relative to the percentage movement in the Index which is equal to or greater than the movement in the Index for the Vesting Period; and

- c) 73,334 Tranche E Performance Rights will vest if Amcom achieves a TSR, which is equal to or greater than 110% of the percentage movement in the Index for the Vesting Period.
- As soon as practical after the conclusion of the Vesting Period on 1 September 2016, the Board will determine the extent to which the Vesting Conditions have been satisfied and will procure either the issue (from the Company) or transfer (from the Trustee) to Mr Stein of the corresponding number of Ordinary Shares. Should the Vesting Conditions not be satisfied, in whole or in part, then the relevant number of Tranche E Performance Rights will lapse. If Mr Stein ceases to be employed by the Company at any time prior to completion of the Vesting Period, the Tranche E Performance Rights granted to him will lapse, unless determined otherwise by the Board.
  - If a Change of Control occurs at any time during the Vesting Period, then the 220,000 Tranche E Performance Rights will vest and Mr Stein will be issued with, or transferred, 220,000 Ordinary Shares.
  - In the event of any future capital reorganisations, bonus issues, rights issues or special distributions in relation to the issued Ordinary Share capital of the Company, the number of Ordinary Shares issued or transferred upon vesting of the Tranche E Performance Rights and the Vesting Conditions may be adjusted in such manner as the Board in its absolute discretion determines.

The other terms and conditions of the Tranche E Performance Rights are summarised in Schedule 1 to this Explanatory Statement.

#### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides, that, subject to certain exceptions, a listed company may not issue or agree to issue equity securities in any 12 month period which exceeds 15% of the number of ordinary shares of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

As the grant of up to 220,000 Tranche E Performance Rights pursuant to Resolution 4 will not exceed the 15% annual limit in ASX Listing Rule 7.1, if Resolution 4 were approved by the Shareholders, the Company is not required to seek Shareholder approval of the grant of 220,000 Tranche E Performance Rights for the purposes of ASX Listing Rule 7.1.

However, as the Company is seeking Shareholder approval of the grant of the Tranche E Performance Rights, and the issue of Ordinary Shares on the vesting of those Performance Rights, for the purposes of ASX Listing Rule 10.14 in any event, Shareholder approval is also sought for the purposes of ASX Listing Rule 7.1.

#### **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that the approval of shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme (such as the Performance Rights Plan):

- (a) a Director;
- (b) an associate (as defined in ASX Listing Rule 10.14.2) of a Director; or
- (c) a person whose relationship with the Company or a person referred to in paragraph (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

Mr Stein is a Director of the Company for the purpose of ASX Listing Rule 10.14. Accordingly, in order for Mr Stein to acquire the Performance Rights and Ordinary Shares on the vesting of the Performance Rights under the Performance Rights Plan, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.14.

#### **Disclosure Requirements**

ASX Listing Rules 7.3 and 10.15 set out a number of matters which must be included in a notice of meeting seeking shareholder approval under ASX Listing Rules 7.1 and 10.14.

In accordance with ASX Listing Rules 7.3 and 10.15, the following information is disclosed to Shareholders in relation to Resolution 4:

- (a) Mr Stein is a Director of the Company;
- (b) subject to Shareholder approval being obtained, the maximum number of Performance Rights that may be granted to Mr Stein for which approval is required is 220,000 Tranche E Performance Rights. If all 220,000 Tranche E Performance Rights vest, Mr Stein will be entitled to 220,000 Ordinary Shares;
- (c) the Tranche E Performance Rights will be granted to Mr Stein as an incentive, for no cash consideration. Any Ordinary Shares issued on conversion of those Performance Rights will be issued for no cash consideration. Accordingly, no funds will be raised by the grant of the Tranche E Performance Rights or any subsequent issue or transfer of Ordinary Shares to Mr Stein on vesting of those Performance Rights;
- (d) no loans will be made by the Company to Mr Stein in connection with the acquisition of Tranche E Performance Rights or Ordinary Shares on conversion of the Tranche E Performance Rights by Mr Stein;
- (e) since the Performance Rights Plan was approved by the Board on 16 February 2010, Shareholders have approved a total of 1,543,667 Performance Rights that have been issued to Mr Stein comprising the following tranches; 716,667 Tranche A, 192,000 Tranche B, 325,000 Tranche C and 310,000 Tranche D;
- (f) as at the date of this Notice, Mr Stein is the only person referred to in ASX Listing Rule 10.14 who is entitled to participate in the Performance Rights Plan;
- (g) the Performance Rights will be granted no later than 3 months after the date of the General Meeting and it is anticipated that the allotment or transfer of Ordinary Shares will be on one date;
- (h) the Performance Rights to be granted to Mr Stein will not be quoted on ASX. Any Ordinary Shares issued or transferred to Mr Stein on vesting of those Performance Rights will rank equally in all respects with all other Ordinary Shares in the Company and to the extent that new Ordinary Shares are issued on vesting, the Company will apply for the Ordinary Shares to be quoted on ASX;
- (i) the proposed grant of Tranche E Performance Rights to Mr Stein will be made pursuant to the terms and conditions set out in the section entitled "Key details of the Performance Rights Plan" of this Explanatory Memorandum and the terms and conditions of the Performance Rights Plan which is summarised in Schedule 1 to this Explanatory Statement;
- (j) details of any securities issued or transferred under the Performance Rights Plan will be published in each annual report of the Company relating to the period in which the securities were issued or transferred; and
- (k) a voting exclusion statement in respect of Resolution 4 set out in the Notice of Meeting and the section entitled "Voting Exclusion Statement" of this Explanatory Statement.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Stein is a Related Party and the proposed grant of the Tranche E Performance Rights and subsequent issue or transfer of Ordinary Shares to Mr Stein on vesting of those Performance Rights constitute the giving of a financial benefit. Accordingly, Shareholder approval is required unless an exception applies.

An exception to the prohibition in Chapter 2E of the Corporations Act is if the benefit is remuneration to an officer of the Company that would be reasonable given:

- (a) the circumstances of the Company; and
- (b) the officer's circumstances (including the responsibilities of the officer).

The Board considers that the proposed grant of Performance Rights to Mr Stein is reasonable remuneration. Accordingly, shareholder approval for the purposes of Chapter 2E of the Corporations Act is not required.

However, in the interests of making full disclosure to Shareholders, the Company has detailed below some of the information that would have been required to be disclosed to Shareholders had it been seeking shareholder approval for the purposes of Chapter 2E of the Corporations Act, which the Board considers may, together with the information disclosed in this Notice of Annual General Meeting with respect to Resolution 4, assist Shareholders in making a fully informed decision with respect to Resolution 4.

- (a) As at the date of this Notice, the issued capital structure of the Company is as follows:

	Number
Ordinary Shares – listed	244,557,101
Performance Rights:	
Tranche C (1)	1,150,000
Tranche D (2)	1,135,000
Tranche E (3)	940,000

- (1) Tranche C Performance Rights expire on 30 June 2014 with 33 1/3% by number vesting if the holder is employed on 30 June 2014; plus 33 1/3% if Amcom's TSR is equal to or greater than the percentage movement in the Index and the final 33 1/3% if the TSR equals or exceeds 110% of the percentage movement in the Index. Change of control provisions apply.
- (2) Tranche D Performance Rights expire on 30 June 2015 with 33 1/3% by number vesting if the holder is employed on 30 June 2015; plus 33 1/3% if Amcom's TSR is equal to or greater than the percentage movement in the Index and the final 33 1/3% if the TSR equals or exceeds 110% of the percentage movement in the Index. Change of control provisions apply.
- (3) Tranche E Performance Rights on issue are on the same terms as those proposed for Mr Stein.

Should Shareholders approve Resolution 4 the issued capital structure will become:

	Number
Ordinary Shares - listed	244,557,101
Performance Rights:	
Tranche C	1,150,000
Tranche D	1,135,000
Tranche E	1,160,000

Should Shareholders approve the grant of 220,000 Tranche E Performance Rights to Mr Stein, under Resolution 4, and all of the Tranche E Performance Rights subsequently vest such that the 1,160,000 Ordinary Shares are issued (as opposed to being transferred from the Trustee to the Participant), such issue may result in the dilution of the shareholdings of all other existing Shareholders of approximately 0.5% (based on the existing number of Ordinary Shares on issue as at the date of this Notice and assuming that no other Performance Rights Tranches vest and no other securities are issued by the Company in the meantime). If all Tranche E Performance Rights subsequently vest such that 1,160,000 Ordinary Shares are transferred from the Trustee to the Participant there will be no dilution of the shareholdings of other existing Shareholders.

- (b) As at the date of this Notice, Mr Stein holds the following securities in the Company representing 0.7% of the issued capital of the Company on a fully diluted basis:

Ordinary Shares – listed (1)	1,100,000
Performance Rights:	

- Tranche C	325,000
- Tranche D	310,000

(1) 333,333 of these Ordinary Shares are held by Mr Stein under a loan agreement with the Company that was approved by Shareholders at the Company's Annual General Meeting in 2003. The current loan balance is \$32,916.

(c) Details of Mr Stein's remuneration for the financial year ended 30 June 2013 (based on information extracted from the Company's 2013 Remuneration Report) are as follows:

	\$
Salary and superannuation	496,800
Short term incentive – cash - at risk	102,000
Non- monetary benefits	96,626
Share based payment (Tranche B, C & D)	213,993
Long service leave	<u>8,567</u>
	<u>\$917,986</u>

Details of the estimated remuneration of Mr Stein for the year ending 30 June 2014 inclusive of the proposed Tranche E performance Rights as it may appear in the Company's 2013 Remuneration Report are as follows:

	\$
Salary and superannuation	496,800
Short term incentive – cash (1) – at risk	120,000
Non- monetary benefits	96,626
Share based payment (Tranche C & D) (2)	188,657
Share based payment (Tranche E) (3)	58,690
Long service leave	<u>8,567</u>
	<u>\$969,340</u>

(1) Mr Stein is a participant of the 2014 Amcom short term incentive plan (STI) which is comprised of two components. The first component is based upon the Company achieving certain profit levels and the second component is based upon Mr Stein achieving key performance indicators (KPI) aligned with corporate goals and objectives. As the amount of the 2014 STI is dependent upon future events it is not possible to estimate the aggregate amount of the STI. The amount included is Mr Stein's estimated target STI for the KPI component.

(2) Should the vesting conditions not be achieved and Mr Stein is not an employee at the end of the Vesting Period for those Tranches then Mr Stein will not receive any benefit unless otherwise determined by the Board. If the vesting conditions are partially achieved then Mr Stein will received a reduce benefit as partial vesting will result in a lower number of shares being issued or transferred.

(3) Estimated cost in the 2014 financial year of the Tranche E Performance Rights based upon the assumptions outlined at paragraph (g) below. The Company will value the Performance Rights at the grant date based upon valuation inputs at that time. Accordingly the actual cost is likely to be different to this estimate.

(d) For the period from 1 July 2013 to 2 October 2013 the TSR of the Company was 5% and over the same period the Index increased by 10%.

(e) The Board considers that the issue or transfer of securities to Mr Stein is a more effective and appropriate incentive for Mr Stein as opposed to the payment of additional cash compensation.

(f) The Company will incur costs in respect of the proposed grant of the Tranche E Performance Rights to Mr Stein as follows:

1. The fees payable to ASX for quotation of the Ordinary Shares if and when the performance conditions applicable to the Tranche E Performance Rights are satisfied and the Tranche E Performance Rights are vested (to the extent that new Ordinary

Shares are issued on conversion of the Tranche E Performance Right, as opposed to transferred from the Trustee to the Participant). At the rates applying at the date of this Notice, these fees would be approximately \$2,000;

2. Under the Pay-roll Tax ACT 2002 (WA) and related legislation, the Company is required to include as wages for pay-roll tax purposes either the value of the Ordinary Shares as quoted on ASX at the date of issuance of the Performance Rights or at the date of the vesting of the Performance Rights. The estimated pay-roll tax payable is \$23,350;
3. The cost of the Tranche E Performance Rights will be expensed in the Company's Statement of Comprehensive Income over the Vesting Period in accordance with AASB2 Share-based payments. This cost over the Vesting Period will be similar to the indicative total value of the Tranche E Performance Rights, as detailed in paragraph (g) below. Based upon the indicative valuation of \$1.3485 per Performance Right, the total cost would be approximately \$296,670 over the Vesting Period with approximately \$57,690 being recorded as an expense in respect to the financial year ended 30 June 2014. This cost is of a non-cash nature; and
4. If all Tranche E Performance Rights subsequently vest such that 1,160,000 Ordinary Shares need to be transferred from the Trustee to the Participants, then to the extent the Trustee does not hold such Ordinary Shares, the Trustee will need to acquire those Ordinary Shares on market at the then prevailing market price with funds provided by the Company.

- (g) The Company has obtained from an independent party an indicative valuation of the Tranche E Performance Rights proposed to be offered to Mr Stein.

The indicative valuation of the Tranche E Performance Rights is calculated in accordance with the principles of AASB 2 Share –Based Payments.

The key inputs to determine the indicative fair value of the Tranche E Performance Rights are:

Share price on valuation date	\$1.95 (21 September 2013)
Volatility	35%
Dividend Yield	3.9%
Risk Free Rate	2.86%
Exercise Price	nil

For the purposes of the valuation, it is assumed that 100% of the Performance Rights will vest.

The Company will determine the fair value to be ascribed to the Performance Rights at the grant date based upon valuation inputs current at grant date. As that date is in the future the ascribed fair value is likely to vary from the indicative valuation. The most sensitive input to the valuation of the Performance Right is the Share price as at grant date. As a guide if the Share price was \$1.75 then the fair value per Performance Right would be \$1.22 and if the Share price was \$2.15 then the fair value per Performance Right would be \$1.50.

Mr Stein declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. As set out in the proxy form, the Chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 4.

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 4 by or on behalf of either of the following persons:

- (a) Mr Clive Stein, and any of his Associates;

- (b) a Director of the Company (except one who is ineligible to participate in any employee incentive scheme of the Company) and any Associates of such a Director;
- (c) a member of the KMP; or
- (d) a Closely Related Party of a KMP

(collectively an Excluded Person for the purposes of this section).

However, the Excluded Person may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of an Excluded Person and either:

- (a) the Excluded Person is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 4; or
- (b) the Excluded Person is the Chair and the appointment of the Chair as proxy:
  - i. does not specify the way the proxy is to vote on the Resolution; and
  - ii. expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

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## **Resolution 5 Remuneration of Non-executive Directors**

Rule 125 of the Company's Constitution and ASX Listing Rule 10.17 require that the Company must not increase the maximum amount of Non-Executive Directors' fees payable without the approval of Shareholders.

The Company had previously set a cap for Non-Executive Directors' fees of \$750,000 per annum in 2010. Resolution 5 seeks Shareholder approval to increase the maximum aggregate Directors' fees payable by the Company to its Non-Executive Directors (as a whole) for their services by \$200,000 to \$950,000 per annum.

The responsibilities and obligations of Directors are continually increasing as a result of the growing emphasis in today's corporate environment on corporate governance. These increased responsibilities and obligations have necessitated an increase in the general level of remuneration paid to Non-Executive Directors.

The total level of fees proposed at a limit of \$950,000 under Resolution 5 is considered desirable to ensure the Company is able to attract and retain Directors whose skills and qualifications are appropriate for a company of the size and nature of your Company.

It is not intended that the full amount of the \$950,000 to be approved by Shareholders will be utilised immediately. The proposed increased limit is to provide flexibility to expand the size of the Board or for further remuneration increases should circumstances change.

The Directors have refrained from making a recommendation for voting on Resolution 5.

### **Voting exclusion statement**

The Company will disregard any votes cast on this resolution by a Director and any Associate of the Directors. However, the Company need not disregard a vote on Resolution 5 by that Director or Associate the above excluded persons if it is cast by:

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

## Glossary

**Associate** has the meaning given to it in ASX Listing Rule 14.11.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the board of Directors of the Company.

**Bonus Share** means Ordinary Shares issued pursuant to the Terms of Issue.

**Change of Control** means when in relation to the Company, any person, either alone or together with any associate (as defined in section 9 of the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than 50% of the issued shares in the Company, or any similar event which the Board Determines, in its discretion, is a Change of Control.

**Closely Related Party** of a member of the KMP means any of the following:

- a spouse, child or dependant of the member;
- a child or dependant of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice of Annual General Meeting, no additional persons have been prescribed by regulation).

**Company** and **Amcom** mean Amcom Telecommunications Limited (ABN 20 062 046 217).

**Constitution** means the Company's constitution.

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

**Directors** mean the directors of the Company from time to time, and **Director** means any one of them.

**Eligible Employees** means such employees of the Company or a Related Company, including executive Directors, or such other persons as the Board, in its discretion, determines.

**Index** means the S&P/ASX 300 Accumulation Index.

**Key Management Personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of KMP of the Company include its Directors (whether executive or otherwise) and certain senior executives.

**Notice of Annual General Meeting** means this notice of Annual General Meeting and the accompanying Explanatory Memorandum and Proxy Form.

**Participant** means an Eligible Employee to whom a Performance Right has been granted under the Performance Rights Plan.

**Performance Rights Plan** means the Amcom Telecommunications Limited Performance Rights Long Term Incentive Plan.

**Performance Right** means an entitlement to one Ordinary Share, subject to vesting and satisfaction of any performance conditions, granted in accordance with the Performance Rights Plan.

**Total Shareholder Return** (or TSR) is measured by the following formula

$$\text{TSR} = \frac{\text{Share Price End of Period} - \text{Share Price Begin of Period} + \text{Dividends per share}}{\text{Share Price Begin of Period}}$$

The Share Price Begin of Period is \$1.86 being the 5 day VWAP upto and including 28 June 2013. The Share Price End of Period will be measured as the 5 day VWAP up to and including the last day of the Vesting Period.

**Trustee** means the trustee of the Amcom Incentive Share Plan Trust established under a deed of trust dated 21 June 2013, being Amcom Incentive Share Plan Company Pty Ltd ACN 164 374 065, a wholly owned subsidiary of the Company.

**Vesting Period** means in relation to Tranche E the period commencing on 1 July 2013 and expiring on 1 September 2016 (inclusive).

**Vesting Conditions** means the time and performance conditions, determined by the Board from time to time and described in the section of the Explanatory Statement headed Key details of the Performance Rights.

**VWAP** means the volume weighted average price of Amcom shares traded on ASX.

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## Schedule 1

### Summary of the material terms of the Amcom Telecommunications Limited Performance Rights Long Term Incentive Plan

The material terms and conditions of the Performance Rights Plan are summarised below.

- a) **(Participants):** The rules of the Performance Rights Plan enable participation by all Eligible Employees as determined by the Board. Such employees will be offered the opportunity to acquire Performance Rights.
- b) **(Renouncing an Offer):** Subject to the approval of the Board, Eligible Employees may renounce an offer in favour of their spouse, a body corporate in which they hold not less than 50% of the issued voting share capital, the trustee of a trust in which they are a beneficiary, the trustee of a superannuation fund in which they are a member, or such other person as the Board in its discretion determines.
- c) **(Board):** The Performance Rights enable Participants to acquire Ordinary Shares in Amcom. The Board has the discretion to determine the terms and conditions of an offer of Performance Rights under the Performance Rights Plan.
- d) **(Vesting Conditions under the Plan):** Performance Rights offered under the Performance Rights Plan may be subject to Vesting Conditions as determined by the Board and specified in various offer documents that are provided to Eligible Employees. The Board has discretion to waive Vesting Conditions.
- e) **(Consideration):** Unless otherwise determined by the Board, no amount is payable upon the grant or the issue or transfer of an Ordinary Share following the vesting of a Performance Right.
- f) **(Transfer):** Performance Rights cannot be transferred.
- g) **(Forfeiture):** Performance Rights will be forfeited if any Vesting Conditions are not or cannot be satisfied by the end of the applicable vesting period. Unvested Performance Rights will also be forfeited if a Participant commits fraud, defalcation, gross misconduct or a serious breach of obligations in relation to Amcom's affairs.

- (h) **(Vesting of Performance Rights):** If the Vesting Conditions are attained during the Term, as soon as practicable after the date the Vesting Period concludes, the Board will determine that the Vesting Condition has been satisfied, provide a Participant with a vesting notice (Vesting Notice) and will procure that a Participant is either issued (by the Company) with or transferred (from the Trustee) the number of Ordinary Shares specified in the Vesting Notice. The Performance Rights Plan does not impose any disposal restrictions on Ordinary Shares acquired upon vesting of Performance Rights. Participants will have full entitlements attaching to Ordinary Shares when acquired.
- (i) **(Capital reorganisations, issues and distributions):** The Performance Rights are subject to adjustments as to the number of shares the subject of each Performance Right in the event of capital reorganisations, bonus issues, rights issues or special distributions.
- (j) **(Attorney):** Each Participant appoints the Company and other specified persons as his/her attorney to give effect to the Performance Rights Plan rules.
- (k) **(Jurisdiction):** If the Board determines that the laws of a particular jurisdiction require an offer under the Performance Rights Plan to be made subject to certain terms and conditions, the Board may direct that for the purpose of that jurisdiction the Performance Rights Plan rules will be read subject to those terms and conditions as specified in an addendum to the Performance Rights Plan rules.
- (l) **(Amendment of the Plan):** Subject to certain limitations, the Board has the ability to amend the Performance Rights Plan rules at any time.

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