



## **NOTICE OF ANNUAL GENERAL MEETING**

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## **EXPLANATORY STATEMENT**

– and –

## **PROXY FORM**

**DATE AND TIME OF MEETING:**  
30 November 2004 at 10.00 am

**VENUE:**  
The Coral Room  
Rendezvous Observation City Hotel  
The Esplanade  
Scarborough Beach  
Western Australia

**These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.**



## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of the members of Structural Monitoring Systems plc ("**Structural Monitoring Systems**" or the "**Company**") will be held at The Coral Room, Rendezvous Observation City Hotel, The Esplanade, Scarborough Beach, Western Australia, at 10.00am, 30 November 2004.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

### AGENDA

#### ORDINARY BUSINESS

To receive and consider the financial report of the Company for the period since incorporation to 30 June 2004 and the reports by the Directors and Auditors thereon and to provide shareholders with the opportunity to raise any issues or ask questions generally of the Directors and the Auditor's representative concerning the financial report or the business and operations of the Company.

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolutions:-

1. **Ordinary Resolution 1: "To re-elect a Director"**  
*"To re-elect as a director Mr Tony Brennan who retires in accordance with the Company's Memorandum and Articles of Association and, being eligible, offers himself for re-election".*

2. **Ordinary Resolution 2: Appointment of David Forsyth**  
*"To re-elect as a director Mr David Forsyth who retires in accordance with the Company's Memorandum and Articles of Association and, being eligible, offers himself for re-election".*

3. **Ordinary Resolution 3: "Appointment of Auditor"**

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

*"That this meeting approves the appointment of PKF as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, PKF, having been nominated for appointment, has consented to act as auditor".*

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**4. Ordinary Resolution 4: "Remuneration of Auditor"**

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

***"That this meeting authorises the Directors to fix the remuneration of the Auditor".***

**PROXIES**

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of the member. If two proxies are appointed, and a member does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes. A proxy need not be a member of the Company.
2. In order to vote on behalf of a company that is a shareholder of Structural Monitoring Systems plc, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.
3. Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged by mail to PO Box 2067, Churchlands WA, 6018 or by facsimile +61 8 9204 4866 not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.
4. An instrument appointing a proxy:
  - a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
  - b) may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
  - c) shall be deemed to confer authority to demand or join in demanding a poll;
  - d) shall be in such form as the Directors determine and which complies with Section 250A of the Corporations Act 2001;
  - e) proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the resolutions.
5. A summary of the proceedings at the Annual General Meeting of the Company will be made available on request to any shareholder applying to the Company Secretary at the registered office of the Company.

**ATTENDANCE AND VOTING ELIGIBILITY**

To have the right to attend and vote at the Annual General Meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the registry by no later than 5.00pm AWST on Friday 26 November 2004. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

BY ORDER OF THE BOARD

**Kent M. Hunter**  
**Company Secretary**  
Dated: 25 October 2004

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# EXPLANATORY STATEMENT

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## INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Structural Monitoring Systems plc ("**Structural Monitoring Systems**" or the "**Company**") in connection with Resolutions 1 to 4 of the Annual General Meeting of members to be held at The Coral Room, Rendezvous Observation City Hotel, The Esplanade, Scarborough Beach, Western Australia, at 10.00am, 30 November 2004.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. Please refer to Section 6 of this Explanatory Statement for a glossary of terms.

### 1. RESOLUTION 1: "TO RE-ELECT A DIRECTOR"

Resolution 1 seeks approval for the election of Mr Tony Brennan, who retires by rotation in accordance with the Company's Memorandum and Articles of Association and, being eligible, offers himself for re-election as a Director of the Company, with effect from the end of the meeting.

Mr Brennan has extensive experience in the management of a number of Australian public companies over the past 13 years, including roles as the Managing Director of Mount Edon Gold Mines (Aust) Ltd and Kilkenny Gold N.L. He is non-executive Chairman of three other ASX listed companies, Gleneagle Gold Ltd, Citrofresh International Ltd and Tomahawk Energy Ltd. A Chartered Accountant by profession with a career of more than 25 years, he was previously a partner in HLB Mann Judd, a nationally affiliated accounting firm and has extensive experience in financial management.

### 2. RESOLUTION 2 – APPOINTMENT OF DAVID FORSYTH

Resolution 2 seeks approval for the election of Mr David Forsyth, who was appointed to the Board during the year and retires in accordance with the Company's Memorandum and Articles of Association and, being eligible, offers himself for re-election as a Director of the Company, with effect from the end of the meeting.

Mr Forsyth has extensive experience in the maintenance of aircraft over many years. He holds a Bachelor of Aeronautical Engineering from the University of New South Wales, a Graduate Diploma of Industrial Engineering from the University of New South Wales and is a fellow of the Royal Aeronautical Society. Mr Forsyth had over a 30 year career with Qantas Airways Limited with many responsibilities. Beginning as an Engineering Cadet in 1970, he advanced through many positions including Power Plant Engineer, Inventory Planning Controller Engines, Technical Purchasing Manager, Engineering Director, Engineering Planning Director, Head of Engine Maintenance – Sydney, Head of Melbourne Maintenance Facility, General Manager Engine Maintenance and General Manager Regional Airlines. His final position before retirement was Executive General Manager Aircraft Operations where he was responsible for all flight operations, engineering and maintenance and operations coordination covering 8,000 staff.

### 3. RESOLUTION 3 – APPOINTMENT OF AUDITORS

Pursuant to Section 385 of the Companies Act 1985 (UK), the Company shall, at each general meeting at which accounts are laid, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next general meeting at which accounts are laid.

In accordance with Section 385 (3) of the Act, the first auditors of the Company, PKF, have been appointed by the Directors and shall hold office until the conclusion of this meeting.

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Resolution 3 seeks shareholder approval for the appointment of PKF as auditor to the Company commencing from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid.

#### **4. RESOLUTION 4 – REMUNERATION OF AUDITOR**

Resolution 4 seeks shareholder approval to authorise the Directors to fix the remuneration of the Auditor in accordance with the Act.

#### **5. ACTION TO BE TAKEN BY SHAREHOLDERS**

**Shareholders should read this Explanatory Statement carefully before deciding how to vote on each Resolution.**

**Attached to the Notice of Meeting is a proxy form for use by Shareholders. Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.**

#### **Enquiries**

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Statement should be directed to the Company's Managing Director, Mr Robin Dean or Company Secretary, Mr Kent Hunter (telephone: +61 8 9204 4844).

#### **6. GLOSSARY OF TERMS**

In this Explanatory Statement:

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|---|---|
| <b>“Act”</b>  | the Companies Act 1985 (UK).  |
| <b>“ASIC”</b>                                       | Australian Securities and Investments Commission.                               |
| <b>“ASX”</b>  | Australian Stock Exchange Limited (ACN 008 624 691)                             |
| <b>“ASX Listing Rules” or “Listing Rules”</b>       | The Official Listing Rules of ASX as amended from time to time.                 |
| <b>“Director”</b>                                   | A director of Structural Monitoring Systems.                                    |
| <b>“Annual General Meeting”</b>                     | The Annual General Meeting of the Company to be held on 30 November 2004        |
| <b>“Notice of Meeting”</b>                          | The notice convening the Meeting, which accompanies this Explanatory Statement. |
| <b>“Resolutions”</b>                                | Resolutions in the Notice of Meeting.   |
| <b>“Share”</b>                                      | A fully paid ordinary share in the capital of the Company.                      |
| <b>“Shareholder”</b>                                | The registered holder of a Share in the Company.                                |
| <b>“Structural Monitoring Systems” or “Company”</b> | Structural Monitoring Systems plc (ARBN: 106 307 322).                          |

25 October 2004

The Directors  
Structural Monitoring Systems Plc  
PO Box 2067  
CHURCHLANDS WA 6018

Dear Sirs

As a member of Structural Monitoring Systems Plc, I hereby nominate PKF of Pannell House Park Street Guildford Surrey GU1 4HN England United Kingdom for appointment as auditors of Structural Monitoring Systems Plc.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Southern', followed by a horizontal line extending to the right.

Michael Philip Southern

# PROXY FORM

The Secretary  
Structural Monitoring Systems plc  
PO Box 2067  
CHURCHLANDS WA 6018

being a member/members of Structural Monitoring Systems plc (**the “Company”**) hereby appoint

\_\_\_\_\_ of \_\_\_\_\_  
print proxy’s name in full  
of \_\_\_\_\_  
print proxy’s address  
and (if you wish to appoint two proxies) \_\_\_\_\_  
print second proxy’s name in full  
of \_\_\_\_\_  
print second proxy’s address

or, in the proxy’s/proxies’ absence or if no other appointee is mentioned, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **The Coral Room, Rendezvous Observation City Hotel, The Esplanade, Scarborough Beach, Western Australia, at 10.00am, 30 November 2004** and at any adjournment of that meeting in respect of ..... of my/our shares or, failing any number being specified, ALL of my/our shares.

|   |   |
|---|---|
| <p>If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.</p> <p>Proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the resolutions.</p> | <div style="border: 2px solid black; width: 30px; height: 30px; margin: auto;"></div> |
|---|---|

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion.  
I/We direct my/our proxy to vote as indicated below:

| ORDINARY BUSINESS – RESOLUTION:   | FOR                      | AGAINST                  | ABSTAIN                  |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| <b>1. Election of Director</b>    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>2. Appointment of Director</b> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>3. Appointment of Auditor</b>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>4. Remuneration of Auditor</b> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Note:

- 1 If you have appointed two proxies the proportion of your voting rights allocated to each proxy is:  
Proxy No. 1 \_\_\_\_\_% Proxy No. 2 \_\_\_\_\_%.
- 2 If the appointment of a proxy is signed by the appointor’s attorney, this form must be accompanied by the authority under which the appointment was signed, or a certified copy of the authority.

# PROXY FORM

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

## If a natural person:

**SIGNED** \_\_\_\_\_ by \_\_\_\_\_ )  
in the presence of: \_\_\_\_\_ )  
\_\_\_\_\_ ) (Signature)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Name of Witness in full)

## If a Company:

**THE COMMON SEAL** of \_\_\_\_\_ )  
ACN \_\_\_\_\_ )  
was affixed in the presence of: \_\_\_\_\_ )

\_\_\_\_\_  
(Signature of Secretary/other Director)

\_\_\_\_\_  
(Signature of Director/Sole Director)

\_\_\_\_\_  
(Name of Secretary/other Director in full)

\_\_\_\_\_  
(Name of Director/Sole Director in full)

## PROXY VOTES

A vote given in accordance with the terms of an instrument or proxy is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or the authority under which the instrument was executed), or the transfer of the Share in respect of which the instrument or power is given, if no intimation in writing of the death, unsoundness of mind, revocation or transfer has been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the instrument is used or the power is exercised.

## REPRESENTATIVES OF CORPORATE SHAREHOLDERS

A body corporate ("the Appointor") that is a Shareholder may authorise by resolution of its Directors or other governing body such person or persons as it may determine to act as its Representative at any Meeting of the Company or of any class of Shareholders. A person so authorised shall be entitled to exercise all the rights and privileges of the Appointor as a Shareholder. When a Representative is present at a Meeting of the Company, the Appointor shall be deemed to be personally present at the Meeting unless the Representative is otherwise entitled to be present at the Meeting.

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| The completed Form of proxy may be: <ul style="list-style-type: none"><li>• Mailed to the address on this form; or</li><li>• Faxed to the Company on +61 8 9204 4866</li></ul> |
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