



ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT 1989

SECTION 93AA

This undertaking is made to the Australian Securities and Investments Commission ("ASIC") by:

SMEC Holdings Limited (ACN 057 274 049)
220 - 226 Sharp Street
Cooma, New South Wales, 2630

1. BACKGROUND*Introduction*

- 1.1 SMEC Holdings Limited (ACN 057 274 049) ("SMEC") is a public company not listed on the Australian Stock Exchange.
- 1.2 SMEC was established to facilitate the acquisition of the Snowy Mountains Engineering Corporation Limited (ACN 008 654 224) ("Corporation") from the Commonwealth Government by the employees of the Corporation.

Disclosure

- 1.3 Since late 1992 SMEC has, on four occasions, lodged prospectuses with ASIC.
- 1.4 On 18 September 1995 SMEC:
 - (a) informed ASIC that SMEC had 128 ordinary shareholders; and
 - (b) inquired of ASIC as to whether SMEC could be exempted from the enhanced disclosure provisions of the Corporations Law ("Law") on the basis that its shareholders, under a condition of the sale of the Corporation to SMEC by the Commonwealth Government, were limited to employees, or persons or entities related to employees.
- 1.5 In January 1996 ASIC informed SMEC that SMEC would need to apply to ASIC under section 111AT of the Law for relief from the enhanced disclosure provisions of the Law. No application has been received by ASIC.
- 1.6 On 2 January 2001 ASIC made inquiries of SMEC regarding its status as a disclosing entity.
- 1.7 On 22 February 2001 SMEC advised ASIC that SMEC was a disclosing entity within the meaning of section 111AC of the Law and that "it has not complied with the obligations of an unlisted disclosing entity in that it has not lodged [with ASIC] half yearly accounts".

ASIC Concerns

- 1.8 ASIC has concerns that SMEC does not have appropriate compliance procedures and controls in place to ensure future compliance with its disclosing entity obligations under the Law.
- 1.9 ASIC is concerned that SMEC has not complied with Part 2M.3 and section 1001B of the Law (Disclosure Provisions) which concern disclosing obligations under the Law. In particular SMEC has failed to comply with section 320 of the Law which required SMEC to lodge half yearly financial reports with ASIC from at least 1996.
- 1.10 SMEC acknowledges ASIC's concerns and has agreed to put in place a number of compliance measures (including the specific requirements set out below) for the purpose of ensuring best practice in ongoing compliance with its disclosing entity obligations under the Law.

2. UNDERTAKINGS

- 2.1 SMEC undertakes to ASIC to produce and comply with written compliance procedures that concern the Disclosure Provisions ("SMEC's Written Compliance Procedures").
- 2.2 SMEC undertakes to ASIC that SMEC's Written Compliance Procedures will be in accordance with the Australian Standard for Compliance Programs - AS3806-1998 issued by Standards Australia, and:
 - (a) provide for at least quarterly meetings of directors of SMEC;
 - (b) provide for the consideration at each meeting of directors of SMEC of:
 - (i) SMEC's compliance with the Disclosure Provisions; and
 - (ii) the disclosure decisions taken since the previous meeting of directors;
 - (c) identify SMEC's disclosure obligations under section 1001B and section 320 of the Law and the consequences to SMEC and its officers if SMEC fails to comply with them;
 - (d) include procedures to ensure that undisclosed information that a reasonable person would expect to have a material effect on the price or value of SMEC's securities remains confidential until it is disclosed by SMEC;
 - (e) include guidelines for determining what information must be disclosed in compliance with section 1001B of the Law and include a non-exhaustive list of examples of information to be disclosed (for example, information possibly material to SMEC's prospects, earnings, assets or liabilities or to the price of any of SMEC's securities);

- (f) include guidelines for ensuring that the half year financial report, directors' report and audit report are prepared in accordance with Div 2 & 3 of Part 2M.3 of the Law and are lodged with ASIC in compliance with section 320 of the Law;
 - (g) include procedures to record the process for review of specific information and the decision whether or not to disclose that information;
 - (h) include procedures for the orientation of new directors and senior staff to ensure their awareness of SMEC's Written Compliance Procedures and to ensure the development and maintenance of a culture within SMEC of compliance with its obligations under the Law;
 - (i) provide for the annual review by SMEC's audit committee of SMEC's adherence with SMEC's Written Compliance Procedures and the Disclosure Provisions, and the submission, within 1 month of the annual review, by SMEC's audit committee of a report to the directors of SMEC on the findings of the annual review and whether the procedures continue to be appropriate for SMEC; and
 - (j) include procedures for ensuring that SMEC's Written Compliance Procedures are updated from time to time to reflect changes in SMEC's business operations and changes in the Law.
- 2.3 SMEC undertakes to ASIC that SMEC's Written Compliance Procedures will be updated from time to time to reflect changes in SMEC's business operations and changes in the Law and that the undertaking set out in paragraph 2.2 will continue to apply to the updated version of SMEC's Written Compliance Procedures;
- 2.4 SMEC undertakes to ASIC that within 60 days of the date of execution of this undertaking it will provide to ASIC:
- (a) SMEC's Written Compliance Procedures adopted by a resolution of a meeting of directors of SMEC;
 - (b) a copy of the resolution referred to in paragraph (a).

3. ACKNOWLEDGEMENTS

- 3.1 SMEC acknowledges that ASIC:
- (a) may issue a media release on execution of this undertaking referring to its terms and the concerns of ASIC which led to its execution, the content of which will not be substantially different to the background set out in this undertaking;
 - (b) may from time to time publicly refer to this undertaking; and
 - (c) will place a copy of this undertaking, executed, on a public register.

- 3.2 SMEC acknowledges that ASIC's acceptance of this undertaking does not affect ASIC's power to investigate a contravention arising from future conduct, or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order.
- 3.3 SMEC acknowledges that ASIC's acceptance of this undertaking in no way derogates from the rights and remedies available to ASIC arising from any conduct described in this undertaking.
- 3.4 SMEC acknowledges that ASIC's acceptance of this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this undertaking.
- 3.5 SMEC acknowledges that this undertaking has no operative force until accepted by ASIC.

The Common Seal of
 SMEC Holdings Limited (ACN 057 274 049)
 was affixed to this Enforceable Undertaking
 in the presence of:

[Handwritten Signature])
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[Handwritten Signature]

Signature of Director Signature of Director/Secretary



PETER BUTBRIDGE
 Name of Director (print)

BRIAN FRIEND
 Name of Director/Secretary (print)

This fourth day of June 2001.

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS
 COMMISSION PURSUANT TO SECTION 93AA OF THE ASIC LAW BY ITS
 DULY AUTHORISED DELEGATE:

[Handwritten Signature]
~~Ronald James Ladlay - Regional Commissioner~~
 Graeme Darcy Plath - Director Opera



This fifth day of June 2001.