

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046
EC 001681



PROSPECTUS

For the Offer of 20,000,000 New Shares at an issue price of \$1.00 per Share to raise \$20,000,000 and the Offer of 38,800,000 Vendor Shares at \$1.00 per Share by the Vendor Shareholder.

EUROZ
SECURITIES LIMITED

Underwriter
**EUROZ SECURITIES
LIMITED**

 **ERNST & YOUNG**

Corporate Adviser
**ERNST AND YOUNG
TRANSACTION ADVISORY
SERVICES LIMITED**

 **Deacons**

Legal Adviser
DEACONS

This document is an important document that includes key risks of investing in Shares and should be read in its entirety.
If you do not understand it, you should consult your professional advisers.



SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

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IMPORTANT INFORMATION

IMPORTANT NOTICE

Offer

The Offer contained in this Prospectus is an invitation to apply for Shares in Southern Cross Electrical Engineering Limited ABN 92 009 307 046 EC 001681. No person is authorised to provide any information or to make any representation about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus.

Before deciding to invest in SCEE, potential investors should read the entire Prospectus. In considering the prospects for SCEE, potential investors should consider the risk factors that could affect the performance of SCEE, a number of which are set out in the Investment Highlights section and Section 7. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Lodgment and Listing

This Prospectus is dated 30 October 2007 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

SCEE will apply for the Shares offered by this Prospectus to be listed for quotation by the ASX within 7 days following the date of this Prospectus. No Shares will be issued or sold on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Please refer to section 1.15 for information about restrictions that apply to the Shares in certain jurisdictions outside Australia.

Prospectus availability – Electronic Prospectus

This Prospectus is available to download and view as an electronic prospectus by Australian residents only on SCEE's website at **www.scee.com.au** and on the Underwriter's website at **www.euroz.com.au**. The Offer constituted by the electronic Prospectus is only available to persons receiving the electronic Prospectus within Australia. Any person may obtain a free paper copy of the Prospectus by telephoning the Company or the Underwriter with their request. Persons who access the electronic form of this Prospectus should ensure they download and read the entire Prospectus.



The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered electronic Prospectus (whether printed or remaining in an electronic medium).

No information or document on the Company's or the Underwriter's website is incorporated by reference into this Prospectus and no information or document other than this Prospectus should be relied on by potential investors.

Applications

The Application Forms may only be distributed if they are included in, or accompanied by, a complete and unaltered copy of this Prospectus. Applications under the Offer must be made by completing a paper copy of the Application Form attached to, or accompanied by, this Prospectus or the Application Form contained in a print-out of the entire downloaded electronic Prospectus.

By making an Application, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Exposure Period

Under the Corporations Act, the Company is not permitted to accept Applications in the period of 7 days after the date of lodgement of this Prospectus with ASIC. ASIC may extend this period for up to a further 7 days. The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during the Exposure Period.

Definitions and glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the glossary in Section 10. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. References to time are to time in Perth, Western Australia, unless stated otherwise.

Privacy

The privacy policy relating to this Prospectus is contained in the privacy disclosure statement in section 12.

Photographs

Photographs that appear in this Prospectus without descriptions are for illustrative purposes only, do not provide any form of endorsement and do not purport to represent the Company. Assets pictured in this Prospectus are not necessarily assets of SCEE unless otherwise stated.

IMPORTANT DATES & KEY OFFER STATISTICS

Date of Prospectus	30 October 2007
Offer opens	7 November 2007
Offer closes	16 November 2007
Shares expected to be allotted	21 November 2007
Holding Statements expected to be dispatched	23 November 2007
Trading of Shares on ASX expected to commence	28 November 2007

These dates are indicative only. SCEE, in consultation with the Underwriter, has the right to vary these dates without notice.

Key Offer Statistics	Notes
Offer price per share	\$1.00
Total number of shares offered under the Offer	1 58.8M
Total number of shares on issue following the Offer	120.0M
Market Capitalisation at the Offer Price	2 \$120.0M
Plus net debt/(cash) on Listing	3 \$(14.9)M
Enterprise value	4 \$105.1M

Key forecast financial statistics for FY2008	Notes
Proforma EBITDA	5 \$18.5M
Statutory EBITDA	5 \$15.1M
Proforma EBIT	5 \$17.5M
Statutory EBIT	5 \$14.0M
Proforma NPAT	5 \$12.2M
Statutory NPAT	5 \$9.7M
EV/Proforma EBITDA ratio	5.7x
EV/Proforma EBIT ratio	6.0x
Proforma P/E ratio	9.8x
Proforma Earnings per Share	10.2 cents
Proforma Dividend per Share	6 5 cents
Proforma Dividend yield	7 5%

NOTES

- 58,800,000 Shares are available, in aggregate, under the Broker Firm Offer, the Institutional Offer and the Priority Offer as set out in Section 1.1.
- Market capitalisation calculated as total number of Shares on issue following the Offer multiplied by the Offer Price per Share.
- Proforma net cash from the Proforma Consolidated Balance Sheet as at 30 June 2007 contained in Section 5.10.
- Enterprise value calculated as the sum of market capitalisation less net cash based on the Proforma Consolidated Balance Sheet as at 30 June 2007 contained in Section 5.10.
- Based on the Directors' Forecasts. In FY2008, statutory earnings will be lower than proforma earnings due to the allocation of \$3.4M of the Listing costs to earnings rather than share capital in accordance with A-IFRS. Proforma earnings assumes none of these costs are allocated to earnings given that they are not recurring costs of the Company. The Directors' Forecasts have been prepared on the basis of numerous estimates and assumptions that are subject to change and various risks and uncertainties including those set out in Section 7 and business, economic and competitive influences that in many cases are outside the control of SCEE. SCEE's actual performance could be significantly different from that set out above and the Directors' Forecasts set out in Section 5. Accordingly, you should not place undue reliance on the forecast information contained in this Prospectus which has only been prepared based on the Directors' best-estimate assumptions made at the time of preparing the Prospectus.
- Subject to the availability of sufficient franking credits, dividends will be fully franked.
- Calculated as the forecast dividend per Share divided by Offer Price.

CHAIRMAN'S LETTER

DEAR INVESTOR

On behalf of the Board, I am pleased to offer you the opportunity to invest in and become a Shareholder of Southern Cross Electrical Engineering Limited, a leading supplier of large scale electrical and instrumentation installation services for major resources, infrastructure and heavy industrial projects in Australia and overseas.

SCEE was established in 1978 and has built a reputation for quality, efficiency and the ability to operate effectively in remote locations globally. We have successfully completed contracts in the mining, mineral sands, petrochemical and heavy engineering industries in Australia, Chile, Bolivia, Peru, Uruguay, Saudi Arabia, Kazakhstan, Uzbekistan, Ghana, Mauritania, Tanzania, Mongolia, Indonesia, Papua New Guinea, New Zealand and Jamaica.

SCEE's core customer base includes some of the leading resources companies, with whom it has developed longstanding relationships over an extended period, including BHP Billiton, Rio Tinto, Newmont, Barrick, Alcoa and others.

As a result of its demonstrated track record and successful operations, the Company has experienced significant financial growth which has in turn generated a strong balance sheet. In the financial year ended 30 June 2007, SCEE achieved revenue of \$81.1 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of \$15.3 million. The strength of SCEE's management, depth of industry relationships, knowledge and expertise within its core industry segment and customer focus, are all factors contributing to the Company's financial performance. For the financial year ending 30 June 2008, SCEE forecasts revenue of \$96.8 million and Proforma EBITDA of \$18.5 million and Statutory EBITDA of \$15.1 million. This will be achieved through organic growth leveraging the Company's longstanding relationships with its blue chip client base.

The Offer will raise total proceeds of \$58,800,000, comprising an Offer of New Shares and an Offer of Vendor Shares. The Offer of New Shares will raise \$20,000,000 by way of the issue of 20,000,000 Shares at \$1.00 each. The funds from the issue of New Shares will be primarily used to further strengthen the balance sheet for future growth opportunities and to fund the costs of Listing. The Offer of 38,800,000 Vendor Shares provides an opportunity for the Vendor Shareholder to realise a portion of the existing investment in SCEE.

Subscribers to the Offer will hold 49% of the undiluted issued capital of the Company. The remaining Shares will be held by Frank Tomasi Nominees, the trustee of SCEE Chairman, Frank Tomasi's family trust. Frank Tomasi Nominees has entered into voluntary escrow arrangements in respect of 100% of its shareholding until 4 weeks after the release of the full-year FY2008 financial results.

Along with providing SCEE access to the capital markets, the ASX listing will also provide employees with the opportunity to participate in the ownership of the Company. We believe this will strengthen SCEE's competitive position and provide the platform for the Company to implement its strategic plan.

Details of the Offer, the SCEE business and the risks of investing in SCEE, are contained in this Prospectus and I encourage you to read it carefully.

Together with my fellow Directors, I look forward to welcoming you as a Shareholder of SCEE.

Yours faithfully



MR FRANK TOMASI
EXECUTIVE CHAIRMAN

INVESTMENT HIGHLIGHTS

A MAJOR PLAYER IN THE ELECTRICAL ENGINEERING SERVICES MARKET

- SCEE is a leading provider of large scale specialised electrical, control and instrumentation installation and testing services for the resources, infrastructure and heavy industrial sectors.
- Currently, the Company's major operations are in Western Australia which, as noted by BIS Shrapnel in its report in Section 3, is one of the largest markets for activity in resources and regional infrastructure construction projects.
- With a long history of working with blue-chip customers, SCEE has a demonstrated track record of on-time delivery of quality service which has fostered strong relationships with its customers and suppliers.
- Undertaken the electrical installation on 170 gold processing plants worldwide.
- SCEE is strongly positioned to provide the necessary logistical and on site management support required to successfully complete contract works globally.
- The Company has a proven track record of carrying out projects efficiently in some of the most remote regions globally, positioning the Company well as future projects become located in increasingly remote locations.

SCEE has successfully completed projects in the following locations



- SCEE is a quality endorsed company, with AS/NZS ISO 9001 accreditation and has a strong track record of safety and excellence that has been recognised by numerous industry awards over the years.



SERVICING A MAJOR SHARE OF AUSTRALIA'S RESOURCES MARKET

- Over its 29 year history, SCEE has developed long-standing relationships with its customers, a number of which are the largest players in the resources sector globally.

Client	Length of Relationship	Contracts Completed
Alcoa	19 years	15
Barrick	15 years	8
BHP Billiton	22 years	44*
Fluor	20 years	21
Lycopodium	20 years	24
Monadelphous	21 years	10
Newcrest	12 years	5
Newmont	18 years	6
Rio Tinto	19 years	20
Sinclair Knight Merz	10 years	10

* Including 28 WMC contracts

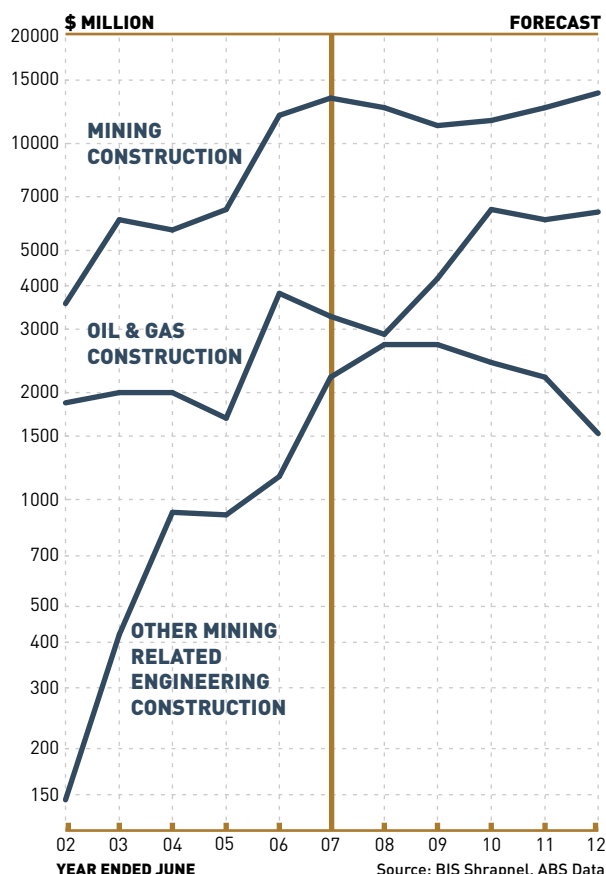
- SCEE's customer base represents a major share of the Australian resources market by annual revenues.
- SCEE's competitive strengths include a track record of:
 - Consistently high quality and on-time service delivery which has lead to recognition through many industry awards
 - Maintaining a strong reputation for ethical contractual behaviour
 - Being recognised as a remote area specialist
 - Successfully delivering solutions for a range of project types under demanding conditions

ROBUST OUTLOOK FOR SCEE'S KEY MARKETS

BIS Shrapnel forecasts project investment across the sectors which SCEE currently services will remain at historically high levels for the next 5 years. In particular BIS Shrapnel estimates that:

- The mining, oil and gas and mining-related infrastructure construction sectors will operate at very high levels over the next 5 years.
 - In the mining engineering construction sector, the value of projects will remain at historically high levels, averaging around \$12.3 billion per year for 2008 to 2012.
 - SCEE's key market of Western Australia along with Queensland, will experience the majority of mining-related engineering construction activity. The average annual value of project work to be undertaken in Western Australia alone during the next five years is expected to be \$7.5 billion – more than 3½ times the levels experienced during 2002 to 2005.
 - Oil and gas engineering construction related project expenditure "has been at exceptionally high levels over the past five years" and BIS Shrapnel expects that "activity to surge again in FY2009 and FY2010, with activity remaining at record high levels over FY2011 and FY2012".
 - In Western Australia, "mining-related railways, ports and pipeline projects will provide an average of \$1.7 billion per annum in work done over the next five years, compared to an average of \$730 million per annum in the five years to FY2007".
- Historically, SCEE's Board has found that electrical engineering related products and services account for approximately 10% of total project investment value and approximately 50% of that amount relates to services of a type currently provided by SCEE. Increased automation will also grow the percentage of total project cost relating to SCEE's services.
- The Directors believe that SCEE is well positioned to benefit from the expected continued growth in its core sectors.

**ENGINEERING CONSTRUCTION - AUSTRALIA
VALUE OF WORK DONE - CONSTANT 2004/05 PRICES**



FUTURE VISION AND GROWTH STRATEGY

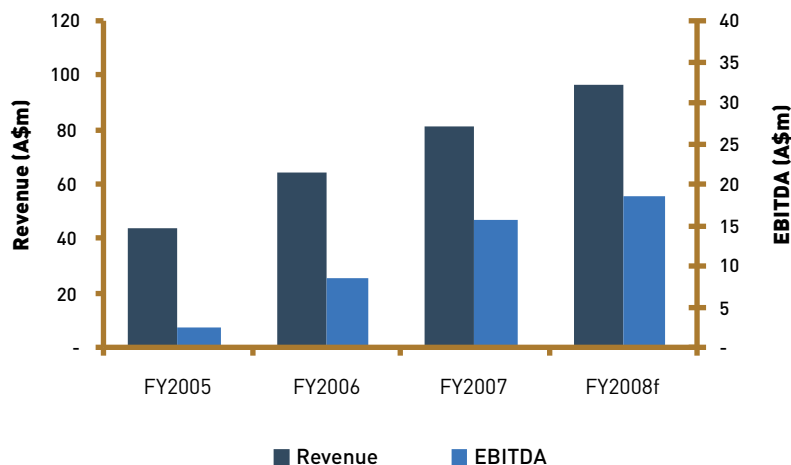
- Continue to grow SCEE's quality workforce to further capitalise on opportunities presented by the strength of the resources sector.
- Develop new markets such as oil and gas by leveraging relationships held with suppliers to these sectors.
- Target new geographical markets, especially in rapidly growing economies such as India, Brazil and the Middle East, leveraging SCEE's expertise in the successful completion of remote area projects.
- Expand the current service offerings to position SCEE as a holistic electrical engineering service provider and deliver recurring revenue streams from services such as repairs and maintenance.

FINANCIAL PERFORMANCE

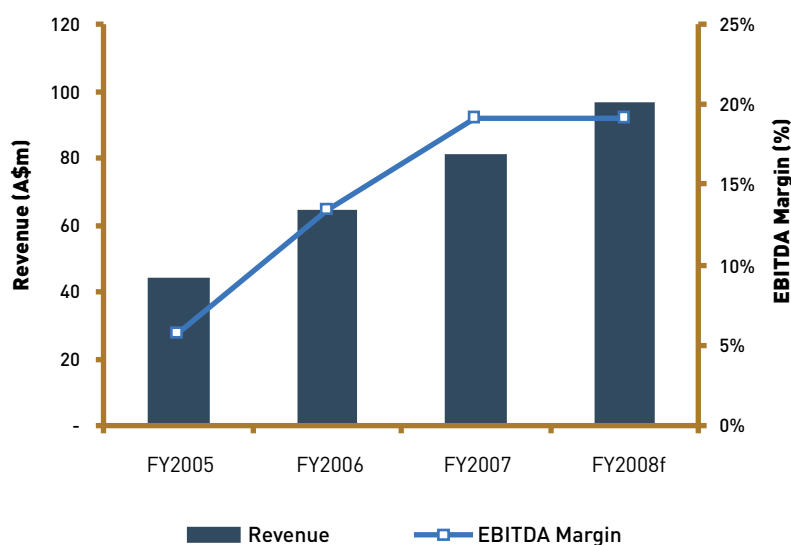
The management of SCEE has over the years demonstrated a strong track record of financial performance, positioning SCEE for solid financial growth, including:

- Compound annual revenue growth of 22.8% and Proforma EBITDA growth of 46.7% between FY2006 and FY2008f.
- Forecast Proforma EBITDA of \$18.5 million for FY2008 (up 20.9% from FY2007).

REVENUE AND PROFORMA EBITDA



REVENUE AND PROFORMA EBITDA MARGIN



- Forecast EV/Proforma EBITDA multiple of 5.7x at the Offer price.
- Forecast FY2008 Proforma NPAT of \$12.2 million and a Proforma P/E ratio of 9.8x at the Offer price.
- Forecast fully franked (subject to sufficient franking credits) dividend yield of approximately 5% for FY2008.
- Solid balance sheet with low gearing and focus on capital management.
- Fundamentals of the business being underpinned by strong relationships with blue-chip clients and a successful track record of contract wins and delivery.

EXPERIENCED BOARD AND MANAGEMENT SUPPORTED BY A SKILLED WORKFORCE

- SCEE's success has been delivered by an experienced management team that has a demonstrated track record and commitment to growing the business.
- The executive directors and senior managers each have at least 20 years of experience in the resources and industrial sectors.
- The skilled workforce of SCEE includes project managers who provide the Company with deep industry and project experience and allow it a significant degree of flexibility to cater for specific customer requests.
- The culture at SCEE promotes safety, timeliness, quality and innovation in its operations.
- A range of training and staff development and reward programs ensure high employee satisfaction and employee retention rates.
- Strong board structured to provide independence and complementary skills and networks of relationships.

CONTINUED EQUITY COMMITMENT OF COMPANY FOUNDER AND KEY MANAGEMENT TEAM

- Mr Frank Tomasi founded the Company in 1978 and will continue to have an active role in the Company as Executive Chairman. Frank Tomasi Nominees, the trustee of Mr Tomasi's family trust, will own 51% of the Company after the Offer and Mr Tomasi is fully committed to driving the Company's long term growth. Frank Tomasi Nominees' retained Shares have been voluntarily escrowed until 4 weeks following release of the FY2008 full-year financial results to ASX.
- Upon listing, certain key management and other long-standing employees are expected to hold approximately 4% of the issued Shares in the Company pursuant to the Priority Offer under this Prospectus, with any such holdings having a value of \$150,000 or more based on the Offer Price also being subject to voluntary escrow.



SUMMARY OF KEY RISKS

There are a number of risks associated with an investment in SCEE, both specific to SCEE and its business activities and general investment risks. Please refer to Section 7 for further information in respect to the key risks which have been set out in this summary and other risks that are associated with investing in the Company.

Key areas of risk include (but are not limited to):

- Reliance on key clients - SCEE derives a large proportion of its revenue from contracts with large resources companies such as BHP Billiton and Rio Tinto.
- Downturn in the demand for electrical contracting services - SCEE's performance may be impacted by a reduction in reliance on contractors to perform electrical contracting services.
- Labour constraints - SCEE's future performance relies on retention and growth of its workforce.
- Early termination of key contracts by clients - The Directors' Forecasts are partly based on its projects with clients being performed to completion.
- Duration and timing of contracts - SCEE has a number of short duration contracts and anticipated and awarded contracts that contribute to the Directors' Forecasts which may not commence when currently forecast due to delays in contractual negotiations, delays caused by clients postponing projects or delays in getting access to the site due to other project issues.
- Ability to maintain margins - SCEE may face increasing operating costs for labour and materials that would reduce margins if these costs cannot be passed on to clients. The Directors' Forecasts are based on performing contracts to specification.
- Contractual disputes and litigation - SCEE may in the future have disputes with counterparties in respect of major contracts.
- Failure to win new projects - SCEE's performance is influenced by its ability to win new projects and complete these projects in a timely manner.
- Increased competition from new and existing competitors.
- Political or economic uncertainty in countries where SCEE operates - While SCEE predominantly operates in Australia, historically it has operated in many countries and currently operates in the USA and Peru.
- Disruption of business operations - SCEE and its clients are exposed to a range of operational risks relating to both current and future operations.
- Industrial accidents - The services provided by SCEE involve risk to both property and persons.
- Liability risk - The provision of products and services by SCEE carries with it a risk of liability for losses arising from the provision of defective products or services, environmental damage, personal injury or property damage and indirect or consequential losses suffered by third parties.

SECTION 1

DETAILS OF THE OFFER





This section provides an overview of the Offer and must be read in conjunction with the remainder of the Prospectus.

1.1 DESCRIPTION AND STRUCTURE OF THE OFFER

The Offer contained in this Prospectus is an invitation to apply for Shares in the Company. The Offer is structured as follows:

- (1) the Broker Firm Offer, which is open to Retail Investors who have received a firm allocation from the Underwriter;
- (2) the Priority Offer which is open to certain employees of the Company and individuals invited by the Directors to participate, for which up to approximately 8,600,000 Shares are reserved; and
- (3) the Institutional Offer, under which the Company and the Underwriter will invite Institutional Investors to commit to making Applications for Shares under this Prospectus.

There is no general public offer of Shares under this Prospectus.

All Shares are being offered at the Offer Price of \$1.00 per Share. A total of 58,800,000 Shares are being made available to investors under the Offer to raise cash proceeds of \$58,800,000. This will comprise:

- the issue of 20,000,000 Shares by the Company to raise cash proceeds of \$20,000,000; and
- the sale of 38,800,000 Shares by Frank Tomasi Nominees for \$38,800,000.

All Shares rank equally in all respects.

On completion of the Offer, the Shares offered under this Prospectus will represent 49% of the undiluted issued capital of the Company.

The Offer is fully underwritten by the Underwriter subject to the terms of the Underwriting Agreement. A summary of the Underwriting Agreement is set out in Section 8.2.

1.2 INDICATIVE TIMETABLE

Date of Prospectus	30 October 2007
Offer opens	7 November 2007
Offer closes	16 November 2007
Shares expected to be allotted or transferred	21 November 2007
Holding Statements expected to be dispatched	23 November 2007
Trading of Shares on ASX expected to commence	28 November 2007

These dates are indicative only. The Directors of SCEE (in consultation with the Underwriter), reserve the right to vary the dates connected with the Offer (including the Closing Date of the Offer) without notifying Applicants.

1.3 CAPITAL STRUCTURE

At completion of the Offer, the Company will have 120,000,000 Shares on issue. The Shares available to investors under the Offer will represent 49% of issued capital.

The pre and post-Offer shareholding structure of the Company is shown in the table below.

Shareholdings	Number of Shares prior to Offer	%	Number of Shares at Listing	%
Frank Tomasi Nominees	100,000,000	100%	61,200,000	51.0%
New Shareholders who receive Shares under the Offer ¹			58,800,000	49.0%
Total Shares	100,000,000	100%	120,000,000	100%

¹ New Shareholders comprise investors and employees of SCEE who acquire Shares under this Prospectus.

The Company also intends to issue 2,500,000 Options pursuant to the SCEE Senior Management Long-Term Incentive Plan on or following Listing as outlined in Section 9.4(13).

1.4 PURPOSE OF OFFER AND USE OF PROCEEDS

The key purposes of the Offer are to:

- Provide the Vendor Shareholder with an opportunity to realise part of the existing investment in SCEE;
- Raise funds for future growth opportunities;
- Give certain employees an opportunity to participate in the ownership of the Company;
- Provide balance sheet strength to assist with replacement of guarantees historically provided by the Vendor Shareholder; and
- Achieve listing on ASX and provide SCEE with greater access to capital.

The proceeds of the Offer will be paid to the Company and the Vendor Shareholder in proportion to the number of Shares that each is offering under the Prospectus. The proceeds of the Offer, which will be \$58,800,000 in aggregate, are intended to be used as follows.

Use of funds	Approximate A\$
Consideration payable to the Vendor Shareholder	38,800,000
Working Capital	15,364,000
Costs of the Offer	4,636,000
Total	\$58,800,000

1.5 ESCROW

Immediately following the completion of the Offer, Frank Tomasi Nominees will hold 51% of the Company. Frank Tomasi Nominees has agreed to subject 100% of its Shares to voluntary escrow until the date four weeks after the Company releases its full year financial results for FY2008 to ASX.

Certain key management and other long-standing employees of the Company who will each hold at least 150,000 Shares have also agreed to subject 100% of their Shares to voluntary escrow until the date four weeks after the Company releases its full year financial results for FY2008 to ASX.

1.6 RISK FACTORS

There are a number of risks involved in any company. Section 7 outlines the principal risks involved in investing in SCEE. These include general investment risks and risks specific to SCEE. Key investment risks are also set out in the investment highlights section on page 11.

1.7 HOW TO APPLY FOR SHARES

(1) Broker Firm Applicants

The Broker Firm Offer is only open to Retail Investors who have received a firm allocation from the Underwriter.

Applications by Broker Firm Applicants must be for a minimum of 2,000 Shares for a total of \$2,000. Applications may be made for additional Shares in multiples of 500 Shares for \$500.

Broker Firm Applicants must complete the Application Form accompanying this Prospectus. The Application Form contains instructions on how it is to be completed.

If you are a Broker Firm Applicant, you should contact the Underwriter for information about how to submit your Application Form and for payment instructions. The Underwriter will be your agent and, in submitting your Application Money, you must make the cheque, bank draft, or money order payable to the Underwriter in accordance with the Underwriter's instructions and deliver your completed Application Form and Application Money to the Underwriter.

(2) Priority Offer Applicants

The Priority Offer is open to certain employees of the Company and individuals invited by the Directors.

Eligible Applicants must complete the Application Form accompanying this Prospectus. Applicants may only subscribe or buy Shares under the Priority Offer at the Offer Price for their own account and not the account or benefit of any other person.

Applicants in the Priority Offer who validly complete and lodge an Application Form must apply for a minimum value of \$2,000 of Shares and in multiples of \$500 thereafter.

Completed Applications Forms under the Priority Offer and Application Money should be returned by mail to the Underwriter, Euroz Securities Limited, PO Box Z5036, Perth, WA, 6831 or in person to Euroz Securities Limited, Level 14, The Quadrant, 1 William Street, Perth, WA, 6000.

Approximately 8,600,000 Shares have been set aside for which Priority Offer Applicants may apply at the Offer Price.

(3) Institutional Offer Applicants

The Company, the Vendor Shareholder and the Underwriter are inviting certain Institutional Investors to commit to make Applications under the Offer. The Company and the Underwriter will grant a number of these Institutional Investors a firm allocation of Shares.

1.8 ALLOCATION POLICY

The Company, the Vendor Shareholder and the Underwriter have absolute discretion regarding the allocation of Shares to Applicants. In determining which Applicants to allocate Shares to under this Prospectus, they will have regard to a number of factors, including but not limited to the number of Shares applied for, the overall level of demand under the Offer, the desire to establish an appropriate spread of Institutional Investors and Retail Investors and the desire for an active and orderly secondary market.

Approximately 8,600,000 Shares have been set aside for which Priority Applicants may apply at the Offer Price. Any Shares not applied for will be re-allocated to the Institutional Offer or Broker Firm Offer or taken up by the Underwriter in accordance with the Underwriting Agreement.

The Underwriter, in consultation with the Company and the Vendor Shareholder, will determine the allocation of Shares between the Broker Firm Offer and the Institutional Offer, having regard to the allocation policy.

The Underwriter, in consultation with the Company and the Vendor Shareholder, will determine the allocation of Shares among Applicants in the Institutional Offer.

Under the Broker Firm Offer, it will be a matter for the Underwriter as to how it allocates Shares among Retail Investors and the Underwriter will be responsible for ensuring that Retail Investors who have received a firm allocation receive the relevant Shares.

1.9 ALLOTMENT AND TRANSFER

The Company will not process any Application until the expiration of the Exposure Period. Shares applied for under this Prospectus will be issued and transferred as soon as practicable after the Closing Date. Application Money will be held in a trust account until Shares are issued. Interest on Application Money will be for the benefit of the Company and will be retained, irrespective of whether Shares are issued.

No allotment of Shares will be made until permission has been granted by the ASX for the quotation of the Shares on terms acceptable to the Directors.

All Investors should note that the Directors, in consultation with the Underwriter, retain an overriding right to accept any Application in full, accept any lesser number of Shares or decline any Application. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

If any Application is rejected, in whole or in part, the relevant Application Money will be refunded without interest. Where the number of Shares issued is less than the number applied for by the Applicant, the surplus Application Money will be returned by cheque within 14 days after the Closing Date. Where no Shares are issued, the Application Money will be returned in full by cheque within 30 days of the Closing Date. Irrespective of whether allotment of Shares takes place any interest earned on the Application Money will not be paid to Applicants.

1.10 ASX LISTING

The Company will apply within 7 days after the date of this Prospectus for the Shares offered by this Prospectus and for other Shares on issue in the Company (subject to the ASX Listing Rules) to be listed for quotation by ASX.

The fact that the ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of SCEE or of the Shares offered by this Prospectus. Quotation of the Shares (if granted) offered by this Prospectus will commence as soon as practicable after the issue of Holding Statements to successful Applicants.

If the Company is admitted to the Official List of the ASX, it is anticipated the Shares will trade under the ASX code SXE.

Applicants are responsible for confirming their allocation prior to trading any Shares. Anyone who sells Shares prior to receiving confirmation of their allocation does so at their own risk. The Company and the Share Registry disclaim any liability arising to persons who trade Shares prior to receiving Holding Statements.

If the ASX does not admit the Shares to quotation on the ASX within 3 months after the date of this Prospectus, none of the Shares offered by this Prospectus will be allotted or issued unless ASIC grants SCEE an exemption or modification permitting the allotment or issue.

If no allotment or issue is made, all money paid on Application for the Shares will be dealt with in accordance with section 724 of the Corporations Act.



1.11 CHESS AND ISSUER SPONSORED SUB-REGISTER

SCEE will apply to participate in CHESS and, in accordance with the ASX Listing Rules and the ASTC Settlement Rules, will maintain an electronic CHESS sub-register and an electronic issuer sponsored sub-register.

SCEE will not issue Share certificates to successful Applicants but as soon as practicable after allocation, successful Applicants will receive a Holding Statement that sets out the number of Shares that have been allocated to them pursuant to this Prospectus. The Holding Statement will also set out each successful Applicant's unique HIN in the case of a holding on the CHESS sub-register, or SRN in the case of a holding on the issuer sponsored sub-register.

Shareholders will be provided with periodic Holding Statements showing any changes in their holdings of Shares. Shareholders may request a Holding Statement at any time (although an administration fee may be charged for these additional statements). It is the responsibility of Shareholders to determine their holding prior to trading in any Shares.

1.12 DIVIDEND POLICY

The Company intends to distribute to Shareholders approximately 50% of net profit after tax in the form of fully franked dividends, subject to general business and financial conditions, the Company's taxation position, its working capital and future capital expenditure requirements, the availability of sufficient franking credits and any other factors the Board considers relevant.

Dividends, to the extent they are paid, are expected to be payable in arrears for half yearly periods ending on 31 December and 30 June, commencing the first half of FY2009. The Board may review this dividend policy from time to time and subject to prevailing circumstances, may change this policy.

The Company does not intend to establish a dividend reinvestment plan at this stage. However the Board may resolve to adopt such a plan at a later date.

1.13 TAXATION

The Australian taxation consequences of any investment in Shares will depend on the Applicant's particular circumstances. It is the obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you have any questions about the taxation consequences of an investment in the Company, please contact your stockbroker, accountant or independent financial advisor. Section 9.5 sets out further information in relation to tax.

1.14 NO BROKERAGE, COMMISSION OR STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants for Shares under the Offer.

1.15 FOREIGN SELLING RESTRICTIONS

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and the Offer is not an offer or invitation in any jurisdiction where, or to any person whom, such an offer or invitation would be unlawful.

However, subject to the restrictions in relation to the United States outlined below, the Company and the Underwriter reserve the right to offer Shares to any investor, where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

United States

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

SCEE is a leading provider of large scale specialised electrical, control and instrumentation installation and testing services for the resources, infrastructure and heavy industrial sectors.



SECTION 2

THE SCEE BUSINESS

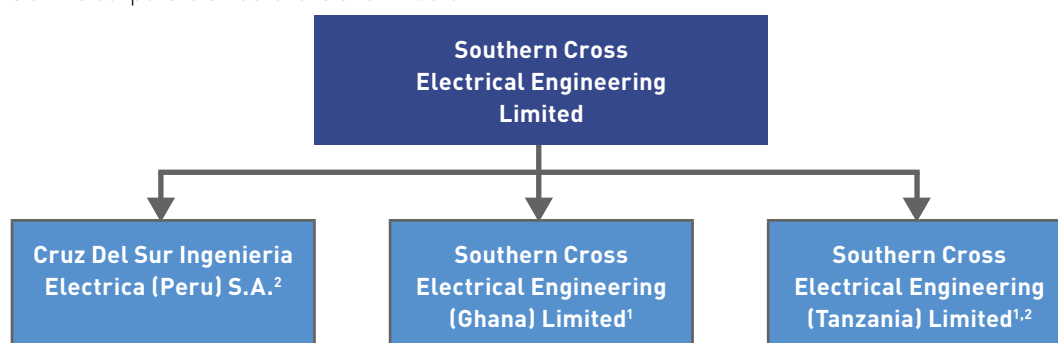




2.1 OVERVIEW OF SCEE'S OPERATIONS AND HISTORY

SCEE is a specialist provider of large scale electrical, control and instrumentation installation and testing services for the resources, infrastructure and heavy industrial sectors. The Company's initial operations were established by Mr Frank Tomasi in 1978 in Perth, Western Australia, and its commitment to client service, quality and a strong solution based approach has resulted in long-standing relationships with customers such as BHP Billiton, Rio Tinto, Barrick Gold, Alcoa and Newmont Mining. SCEE is also highly regarded for its expertise in effectively undertaking contracts in remote locations.

SCEE's corporate structure is shown below:



1 Effectively dormant entities until potential future contracts arise in these jurisdictions.

2 Due to the time required for processing share transfers in Peru and Tanzania, SCEE is currently only the registered holder of 98% of the shares in Cruz Del Sur Ingenieria Electrica (Peru) S.A. (**SCEE Peru**) and 50% of the shares in Southern Cross Electrical Engineering (Tanzania) Limited (**SCEE Tanzania**). The remaining shares in SCEE Peru and SCEE Tanzania are held by Mr Frank Tomasi and his associates who have entered into binding commitments with the Company to do all things necessary to complete the full transfer of their shares in SCEE Peru and SCEE Tanzania to the Company as soon as practicable.



Currently, the Company's major operations are in Western Australia which, as noted by BIS Shrapnel in its report in Section 3, is one of the largest markets for activity in resources and regional infrastructure construction projects.

THE SCEE BUSINESS

A SUMMARY OF SCEE'S HISTORY IS PROVIDED BELOW:

- 1978** Established in Perth in March 1978
- 1981** First contract with BHP
- 1983** First contract in Oil & Gas (Woodside – North Rankin A Platform)
- 1987** First overseas contract with Minproc/Glamco (Ghana)
- 1988** First contract with Rio Tinto – Channar
- 1989** Business corporatised under Southern Cross Electrical Engineering Pty Ltd
- 1990** Eneabba West Project for AMC Mineral Sands and First Safety Award
- 1993** Completed Kori Kollo project in Bolivia
- 1996** Received AS/NZS ISO 9001 quality certification
- 1997** Award of the State Certificate of Excellence by the WA Electrical Contractors Association in relation to the BHP Mineral Sands, Beenup project
- 1999** Safe Contractor Award for the Alcoa Wagerup project
- 2001** National "Best of the Best" Gold Award for the Antamina (Peru) Copper Concentrator Project (\$9.8 million contract value)
- 2002** Over 325,000 lost time injury free hours recorded in respect of Tintaya oxide project in Peru (BHP Billiton)
- 2003** Completed Boroo project in Mongolia
- 2004** Tarkwa Gold Fields project completed in Ghana
- 2005** State and National Industrial award for the Steel Project (Rio Tinto) (\$24.2 million contract value)
- 2006** State Industrial award for the Dampier Port Upgrade Phase A (Rio Tinto Iron Ore) (\$23.5 million contract value)
- 2006** Annual revenue increased from \$32.7 million in FY2004 to \$64.2 million with EBITDA of \$8.6 million in FY2006
- 2007** Annual revenue from operations increased to \$81.1 million with EBITDA of \$15.3 million, in FY2007
Excellence Award in the State Industrial Category for Dampier Port Upgrade Phase B (Rio Tinto Iron Ore) (\$47 million contract value)
Safety Award in the State OH&S category for the Ravensthorpe Nickel project



2.2 SCEE'S PRODUCTS AND SERVICES

SCEE specialises in electrical, control, and instrumental installation and testing services for the resources, infrastructure and heavy industrial sectors. The range of services and the areas of expertise offered to clients include:

- Constructability Reviews
- Material procurement, transport and logistics
- Electrical and instrumentation installation
- Installation pre-commissioning and commissioning
- Shutdown maintenance and installations
- Installation contractual verification documentation
- Manufacturers data and maintenance manuals

SCEE currently has experienced teams based in Western Australia, Tasmania and Peru.

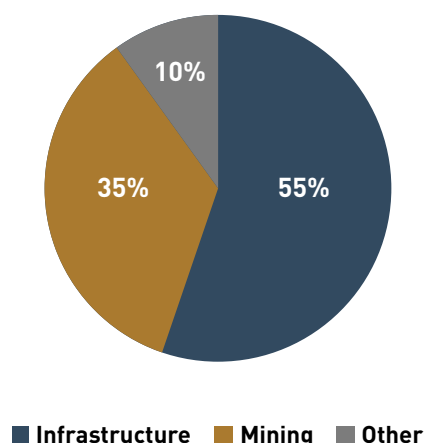
To date, SCEE has successfully completed the provision of electrical services for large scale projects primarily in the following sectors:



2.3 THE MARKET FOR SCEE'S PRODUCTS AND SERVICES

SCEE generated the majority of its revenue in FY2007 from the resources and resources-related infrastructure sectors. The revenue split across these two major sectors can vary significantly from year to year depending on the nature of projects that are executed in a particular year.

FY2007 - Revenue by Sector



An independent expert's report has been prepared by BIS Shrapnel at the request of SCEE to provide information on the mining and large-scale infrastructure sectors in which SCEE operates. BIS Shrapnel's report is contained in Section 3.

2.4 KEY STRENGTHS

SCEE is a major player in its market segment in Western Australia and has established this position due to its key strengths and differentiating factors, including:

- having a proven track record with blue-chip customers and suppliers
- having a deeply experienced and loyal team of people at all levels of the business
- maintaining a strong reputation for ethical contractual behaviour
- having a proven ability to set-up and perform in remote locations
- having a strong pipeline of future work
- experiencing significant success from the resources sector, although not being restricted to this sector
- being financially strong with minimal debt

SCEE's ability to perform in remote locations is one of its key strengths, having completed projects successfully within the countries indicated in the diagram below. Working conditions can range from severe heat and cold through to cyclones, blizzards and high altitude worksites. As new projects are increasingly located in more remote locations, this experience is a particular strength of SCEE.

SCEE has successfully completed projects in the following locations



2.5 SCEE'S CLIENTS

SCEE has long-standing relationships with many large clients and is committed to maintaining its blue chip customer base. New relationships are forged through referrals which are based on SCEE's reputation for high quality service and also recognition as a remote area specialist. SCEE's experience and strong position in the electrical contracting market is the result of its participation in some of Western Australia's largest projects servicing a number of major companies, as shown in the tables below:

Current Projects

Client	Project
Rio Tinto	Dampier Port Upgrade Phase B
Rio Tinto / Hope Downs JV	Hope Downs Process Plant
Rio Tinto	Cape Lambert Upgrade – 33kV Powerline
BHP Billiton – Ravensthorpe JV	Ravensthorpe Nickel Operations
BHP Billiton / Civelec	Newman Ammonium Nitrate Facility
BHP Billiton	Newman Hub – Early Infrastructure Works
Zinifex	Tasmania – various works
Gold Fields	Cerro Corona

Previous Major Projects

Client	Project	Year
Newmont Mining	Jundee Milling Capacity Upgrade	2007
Barrick Gold	Cowal Gold Project	2006
Aditya Birla Group	Birla Nifty Sulphide Project	2006
Rio Tinto	Dampier Port Upgrade Phase A	2006
Pangea Minerals (Barrick)	Tulawaka Gold Mine	2005
Rio Tinto (Monadelphous)	Dampier Port Upgrade Car Dumper 3	2005
JV – Rio Tinto, Nucor, Mitsubishi, Shougang	Hismelt Electrical and Instrumentation	2005
BHP Billiton	Mining Area 'C' Yandi	2004

Client Relationships

Client	Length of Relationship	Contracts Completed
Alcoa	19 years	15
Barrick	15 years	8
BHP Billiton	22 years	44*
Fluor	20 years	21
Lycopodium	20 years	24
Monadelphous	21 years	10
Newcrest	12 years	5
Newmont	18 years	6
Rio Tinto	19 years	20
Sinclair Knight Merz	10 years	10

* Including 28 WMC contracts

CASE STUDY

DAMPIER PORT UPGRADE PHASE B PROJECT



CLIENT: RIO TINTO IRON ORE

EPCM: SINCLAIR KNIGHT MERZ

PROJECT VALUE: \$47.5 MILLION

- **268,000 LOST TIME INJURY FREE HOURS**
- **AWARDED 2007 WA INDUSTRIAL EXCELLENCE AWARD BY THE NATIONAL ELECTRICAL AND COMMUNICATIONS ASSOCIATION**

The Dampier Port is located over 1,500km north of Perth in the Pilbara Region of Western Australia. The Dampier Port Upgrade is one of several major heavy industrial projects in the area, including the Burrup Fertiliser Plant and the Woodside LNG Plant Expansion. This contract is the fourth contract undertaken by SCEE in the coastal Pilbara area in the last five years. As a result, the Company is familiar with the difficulties of working in such a remote area.

The Dampier Port Upgrade – Phase B was developed to increase the capacity of the Parker Point Port facility from its recently upgraded capacity of 70Mtpa up to 90Mtpa for iron ore products. The world demand for iron ore continued to grow unabated during 2006 and the second phase of the Dampier Port Upgrade was commissioned in order for Rio Tinto to meet this demand. While predominately focused on new build, the project also upgraded or replaced a significant proportion of the original site plant which was built in the mid 1960's.

SCEE was awarded the contract for the Electrical, Instrumentation & Control Installation for the Dampier Port Upgrade – Phase B following successful completion of works covered under Phase A. The Electrical, Instrumentation and Control installation works of Phase A were completed by two main electrical contractors. For works under Phase B a decision was made by Rio Tinto – Expansion Projects to have a single electrical contractor on site to act as the sole point of contact for electrical construction work. SCEE was selected for this role following a short prequalification process and the very successful completion of works in Phase A.

The cost reimbursable contract commenced in May 2006 and completed on time in October 2007 with a final contract value of \$47 million, which was 119% of the original contract value.

The main objectives and outcomes required by SCEE were to complete 40 Separable Portions of the Works in

accordance with contractual access and completion dates. In summary, the contract involved the installation of the electrical, instrumentation, control and communications services for the following areas of the plant:

- Car Dumper and associated Substations
- Conveyors
- Transfer Stations
- Demolition of Existing Plant
- Dust Suppression
- System Water
- Screenhouse
- As Shipped Sample Station
- Power Supply
- Complete 33kV Distribution Ring Main
- Wharf Extension
- Phase A Wharf Modifications

A significant proportion of the works under this project were completed on the Wharf. This introduced new challenges to SCEE as this work had to be completed adhering to the standards expected of the maritime environment. Additional health and safety constraints and marine security measures including Police checks were placed on personnel working in these areas due to the proximity to the water and the risk to Australian coastal security. Extra care was taken in work procedures to eliminate the possibility of contamination to the marine environment, in particular solid and liquid waste disposal.

In addition to the original scope of works the client requested over 350 variations adding nearly 35,000 man hours to the original scope. Many of these variations had to be incorporated within given time frames for the specific area. This meant rather than extending the time to include the works, additional personnel, plant and materials were required to successfully complete the works. In every instance SCEE delivered areas on time and to the required technical standard.

CASE STUDY

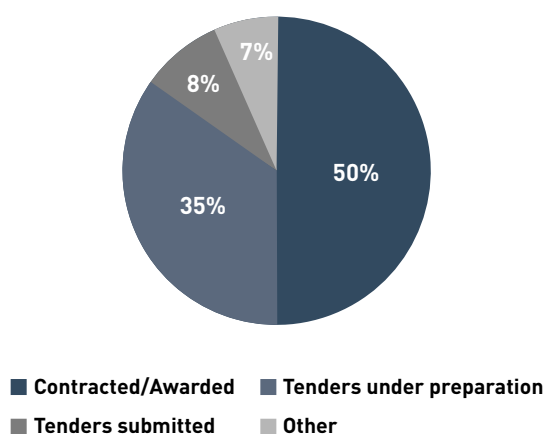
With a long history of working with blue-chip clients, SCEE has a demonstrated track record of on-time delivery of quality service which has fostered strong relationships with its customers and suppliers.

THE SCEE BUSINESS

2.6 CONTRACTED REVENUES

SCEE has a long history of working with blue-chip clients to service their electrical needs. Although the majority of SCEE contracts are for a specified duration, SCEE's demonstrated strong track record of on-time delivery of quality installation and service has fostered strong relationships with its clients which provides for a high level of comfort in relation to future contract wins. The strength of these relationships is evidenced by the length of client relationships and number of contracts completed. Approximately 50% of the forecast FY2008 revenues are underpinned by project contracts or letters of award, with a further 43% the subject of tenders submitted or under preparation.

FY2008 Forecast Revenue Split



When bidding for a contract, SCEE considers numerous factors besides the usual commercial and general ones, chief among these being past experience with the client, location, contract size, existing commitments, duration of the contract, labour, material and equipment required for the contract and any special conditions of the contract.

2.7 QUALITY ASSURANCE AND INDUSTRY RECOGNITION

SCEE utilises a fundamental set of operating policies and procedures that serve to maximise customer satisfaction, employee safety and company profitability. SCEE is a quality endorsed company, with AS/NZS ISO 9001 accreditation. The Company obtained AS3902 certification in 1993 (a predecessor standard to AS/NZS ISO 9001) and achieved recertification to the new standard, AS/NZS ISO 9001, in 1996.

As part of its quality assurance program, SCEE develops a quality plan for each project which is specifically designed to meet the requirements of the relevant Australian Standards and integrate with the quality systems employed by the customer. Each plan addresses all facets of document control, process control, procurement, installation, inspection and testing. This ensures the highest standards of safety, quality and performance are achieved on an ongoing basis.

SCEE's quality assurance program also embraces a proven monitoring and control system that identifies potential problems before they materialise, thereby enabling preventative action to be taken. Furthermore, in accordance with AS/NZS ISO 9001 requirements, regular on-site audits are carried out both internally and by the certification body, BVQI, to verify system compliance for each project.



SCEE has a strong track record of safety and excellence which has been recognised by numerous industry awards, including:

Excellence Awards

(relating to the supply and installation of electrical and instrumentation)

Year	Award	Project	Client	Contract Value	Awarded By
2007	State Industrial Category	Dampier Port Upgrade Phase B	Rio Tinto Iron Ore	\$47.5M	National Electrical & Communications Association
2006	State Industrial Category	Dampier Port Upgrade Phase A – Stockyard North	Rio Tinto Iron Ore	\$23.5M	Electrical & Communications Association of WA
2005	National Industrial Division	Hismelt Steel Project	JV – Rio Tinto, Nucor Corp, Mitsubishi Corp, Shougang Group	\$24.2M	National Electrical & Communications Association
2005	State Industrial Category	Hismelt Steel Project	JV – Rio Tinto, Nucor Corp, Mitsubishi Corp, Shougang Group	\$24.2M	Electrical & Communications Association of WA
2001	National (Best of the Best) Gold	Antamina Copper Concentrator	Compania Minera Antamina SA	\$9.5M	National Electrical & Communications Association
2001	National Industrial Division	Antamina Copper Concentrator	Compania Minera Antamina SA	\$9.5M	National Electrical & Communications Association
2001	State Industrial Category	Antamina Copper Concentrator	Compania Minera Antamina SA	\$9.5M	Electrical & Communications Association of WA
2000	National International Division	Geita Gold Project Tanzania	Ashanti / Anglo Gold	\$5.0M	National Electrical & Communications Association
2000	State Industrial Category	Geita Gold Project Tanzania	Ashanti / Anglo Gold	\$5.0M	Electrical & Communications Association of WA
1998	State Certificate of Commendation	CBH Wheat Storage Terminal Forrestfield	CBH	\$7.2M	Electrical & Communications Association of WA
1997	State Certificate of Excellence	BHP Mineral Sands Beenup	BHP	\$8.0M	Electrical & Communications Association of WA

Safety Awards

(relating to injury free projects with minimal to zero lost time)

Year	Award	Project	Client	Awarded By
2007	State OH&S Category	Ravensthorpe Nickel Project	BHP Billiton	Electrical & Communications Association of WA
2006	Contractor Safety Award of the Month (month of December)	Ravensthorpe Nickel Project	BHP Billiton	Ravensthorpe Joint Venture
2006	Contractor Safety Award of the Month (month of November)	Ravensthorpe Nickel Project	BHP Billiton	Ravensthorpe Joint Venture
2005	Finalist State OH & S Category	Hismelt Steel Project	Joint Venture of Rio Tinto, Nucor Corp, Mitsubishi Corp, Shougang Group	Electrical & Communications Association of WA
2002	325,466 Hours Lost Time Injury Free	Tintaya Project	BHP Billiton	BHP Billiton
2001	300,000 Hours Lost Time Injury Free	Antamina Project	Bechtel	Bechtel
1999	25,000 Hours Lost Time Injury Free	Windimurra Project	Signet	Signet
1999	Safe Contractor Award	Alcoa Wagerup 6000TPD Project	Alcoa of Australia	Alcoa of Australia
1998	2,000,000 Hours Lost Time Injury Free	Murrin Murrin Project	Fluor Daniel	Fluor Daniel
1998	Safe Contractor Award	Cadia Project	Bechtel Minproc	Bechtel Minproc
1998	Safe Contractor Award	Gunpowder Expansion Project	Bateman Kinhill	Bateman Kinhill
1997	Project Zero Accident Award	Cadia Project	Bechtel Minproc	Bechtel Minproc
1995	300,000 Hours Lost Time Injury Free	North Parkes Project	Tricom	Tricom
1990	Accident Free Project	Eneabba West Project	AMC Mineral Sands	AMC Mineral Sands

Safety Achievement Milestones

Year	Lost Time Injury Free Hours	Coverage
2006-07	646,813	Australia Wide
2005-06	580,680	Australia Wide
2004-05	395,813	Australia Wide
2003-04	392,105	Australia Wide
2002-03	261,431	Australia Wide



2.8 EMPLOYEES

SCEE employs approximately 270 people in Australia on a permanent basis. However, this number can fluctuate dependent on project workflow. The Company's ability to source labour for projects around the world has enabled it to provide continuity of employment to all employees, and in doing so retain a team of highly trained and experienced personnel. This in turn has resulted in the creation of a diverse and multi-lingual workforce.

The impact of the current skills shortage nationally has been minimised within SCEE as a direct result of the long-term human resource practices adopted by the Company. These practices have fostered a culture of mutual commitment between SCEE and its employees, and central to this is the Company's commitment to growing the careers of its employees. Wherever possible SCEE seeks to promote existing employees and provide the necessary training and support to enable ongoing career development. The company historically has been dedicated to growing employee careers, which in turn has fostered a culture of mutual commitment and high job satisfaction.

Presently, most work is undertaken through the Company's Australian operations, with the Peruvian subsidiary being the only overseas operation currently undertaking client contracts. Employees are sourced from within the Company as required to maximise the efficient use of labour and provide ongoing employment and career development opportunities. Local employees are also used wherever possible in the offshore jurisdictions.

2.9 KEY SUPPLIERS

Electrical contracting relies on long lead times for items such as cabling and cabling support systems and as a result SCEE has developed strategic relationships with key suppliers. These relationships enable SCEE to acquire materials that meet the Company's technical and quality assurance requirements in a timely manner, thereby providing the Company with a significant advantage in situations where project deadlines are tight or short lead time variations are significant. The length of relationship with a number of these suppliers is over 10 years.

2.10 PREMISES

SCEE's head office is based at Naval Base, Western Australia, which is approximately 40 kilometres south of the Perth CBD. At this location, there is an office complex, extensive workshop and materials handling facility and large undercover and outdoor storage areas. SCEE also has offices in Tasmania and Denver, USA.

SCEE occupies these premises pursuant to long-term leases. Further details of these leases are set out in Section 8.5.

SCEE also owns:

- premises in Peru through its Peruvian subsidiary Cruz Del Sur Ingenieria Electrica (Peru) S.A, which is utilised as an electrical contracting yard; and
- 2 residential properties in Wickam, Western Australia, which are used for temporary employee accommodation.

2.11 PLANT & EQUIPMENT

The Company's continual reinvestment in plant and equipment reflects its commitment to maintaining an up-to-date register of working assets. SCEE places a high level of importance on ensuring both equipment and personnel are available to undertake new projects (in any location) as and when required.

2.12 GROWTH STRATEGY

SCEE's strategy is to create long-term value for stakeholders by being the electrical contractor of choice for high quality customers undertaking large-scale projects. In addition to growth in the existing electrical contracting business, SCEE plans to pursue potential organic and inorganic diversification opportunities that leverage SCEE's core competencies.

SCEE proposes to achieve its growth strategies by focusing on the following:

- Providing a very safe and rewarding environment for all employees;
- Consistently providing the highest quality service to customers with a focus on delivering contracts on time and budget;
- Engendering a team culture of enthusiasm, integrity and advancement; and
- Maintaining financial strength and flexibility.

The following key growth strategies will be pursued by SCEE:

Growth sector	Strategy and opportunities
Continued resources sector strength	SCEE will continue to pursue further opportunities presented to the Company by the continued strength of the resources sector, leveraging the Company's existing strong relationships with blue-chip customers and its reputation for high quality service. Continued investment in growing SCEE's quality workforce will enable SCEE to pursue these additional opportunities.
Develop new markets	The opportunity exists to grow the Company's solid reputation within new markets and sectors, such as oil and gas projects. The relationships held with suppliers to these sectors, such as engineering firms and construction companies, will help facilitate this strategy and provide an avenue for identifying new projects.
Further geographical expansion	Building upon the Company's extensive remote area expertise, there may be opportunities to expand operations into locations such as India, Brazil and the Middle East. Large-scale projects in other domestic markets, such as Queensland, can also be pursued by SCEE. Good opportunities are expected to arise as projects in these areas move into development phases. Furthermore, establishing an operational footprint in the Middle East would provide the Company with direct access to significant upcoming energy projects in that high growth region.
Expand current service offering	SCEE has maintained a construction focussed service offering, however there is an opportunity for this to be expanded to include recurring revenue streams such as repairs and maintenance services. SCEE may further expand its service offering to position itself as a holistic electrical engineering service provider to customers seeking "whole of life" project development and repairs and maintenance services. New services could be developed either in-house or with the benefit of an acquisition.

The nature of the services and contracts undertaken by SCEE often requires project bonding/ guarantees to be lodged with financial institutions equal to a percentage of the overall contract value to be undertaken by the Company. These bonding amounts act as a safeguard for the client against potential damages that may be incurred due to contract overruns by SCEE or for work not being performed to specification. Historically, as a private company and with less access to sources of expansion capital, the personal assets of the Vendor Shareholder have often been used as collateral for such project bonding commitments. The Directors of SCEE consider that as a listed company with a stronger balance sheet, SCEE will have additional capacity to tender and win increasingly larger projects.

SCEE is a quality endorsed company, with AS/NZS ISO 9001 accreditation and has a strong track record of safety and excellence that has been recognised by numerous industry awards over the years.

2.13 HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

SCEE places a high level of importance on employee health, safety and training. The Company has developed and utilises a comprehensive set of procedures covering all aspects of health and safety, and has a positive health and safety performance record. SCEE regularly attains a Lost Time due to Injury (LTI) rate of zero – testimony to the effectiveness of the Company’s approach to employee health and safety.

For each project, SCEE develops a comprehensive Safety Management Plan which integrates with the project’s quality plan and any relevant regulatory requirements. Prior to commencing work on a new project all employees undergo stringent health and safety inductions, whilst regular “toolbox” meetings are held throughout a project to encourage the voicing of any health, safety or training concerns. Adding to these processes are on-site safety audits which are conducted by SCEE to identify potential issues and thereby enable preventative action (such as training) to be taken prior to a potential incident.

2.14 REGULATION, LICENCES AND INSURANCE

SCEE holds current electrical contracting licenses to operate in Western Australia (EC 001681), Northern Territory (C 0977), New South Wales (17066C), Queensland (12707) and Tasmania (C00144). In addition, SCEE holds several licenses relating to closed channel UHF/VHF land mobile apparatus and ambulatory system licenses. SCEE operates under the purview of various state legislations in each of the states where it undertakes projects. For instance, in Western Australia, the key legislation applicable to SCEE’s operations includes the Electricity Act 1945, the Electricity Regulations 1947, the Electricity (Licensing) Regulations 1991, the Mines Safety and Inspection Act 1994, the Mines Safety and Inspection Regulations 1995 and the Occupational Safety and Health Act 1984.

SCEE has comprehensive insurance coverage with leading insurance companies in the areas of motor vehicles, workers compensation (including principal’s indemnity), industrial disease, public liability, personal accident, group personal accident and sickness insurance, personal accident journey, business travel, general property, umbrella liability, industrial special risks, contract works and directors’ and officers’ liability.

SECTION 3

INDUSTRY OVERVIEW





This section contains a report by BIS Shrapnel Pty Limited that has been commissioned by the Company on the outlook for key markets that affect, or have the potential to affect, the demand for the business of the Company.

The Directors consider that this report should be included in its entirety to ensure that this Prospectus contains all information that is relevant to an Investor's decision whether to invest in Shares. The Directors have balanced this need with the need to ensure that this Prospectus is presented in a clear, concise and effective manner.

IMPORTANT NOTE

The markets referred to in BIS Shrapnel's report, and the size of those markets, are made up of markets for a number of products and services, of which, electrical control and instrumentation installation and testing services are only a small component. As a result, the total size of the markets presented in this report do not reflect the size of the market for SCEE's products and services. However, the Directors are of the view that the general trends reflected in these markets are indicative of the trends in the market for SCEE's products and services.

OUTLOOK FOR KEY MARKETS

October 2007

Report prepared for Southern Cross Electrical Engineering Limited

By BIS Shrapnel Pty Limited



Introduction

Southern Cross Electrical Engineering Limited ("SCEE") requested BIS Shrapnel to provide an independent report for inclusion in this Prospectus. The purpose of this report is to provide forecasts for the key mining-related industry sectors which affect, or have the potential to affect, the demand for electrical control, installation and testing services provided by SCEE. These forecasts should be used as background information for considering the outlook for the SCEE business. BIS Shrapnel does not provide forecasts specifically regarding the demand for electrical control, installation and testing services or the work levels or revenues of SCEE. We also do not imply that SCEE has, or will, secure work in relation to any of the proposed construction projects listed in the report.

This report covers total mining construction, oil and gas construction and the construction of mining-related infrastructure such as railways and ports. The report provides estimates of the size of these markets, generally in constant FY2005 prices, and our most recent forecasts looking ahead to FY2012. The report also provides a brief commentary on our outlook for mining, oil and gas and mining-related maintenance activity.

In preparing the forecasts in this report, BIS Shrapnel has assumed that the projects that have been considered in preparing these forecasts are undertaken in accordance with the timeframes set out in this report. While the timing of these projects could vary from these assumptions and some projects might not be undertaken, our forecasts of the total volume of activity would not necessarily vary in exactly the same way, as other projects may proceed if the identified projects do not.

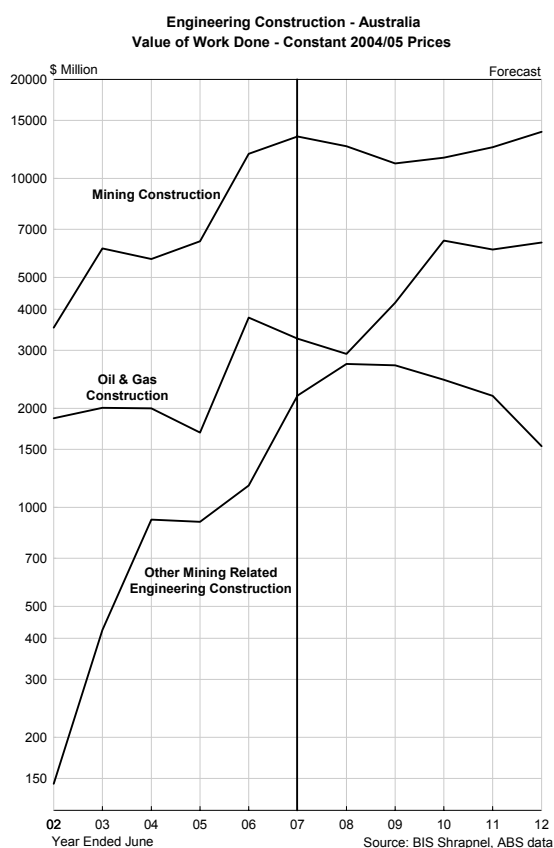
BIS Shrapnel is an independent economic forecasting and industry research company. We regularly produce industry research and forecasting reports on the building, construction and resources sectors. We undertake both commissioned reports for market participants and regular multi-client reports. In undertaking the assessment in this report, we have drawn on our latest forecasts for the sectors covered and undertaken original analysis and forecasting where necessary. All efforts have been made to ensure that the information contained in this report is accurate and appropriate at the time of writing.

Overall Outlook for Key Mining-Related Markets

This report contains analysis and forecasts for the appropriate mining-related markets for the services of Southern Cross Electrical Engineering Limited. Considering the separate analyses contained in the sections on the following pages, BIS Shrapnel's view is that the outlook for the key mining-related markets is strong.

Drivers of Australian minerals demand

Minerals and energy demand broadly relates to the overall level of economic activity in the world economy (GDP), but more specifically, is driven primarily by use in industrial production applications and investment demand (be it investment in equipment or construction).



Despite the recent wobbles in the US housing market, the business cycles of the world's major advanced industrial countries are relatively closely aligned at the current time, and the cumulative effect of their synchronisation has been robust growth in world investment and industrial production. Meanwhile, the biggest contributor to very strong growth in global GDP and investment since 2003 has been fixed asset investment in China. China now accounts for around one-quarter of global commodities consumption, with the notable exception of oil and gas. Accordingly, China's economic and investment growth will continue to have a significant effect on commodities demand.

Overall, we expect world GDP growth to moderate slightly from the strong rates of recent years. A key assumption underpinning our slower global GDP growth forecast is an easing in Chinese economic growth from the double digit pace of recent

years. Nevertheless, over the next five years, we still expect world GDP growth will remain comfortably above the long term average due to the rapid industrialisation of a number of emerging countries, particularly China and India. In our view, this will provide the basis for the ongoing strong demand for minerals.

Outlook for key mining-related markets

Based on our outlook for reasonably robust growth in global minerals demand, BIS Shrapnel expects the mining, oil and gas and mining-related infrastructure construction sectors to operate at very high levels over the next five years.

According to Australian Bureau of Statistics data and BIS Shrapnel estimates, the total value of construction work done (in constant FY2005 prices), in the sectors covered by this report, has risen strongly since FY2001. This increased activity has resulted from very strong world demand for minerals and oil and gas, which has pushed commodity prices to higher levels and stimulated construction in the mining sector, both in Australia and overseas, to boost productive capacity. In Western Australia, where a large proportion of proven mineral resources are located, the increase in construction has been even more dramatic.

According to our forecasts, the overall outlook for mining construction is for activity to weaken slightly over the next two years from a historically high peak, before the start of another upswing from FY2010. The downturn is expected to be moderate, given the size of the recent upswing in activity. Consequently, the level of work will remain very high compared to historical levels. For oil and gas construction, we are forecasting activity to more than double between FY2008 to FY2010, and remain at these historically high levels during FY2011 and FY2012. Finally, mining-related infrastructure construction (including ports and railways construction for mining projects) is expected to rise further and peak over FY2008 and FY2009, before easing though the remainder of the forecast period. Even so, activity in this area is forecast to remain at very high levels in historical terms.

In BIS Shrapnel's opinion, the shape of future construction activity is influenced by the presence of skilled labour and equipment shortages and strongly rising costs, which have delayed the commencement of a number of projects from their originally planned schedules. We believe this will have the effect of smoothing out the cycle in construction somewhat, reducing the height of the mining boom and also reducing the magnitude of any downturn later this decade.

Total mining construction activity (as measured by the mining-related components of heavy industry construction in the ABS's Engineering Construction release) increased by around 280% in the five years to FY2007. BIS Shrapnel expects a moderate downturn in mining construction activity starting during FY2008, once much of this new capacity comes on-stream, leading to lower prices and a reduced requirement for investment in additional capacity. However, with many other projects waiting to be developed and prices to remain at relatively high levels historically, we anticipate that the downturn in total mining construction will be relatively mild. Given the timing of major projects, and our outlook for global demand for minerals and oil and gas, another strong upswing in construction activity is expected after FY2009. In turn, the growth in mining capital stock from this high base is expected to drive higher levels of mining maintenance activity in the medium to long term.

Oil and gas construction has shifted to a higher plane of work as a burst of major projects in Western Australia, concentrated within the North-West Shelf and off the Pilbara coast, have been encouraged by the soaring global demand for oil and gas. With demand expected to remain strong, construction in this sector will be at record levels over the next five years, with the development of the Pluto and Browse Basin projects to contribute heavily.

In turn, we believe oil and gas maintenance expenditure has bounced back strongly from the steep drop in FY2005, as prices have surged and investment continued to grow. The upturn in oil and gas maintenance activity is expected to continue through to through to FY2012, led by the surge in investment.

BIS Shrapnel is also forecasting strong levels of activity in mining-related infrastructure construction, dominated by expansions to railways, harbours and pipelines capacity to meet

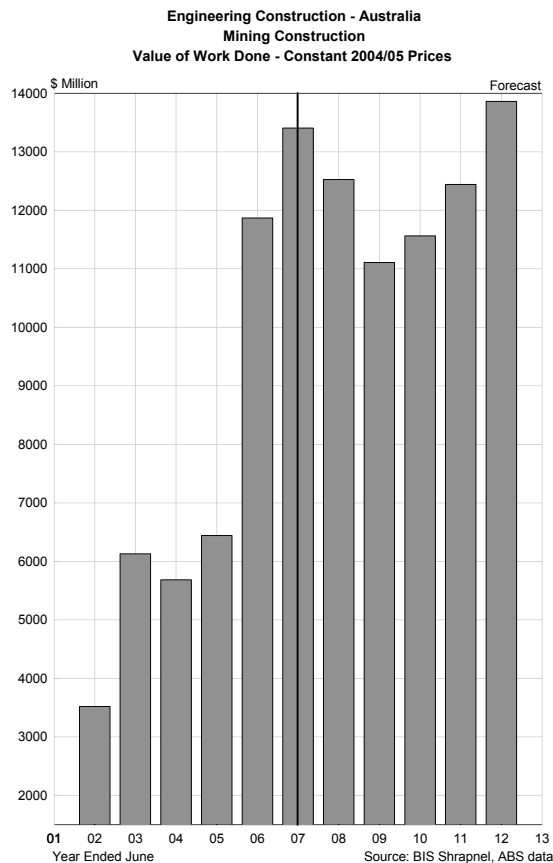
Outlook for Key Markets

growing mining and oil and gas production volumes. In turn, this is expected to spur a higher level of maintenance activity in these segments in the medium to long term.

Overall, business conditions in the key markets covered in this report are expected to be strong for the five year period to FY2012.

Mining Construction Outlook and Key Projects

In this report, BIS Shrapnel defines mining construction as the development of mines and downstream processing facilities, with data derived from the mining and heavy industry component of engineering construction less other heavy industry, from the ABS publication "Engineering Construction Australia", Cat. No. 8762.0.



According to this data, the upswing in mining construction has pushed activity to unprecedented levels, reaching an estimated \$13.4 billion in FY2007. This is more than eight times greater than the level of construction in FY2001 (figures are expressed in constant FY2005 prices). According to BIS Shrapnel's forecasts, FY2007 is the peak of the mining construction cycle — more than three times the previous peak of \$4.0 billion (constant FY2005 prices) recorded in FY1999. Activity is expected to decline moderately over FY2008 and FY2009, but still remain at a level substantially higher than any period prior to FY2006, before another phase of growth begins in FY2010.

We are currently in the 'third leg' of the mining construction boom, which has seen a re-acceleration of activity from FY2005. A series of very large projects across iron ore and nickel in Western Australia and coal in Queensland have driven much of the increase.

The continued strong growth in demand for minerals (especially from China), coupled with tight global supply, has seen commodity prices rise sharply, with long-term highs being recorded. Global stock levels for many commodities have fallen to critically low levels, with little spare or idle capacity available. This is a reflection of the strength of demand, in conjunction with the long lead times for significant supply increases to come on-stream from higher investment.

As new supply comes on-stream, we expect an alleviation of tight market conditions and declines in commodity prices from FY2009 onwards. However, the expected strength of demand (especially from China) should ensure that the average level of construction over the next five years stays at a very high level in an historical context.

BIS Shrapnel forecasts that the average levels of activity over the five-year period to FY2012 will be around 15% higher than the same figure for the past five years (FY2003 to FY2007).

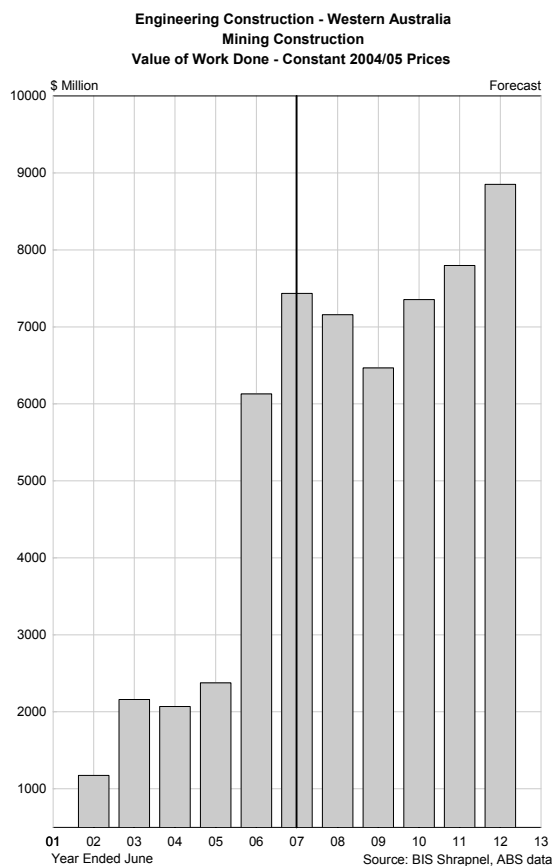
There are a number of very large resource investment projects which underpin these forecast levels of activity (refer to our list of major projects on the following page). It is important to note that BIS Shrapnel has made assumptions regarding the timing of these major projects. These timing assumptions are set out in the following table. While the timing of these projects could vary from these assumptions and some projects might not be undertaken, our forecasts of the total volume of activity would not necessarily vary in exactly the same way, as there are other projects that may proceed if the listed ones do not.

During the next five years, the majority of construction activity is expected to occur in Western Australia and Queensland, while activity in South Australia should rise rapidly from FY2010 as construction on the multi-billion dollar Olympic Dam expansion commences.

A number of large iron ore, gold, nickel and diamond projects are underway in Western Australia, underpinning the strength in construction activity. Some of these projects include the \$4 billion Stages 3 and 4 of BHP's Rapid Growth Project, the \$2.5 billion Fortescue project, \$1.3 billion Hope Downs iron ore, \$1.8 billion Argyle diamond and \$2 billion Boddington gold developments. However, as these projects near completion over the next year, the lack of a number of new, large major projects to replace the current crop will see activity decline towards the end of the decade.

The downturn in minerals-related mining construction activity in Western Australia will be dampened by the development of the Mid-West region as a major iron ore exporting hub. The soaring price of iron ore has seen Asian steelmakers invest heavily in a number of Mid-West 'juniors' despite their lower grade deposits. New port and railway infrastructure dedicated to these operations will also be constructed.

The current boom in engineering construction and plant, machinery and equipment investment will add significant amounts to production capacity, now and over the next few years. This should ensure maintenance continues its strong upward path to the end of the decade, with the growth in maintenance lagging investment by around two years. As conditions in the minerals sector weaken (from historically high levels), maintenance is also expected to fall from FY2010 onwards, but should remain at levels greater than any period prior to FY2007.



Outlook for Key Markets

Major Mining Projects

Project Description	Sponsor	Total Project Value (\$m)	Engineering Construction Component (\$m)	Expected Commencement	Expected Completion Date	Commodity Type
Other Minerals						
WESTERN AUSTRALIA						
Hope Downs Iron Ore	Hancock / Rio Tinto	790	790	Underway	2007/08	Iron Ore
Yandicoogina Expansion (from 36 to 52 Mtpa)	Hammersley	707	707	Underway	2007/08	Iron Ore
Ravensthorpe Nickel Project	BHP Billiton	2193	1820	Underway	2007/08	Nickel
Rapid Growth Project # 3 (to 129 Mtpa)	BHP Billiton	1170	952	Underway	2007/08	Iron Ore
Argyle Diamond Mine Underground Expansion	Ashton	1750	875	Underway	2008/09	Other Minerals
Boddington Basement (Wandoo) Gold Development	Newmont / AngloGold	2000	2000	Underway	2008/09	Gold
Pilbara Iron Ore project	Fortescue Metals Group	1582	1582	Underway	2008/09	Iron Ore
Windimurra Vanadium Project	Precious Metals Aus/Noble Group	175	96	Underway	2008/09	Other Metal Ores
Rapid Growth Project # 4 (to 152 Mtpa)	BHP Billiton	1200	960	Underway	2009/10	Iron Ore
Hope Downs Iron Ore - Stage 2	Hancock / Rio Tinto	438	438	2007/08	2008/09	Iron Ore
Sulphur Springs (Panorama) Zinc	CBH Resources	213	117	2007/08	2008/09	Silver, Lead & Zinc
Spinifex Range Molybdenum-Copper mine	Moly Mines	484	266	2007/08	2008/09	Other Metal Ores
Balla Balla Iron Ore Project	Aurox Resources	240	216	2007/08	2009/10	Iron Ore
Balla Balla Ferrovanadium Project	Aurox Resources	290	160	2007/08	2009/10	Other Metal Ores
Jump-up Dam	Heron Resources	460	253	2007/08	2009/10	Nickel
Brockman Syncline 4 - Iron Ore	Hammersley	1000	830	2008/09	2009/10	Iron Ore
Barrambie Vanadium-Titanium Deposit	Reed Resources	256	141	2008/09	2010/11	Other Metal Ores
Yannarie (Eastern Exmouth Gulf) Salt Project	Straits Resources	200	132	2009/10	2010/11	Other Minerals
Karara Magnetite Mine	Gindalbie Gold	770	693	2009/10	2011/12	Iron Ore
Weld Range	Midwest	579	521	2009/10	2011/12	Iron Ore
Tropicana	Anglogold Ashanti	750	375	2009/10	2011/12	Gold
Jack Hills Iron Ore - Stage 2	Murchison Metals	1077	969	2009/10	>2012	Iron Ore
Perseverance Deepes	BHP Billiton	450	203	2009/10	>2012	Nickel
West Angelas Mine Expansion	Robe River Mining	217	143	2010/11	2010/11	Iron Ore
Honeymoon Well Nickel - Stage 2	Lion Ore	800	360	2010/11	2011/12	Nickel
Goongarie Nickel (Kalgoorlie Nickel Project)	Heron Resources / Inco	1400	630	2011/12	> 2012	Nickel
Murrin Murrin Nickel - Stage 2 Rolling Expansion	Minara / Glencore	250	113	2011/12	>2012	Nickel
Mt Keith Nickel Expansion (to 140ktpa)	BHP Billiton	650	293	2011/12	>2012	Nickel
NEW SOUTH WALES						
Northparkes expansion (E48 development)	Northparkes (Rio Tinto)	210	106	Underway	2009/10	Copper
Ridgeway Deepes	Newcrest Mining	545	191	2007/08	2009/10	Gold
Cadia East expansion	Newcrest Mining	955	287	2008/09	2010/11	Gold
Kalkaroo	Havilah Resource	200	100	2010/11	>2012	Copper
Copper Hill project	Golden Cross Resources	250	88	2011/12	>2012	Copper
VICTORIA						
NMB Mineral Sands Project Murray Basin (aka K.W.R Project)	Iluka Resources	175	70	2007/08	2008/09	Mineral Sands
Donald Mineral Sands Project	Astron Limited	125	56	2008/09	2009/10	Mineral Sands
Bendigo Gold Mine Expansion - North Mine Phase 2	Bendigo Mining	350	175	2011/12	>2012	Gold
QUEENSLAND						
Mt Isa Zinc Lead Expansion	Xstrata	166	66	Underway	2008/09	Silver, Lead & Zinc
Lady Loretta Silver Lead Zinc	Noranda Pacific/Buka Minerals	228	70	2007/08	2009/10	Silver, Lead & Zinc
Roseby Copper Project	Universal Resources	338	101	2008/09	2009/10	Copper
Nornico Laterite Nickel Project	Metallica Mineral	278	83	2009/10	2010/11	Nickel
Dugald Lead Zinc Prospect	Zinifex	500	225	2009/10	2011/12	Silver, Lead & Zinc
Gladstone Nickel Project	Gladstone Nickel Project	3400	850	2010/11	>2012	Nickel
SOUTH AUSTRALIA						
Prominent Hill Gold and Copper Mine	Oxiana / Minatour Resources	488	342	Underway	2008/09	Copper
Development of Zircon Deposit in Eucla Basin	Iluka Resources	250	100	2007/08	2009/10	Mineral Sands
Kalkaroo Gold and Copper Prospect	Havilah Resources	200	90	2007/08	2009/10	Gold
Olympic Dam Expansion	BHP Billiton	5200	2600	2009/10	2012/13	Copper
NORTHERN TERRITORY						
McArthur River Expansion	McArthur River Mining (Xstrata / ANT Minerals JV)	110	94	Underway	2008/09	Silver, Lead & Zinc
Browns Sulphide Project	Compass / Guardian	350	158	2007/08	2009/10	Copper
Nolans Bore Rare Earth Project	Arafura Resources	150	83	2008/09	2009/10	Mineral Sands

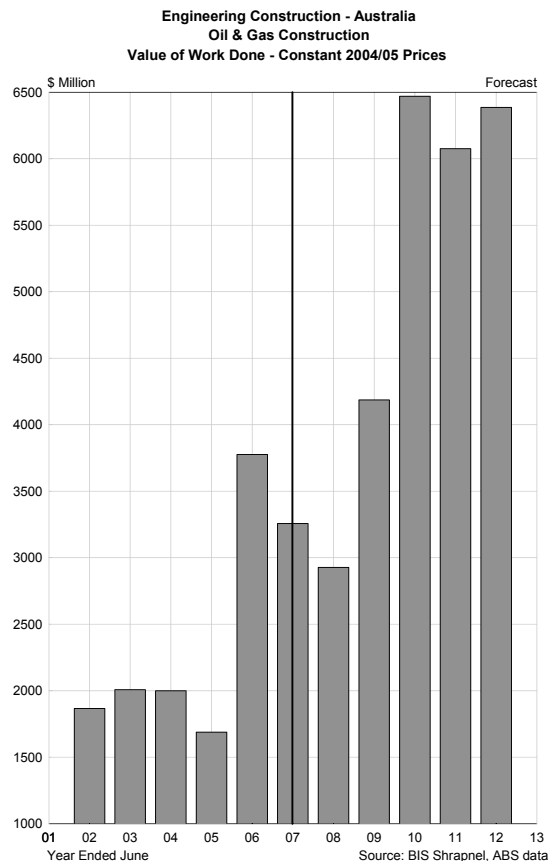
Outlook for Key Markets

<i>Project Description</i>	<i>Sponsor</i>	<i>Total Project Value (\$m)</i>	<i>Engineering Construction Component (\$m)</i>	<i>Expected Commencement</i>	<i>Expected Completion Date</i>
Bauxite, Alumina, Aluminium					
WESTERN AUSTRALIA					
Worsley Refinery Expansion - Stage 2	Worsley Alumina	900	801	2009/10	2010/11
Wagerup Stage 3b Expansion - 3rd Train	Alcoa	1500	1335	2010/11	>2012
QUEENSLAND					
Yarwun Alumina Refinery Expansion - Stage 2	Rio Tinto	2250	1575	2007/08	2010/11
Aurukun Bauxite Deposit	Chalco	700	385	2009/10	2011/12
Aurukun deposit alumina refinery - Stage 1	Chalco	2200	1540	2010/11	>2012

<i>Project Description</i>	<i>Sponsor</i>	<i>Total Project Value (\$m)</i>	<i>Engineering Construction Component (\$m)</i>	<i>Expected Commencement</i>	<i>Expected Completion Date</i>
Coal & Coal Handling					
NEW SOUTH WALES					
Bulga - replace u/g with longwall	Bulga JV	350	245	Underway	2009/10
Boggabri Mine - (separate stages: open cut & underground)	Idemitsu Boggabri Coal	300	120	Underway	2012/13
Narrabri Coal (24km NW of Boggabri - 2 stages)	Narrabri Coal	200	80	Underway	2008/09
Glennies Creek - extn of oc and constn of u/g	Glennies Creek Coal (led by AMCI)	220	88	Underway	2009/10
Anvil Hill	Centennial Coal	240	108	2007/08	2009/10
Open Cut at Mt Pleasant	Coal & Allied Industries	450	135	2009/10	2011/12
Mt Arthur Nth - o/c extension and u/g development	Hunter Valley Energy Coal (BHP)	300	105	2010/11	2011/12
QUEENSLAND					
Dawson Complex	Anglo American / Mitsui Co	1800	1440	Underway	2007/08
Dalrymple Bay Expansion	Babcock & Brown	532	319	Underway	2007/08
Clermont Steaming Coal	Rio Tinto / Mitsubishi	950	760	Underway	2009/10
Peak Downs Expansion	BMA	280	182	2008/09	2009/10
Goonyella Riverside Expansion	BMA	400	260	2009/10	2010/11
Monto Coal Mine	Macarthur Coal / China Huaneng Group	300	180	2009/10	2012/13
Ensham Central Underground	Ensham Resources	450	293	2009/10	2010/11
Wandoan Coal Mine	Xstrata	500	325	2010/11	2011/12
Moranbah South steaming coal expansion	Anglo Coal	700	455	2010/11	2011/12

Oil and Gas Outlook and Key Projects

The oil and gas construction sector includes the construction of production, storage and distribution facilities, refineries and pumping stations. Here, oil and gas construction includes the construction of processing facilities such as LNG plants.



Oil and gas construction activity has been at exceptionally high levels over the past five years (according to Australian Bureau of Statistics data), mainly due to a number of major projects. These include the \$1.6 billion North West Shelf LNG fourth production train, \$2.6 billion Bayu/Undan stage 1, \$3 billion second stage of Bayu/Undan, the \$400 million BassGas project and \$275 million Minerva gas field (both in Bass Strait), the Moomba gas plant reconstruction and significant works in the Cooper Basin. The \$1.5 billion Enfield oil field development and the \$900 million Otway gas project contributed to the major surge in construction in FY2006.

We estimate construction in oil and gas fell slightly in FY2007 following the surge of work in FY2006. Activity is expected to moderate further in FY2008, but with several more large projects commencing we expect activity to surge again in FY2009 and FY2010, with activity remaining at

record high levels over FY2011 and FY2012.

The factors which we expect to drive these higher forecast levels include:

- Rising LNG demand in Asia and North America over the medium-to-long term which is expected to see more LNG production trains built by 2014;
- The belief within the LNG industry of a 'window of opportunity' from 2008 until the early-to-mid 2010s to lock-in long-term supply contracts with major Asian and North American entities; and
- Rising domestic demand for natural gas (especially in electricity generation) facilitated by the expanding pipeline network which is expected to underpin the development of a number of gas fields.

The Pluto LNG project (worth an estimated \$11 billion) is now expected to be the next major gas project undertaken in Australia. This project was only discovered in 2005, but Woodside (the sole owner) intends to have first production from here by 2011. In an industry where large projects can take decades, this is a remarkably short time-frame and shows just how strong

expectations of future demand are. The estimated \$5.4 billion gas field development will be accompanied by an initial 4.8mtpa LNG production train at an estimated \$3.5 billion, an \$800 million pipeline to the Burrup Peninsula, and \$500 million of additional infrastructure for further expansions, all to be complete by FY2011.

We expect that construction activity in the oil and gas sector will continue to rise in the medium term given a strong pipeline of “mega-projects” including Inpex’s \$10 billion Ichthys project in the Browse Basin, the \$10 billion Woodside operated Browse Basin LNG development, as well as further LNG expansions and developments.

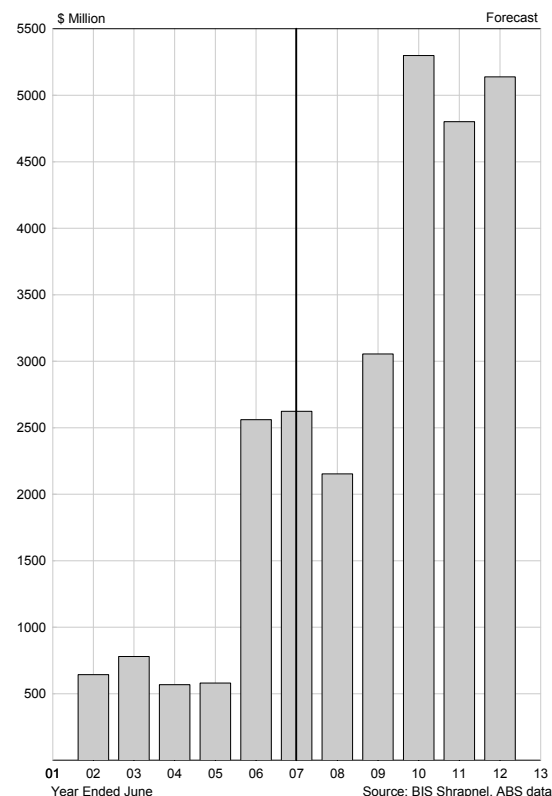
A key factor in our forecasts of oil and gas investment is the scarcity of skilled workers. The shortage of labour and competition for this small pool of resources has led to large cost blowouts and the indefinite deferment of some projects. This issue will have implications for the size and length of the boom in construction activity, ultimately capping the maximum level of work capable of being done and thus extending the length of the investment boom. As a result, our forecasts for the construction of LNG production trains have been staggered to fit the constraints imposed by these labour shortages.

We have assumed the current supply of labour is only sufficient for the construction of two LNG trains at any one time. Accordingly, we anticipate that work on the Pluto LNG train will commence once the fifth NWS train is complete.

In recent years, declining oil production has seen at first a steady decline in oil and gas maintenance expenditure, over FY2003 and FY2004, before dropping sharply in FY2005 – over 60 per cent. We estimate maintenance expenditure bounced back, as investment has continued to grow and prices have surged in recent years. This strength is forecast to continue over the next five years and into the medium and longer terms, due to the following key drivers:

- rising demand for LNG in Asia and the USA,
- rising demand for natural gas (especially for electricity generation) in Australia, driven by greenhouse-gas-related concerns about coal-fired power stations, and
- high oil and gas prices which will spur exploration (and investment) in both areas.

Engineering Construction - Western Australia
Oil & Gas Construction
Value of Work Done - Constant 2004/05 Prices



Outlook for Key Markets

In combination, these factors are expected to keep prices and investment strong for many years to come, leading to production operating at or near capacity, resulting in a rising trend of maintenance activity through to FY2012, led by the surge in investment.

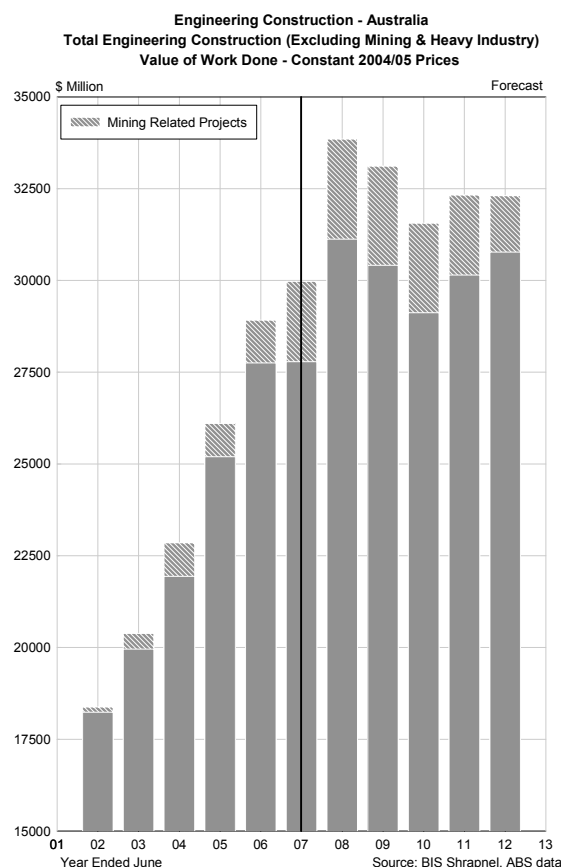
Major Oil & Gas Projects

<i>Project Description</i>	<i>Sponsor</i>	<i>Total Project Value (\$m)</i>	<i>Engineering Construction Component (\$m)</i>	<i>Expected Commencement</i>	<i>Expected Completion Date</i>
Oil, Gas & Hydrocarbons					
WESTERN AUSTRALIA					
NWS Expansion - 5th LNG Production Train	North West Shelf Consort.	2275	1479	Underway	2007/08
Blacktip Gas & Condensate Field	ENI Australia	720	720	Underway	2008/09
Angel Gas Field Development	North West Shelf Consort.	1550	1550	Underway	2008/09
Stybarrow Oil Field	Woodside / BHP Billiton	800	800	Underway	2007/08
Vincent Oil Field	Woodside / BHP Billiton	1000	1000	Underway	2008/09
Wolylbutt South Lobe Oil Field	ENI / Mobil / Tap JV	180	180	2007/08	2007/08
Pyrenees Gas Fields	BHP Petrole	2000	1800	2007/08	2009/10
Reindeer Gas Field	Apache Energy / Santos	550	495	2008/09	2009/10
Pluto LNG Project	Woodside	11000	7190	2008/09	2010/11
Ichthys Gas Field	Impex Holding / Total SA	10000	8000	2009/10	>2012
Browse Basin Gas & Condensate Fields	Woodside JV	10000	7200	2010/11	> 2012
VICTORIA					
Longtom Gas Project	Nexus	195	137	2007/08	2008/09
Basker, Manta and Gummy - Expansion (Oil)	Anzon/Beach Petroleum	300	270	2007/08	2009/10
Basker, Manta and Gummy - Expansion (Gas field)	Anzon/Beach Petroleum	500	450	2010/11	2012/13
QUEENSLAND					
Fairview/Scotia/Roma Coal Seam Gas (CSG) Field Expansions	Santos	1500	750	Underway	2012/13
Spring Gully / Walloon CSG Project Expansion	Origin Energy	300	150	2007/08	2009/10
Gladstone LNG Plant	LNG International	656	591	2008/09	2010/11
SOUTH AUSTRALIA					
Cooper Basin Development Work (including Reg Sprigg Oil)	Santos	460	299	Underway	2009/10
NORTHERN TERRITORY					
Montara Oilfield (Timor Sea)	Coogee Resources	461	254	2007/08	2008/09
Crux Gas & Condensate Offshore Gasfield	Nexus Energy	1090	709	2007/08	2008/09
Darwin Condensate Processing Facility	Darwin Clean Fuels	425	387	2008/09	2010/11
Tassie Shoal Methanol Offshore Production Facility - Stage 1	Methanol Australia	1163	785	2010/11	> 2012

Mining-Related Infrastructure Projects

The current mining boom has not only seen a dramatic increase in mining construction and development, but it is also driving the construction of other infrastructure. Primarily, the anticipated strong growth in mining production volumes is fuelling the expansion of railways, ports, pipelines and energy capacity. It is also driving an increase in the construction of other related infrastructure such as roads and water. The mining boom is also indirectly boosting general public sector spending on infrastructure through its impact on incomes and public sector revenues. Indeed, we believe that the strong public sector revenues stimulated by the mining boom are allowing governments to catch up their spending on infrastructure construction following several years of under-investment.

Since a downturn in the early 2000s, non-mining and heavy industry engineering construction has grown at a tremendous pace. This is observable at both the Australian and Western Australian level. For Australia, non-mining and heavy industry engineering construction has risen from \$18.4 billion in FY2002 to an estimated \$30 billion in FY2007 (based on ABS data to the March quarter 2007), an increase of 63 per cent in real terms. For Western Australia, non-mining and heavy industry engineering construction has risen from \$2.2 billion in FY2002 to an estimated \$6.1 billion in FY2007, an increase of 173 per cent (all figures expressed in constant FY2005 prices).



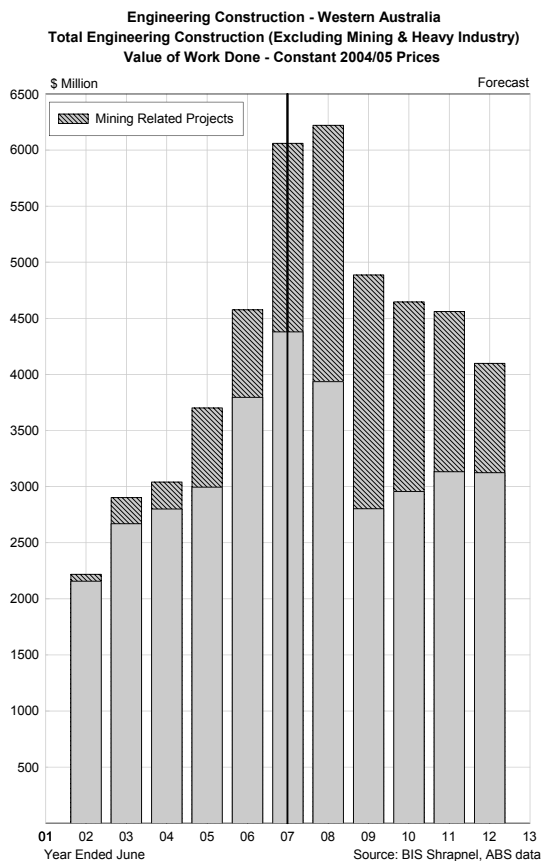
Of this category of construction activity, we believe a substantial portion is already directly mining-related. Based on our knowledge of infrastructure projects, we estimate that in FY2007 around \$2.2 billion of national activity was directly related to mining projects through ports, railways and pipeline construction projects. For Western Australia, we believe this figure is close to \$1.7 billion. Furthermore, over the next five years to FY2012, we expect these levels of "other mining-related" infrastructure construction to be sustained on average, with average work done through this period rising to \$2.3 billion per annum for total Australia, compared to an average of \$1.1 billion per annum in the five years to FY2007. In Western Australia, we are forecasting mining-related railways, ports and pipelines projects to provide an average of \$1.7 billion per annum in work done over the next five years, compared to an average of \$730 million per annum in the five years to FY2007. Our estimates for non-mining and heavy

industry engineering construction, and that portion which we consider to be mining-related through ports, railways and pipelines construction are shown in the accompanying graphs.

Some of the key projects expected to drive the high level of activity in mining-related infrastructure projects in Western Australia over the next five years include:

- \$1.4 billion port and rail expansion by BHP Billiton as part of its Rapid Growth Project Stage 4
- \$1.1 billion Cape Lambert port expansion by Rio Tinto
- \$2.4 billion in rail and port infrastructure from the Mid West to Oakajee by either Yilgarn Infrastructure or a joint venture between Murchison Metals and Mitsubishi Corporation
- \$690 million rail infrastructure by Fortescue Metals Group
- The completion of Hammersley Iron's \$920 million Dampier port expansion
- \$800 million gas pipeline from Pluto gasfield to Burrup Peninsula.

Furthermore, as the mining boom adds to the stock of related infrastructure capital stock, particularly for ports and rail, we expect that this will feed through into strengthening railways and ports maintenance activity.

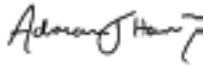


Outlook for Key Markets

Major Mining-Related Infrastructure Projects

<i>Project Description</i>	<i>Sponsor</i>	<i>Total Project Value (\$m)</i>	<i>Engineering Construction Component (\$m)</i>	<i>Expected Commencement</i>	<i>Expected Completion Date</i>
Other Mining Related projects					
WESTERN AUSTRALIA					
Railway					
Hopes Down Iron Ore	Hancock/ Rio Tinto	470	320	Underway	2007/08
Pilbara 3rd Railway	Fortescue Metals Group	690	621	Underway	2008/09
Rapid Growth Project 4 Expansion	BHP Billiton	800	640	Underway	2009/10
Mid West Rail line to Oakajee Port	Private Developer	1200	1200	2008/09	2011/12
Harbours					
Parker Point Expansion	Hammersley	980	980	Underway	2007/08
Dampier Port Expansion	Hammersley	920	920	Underway	2007/08
Rapid Growth Project 4 Capacity Expansion	BHP Billiton	600	600	Underway	2009/10
Cape Lambert expansn & stockyard rationalisation	Rio Tinto/Robe River Mining Co.	1100	1100	Underway	2008/09
Hopes Down Port Facilities	Hancock/ Rio Tinto	1000	1000	2009/10	2011/12
Deep water port at Oakajee Industrial Estate	Private Developer	1800	1188	2008/09	2011/12
Pipelines					
Pluto Gasfield to Burrup	Woodside	800	800	2008/09	2009/10
NEW SOUTH WALES					
Harbours					
Kooragang Island Coal Export Terminal	Port Waratah Coal Services	458	153	2007/08	2009/10
Newcastle Coal Loading Terminal	Newcastle Coal Infrastructure Group	800	280	2007/08	2009/10
QUEENSLAND					
Railway					
Surat Basin Railway (Southern Missing Link)	Queensland Rail	1000	600	2008/09	2010/11
Harbours					
Dalrymple Bay Coal Term Expans - stg 2, 3	Babcock & Brown Infrastructure	640	192	2007/08	2009/10
Hay Point Expansion Project - phases 3 & 4	BHP Billiton	500	300	2007/08	2009/10
Wiggins Island coal terminal stage 1	Queensland Government	550	550	2008/09	2011/12
Port of Abbot Point - Expansion stage 3	Queensland Government	330	330	2009/10	2011/12
Pipeline					
Pipeline work for Gladstone LNG Project	Santos	1000	430	2010/11	>2012
SOUTH AUSTRALIA					
Railway					
Railway Link to Olympic Dam	WMC Resources	240	192	2009/10	2010/11
NORTHERN TERRITORY					
Pipeline					
Blacktip gasfield to Wadeye (offshore to onshore)	ENI Australia	120	120	2007/08	2008/09

Yours sincerely



Adrian Hart
BIS Shrapnel Pty Limited

2nd October 2007

SECTION 4 **THE BOARD** **AND CORPORATE** **GOVERNANCE**





L to R: Frank Tomasi, John Cooper, Douglas Fargher, Brian Carman

4.1 BOARD OF DIRECTORS

Each of the Directors of the Company has significant business skills and experience. The Board comprises the following people:



Gianfranco (Frank) Tomasi

Executive Director and Chairman

Frank has over 40 years of experience in the electrical construction industry.

Frank has been the Owner and Director of SCEE since 1978. Prior to SCEE, he worked at Transfield (WA) Pty Ltd from 1968-1978, serving as the National Manager from 1971-1978.

Frank holds an Electrical Engineering Certificate (NSW).

His major responsibilities within SCEE are in the areas of group management and finance including strategy and overall business development.



Brian Carman

Non-Executive Director

Brian commenced work with SCEE in 1981 as a contracts manager and progressed to Managing Director. He held this position through to his recent retirement in August 2007.

Brian has over 35 years experience in the electrical construction industry having served in senior positions with Mt Newman Mining Company, Soake Electrical and Transel Pty Ltd.

His previous responsibilities in SCEE included the overall management of all employees and operational activities, providing strategic direction, and monitoring contract negotiations and financing arrangements.



John Cooper

Non-Executive Director

John has over 30 years engineering and construction experience in Australia and overseas and has provided consultancy services for a number of years to the major projects industry.

John recently served as Australian Chief Executive of Murray & Roberts and was previously a Director and General Manager of Concrete Constructions Group.

John has a continuing association with Clough Ltd as a Non-Executive Director and was recently serving as the Deputy Chairman and CEO.



Douglas Fargher

Non-Executive Director

Douglas has over 37 years experience in the construction and mining industry in Australia and overseas.

Douglas has served in a range of senior maintenance and operating roles in underground and open cut mines and was previously Project Manager with Rio Tinto, specialising in construction of new and brown field projects including Dampier Port Upgrade.

SCEE's history of quality service and growth has been overseen by a highly experienced management team focussed on increasing market share through client service and employee satisfaction across a backdrop of an established safety culture.

4.2 MANAGEMENT TEAM

SCEE's history of growth has been overseen by a highly experienced management team focussed on generating sales growth and increasing market share by providing high levels of client service and employee satisfaction across a backdrop of an established safety culture.

The SCEE management team has a track record in servicing the resources, infrastructure and heavy industrial sectors and provides the business with long term relationships with "blue-chip" companies.

SCEE's management team have an average experience in the industry of more than 25 years.

Gianfranco (Frank) Tomasi Executive Director and Chairman	See previous page.
Managing Director /CEO	SCEE is currently undertaking an executive appointment process for the appointment of a Managing Director/CEO. A preferred candidate has been identified and the Company is currently in negotiations with that individual.
Simon Buchhorn Chief Operating Officer	Simon has extensive experience in the electrical construction industry and has been employed by SCEE since 1982. He was previously appointed as the Australian Operations Manager in 2000 following several years as project manager and construction manager, where he has been involved in over 45 Company projects. Simon holds an 'A' Grade Electrical Licence and a Certificate in Electrical Engineering. He is currently responsible for managing Company operations, contracts delivery, client negotiations and general business activities.
Charles Scolaro Interim Chief Financial Officer	Charles has extensive experience in the construction industry and a long association with SCEE since 1978. Charles' responsibilities have included the implementation of accounting and procurement systems. He is a Certified Practising Accountant.
Michael Silbert Company Secretary	Michael has performed a number of company secretarial and legal counsel roles for ASX-listed and private companies. Michael holds a B.Juris (Bachelor of Jurisprudence) and LLB (Bachelor of Laws) from the University of Western Australia.

SCEE is also undertaking an executive appointment process for the appointment of a permanent Chief Financial Officer.



4.3 EMPLOYEE REMUNERATION

In order to support the strategic objectives of SCEE, the Company has developed a remuneration strategy which seeks to remunerate employees in a fair and consistent way and align their interests with those of Shareholders. The remuneration strategy has been developed with the following aims:

- Attract and retain high quality employees
- Align the interests of employees with the interests of shareholders
- Reward high performance by the key executive team
- Motivate the executive team to outperform SCEE's objectives
- Encourage a long term company growth focus amongst the key executive team

The remuneration strategy is based on a combination of fixed remuneration and variable (at risk) remuneration for key executives.

4.4 KEY EXECUTIVE SHORT TERM INCENTIVE PLAN

Selected SCEE management team members participate in an annual short-term incentive cash bonus plan. Participants have the opportunity to receive set percentages of their annual remuneration in the form of a cash bonus, payable after the finalisation of annual financial results of the Company. The payment of this short term incentive bonus depends on the level of financial performance of the Company with hurdles set by the Board.

4.5 SENIOR MANAGEMENT LONG-TERM INCENTIVE PLAN

The Vendor Shareholder has approved the Senior Management Long-Term Incentive Plan under which those eligible full-time key executives determined by the Board are entitled to receive Options and/or Performance Rights. Options and Performance Rights granted under this plan will entitle the participant to be issued 1 new Share per Option or Performance Right exercised. The Options and Performance Rights issued under the plan are subject to specific vesting conditions including total shareholder return hurdles. Further details of the Senior Management Long-term Incentive Plan as well as details of proposed grants to be made under this plan, are set out in Section 9.4.

4.6 CORPORATE GOVERNANCE

SCEE has in place corporate governance practices which are formally embodied in corporate governance policies and codes adopted by the Board (**Policies**). The aim of the Policies is to ensure that the Company is effectively directed and managed, risks are identified, monitored and assessed, and appropriate disclosures are made.

In preparing the Policies, the Directors considered the ASX Principles of Corporate Governance and Best Practice Recommendations (**Recommendations**). The Directors incorporated the Recommendations into the Policies to the extent the Recommendations were appropriate taking into account the Company's size, Board structure, resources and proposed activities.

The Board has adopted the following Policies:

1. The Board Charter

The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company.

The Board has adopted a Board Charter which sets out the responsibilities of the Board in greater detail, including the following responsibilities:

- approving the strategic objectives of SCEE and establishing goals to promote their achievement;
- monitoring the operational and financial position and performance of SCEE;
- ensuring the Directors inform themselves of SCEE's business and financial status;
- establishing investment criteria including acquisitions and divestments, approving investments and implementing ongoing evaluations of investments against such criteria;
- providing oversight of SCEE, including its control and accountability systems;
- exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities;
- considering and approving SCEE's budgets;

- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- appointing and removing the Managing Director, monitoring performance and approving remuneration of the Managing Director and the remuneration policy and succession plans for the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Managing Director and Company Secretary;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- ensuring business risks facing the Company are, where possible, identified and that appropriate monitoring and reporting internal controls are in place to manage such risks;
- approving and monitoring financial and other reporting;
- ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws; and
- ensuring that collectively, the Board has the appropriate range of expertise to properly fulfil the above responsibilities and reviewing this on a regular basis to ensure it continues to have operating and technical expertise relevant to the operations of SCEE.

The charter provides for the Board to delegate specific matters to senior management, or to committees established by the Board.

The composition of the Board is determined in accordance with the following general principles:

- the majority of Directors shall be non-executive Directors; and
- the Board shall comprise Directors with a broad mix of business expertise and experience.

The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate.

2. Committees

In order to better manage its responsibilities, the Board has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee. Each committee has adopted a charter approved by the Board, setting out its responsibilities.

Each Committee comprises a minimum of 2 non-executive Directors, a majority of independent Directors, and a non-executive Chairman.

The committees will initially be comprised of:

- Audit and Risk Management Committee: John Cooper (chair), Brian Carman and Douglas Fargher; and
- Nomination and Remuneration Committee: Brian Carman (chair), John Cooper and Douglas Fargher.

a) Audit and Risk Management Committee

The Audit and Risk Committee's primary objectives are to assist and advise the Board in fulfilling its responsibilities in relation to the accounting and reporting practices of the consolidated entity and the identification and management of significant financial risk areas and regulatory compliance.

The role and responsibilities, composition, structure and membership requirements of the Audit and Risk Management Committee are documented in a separate Committee Charter approved by the Board and include:

- the nomination and remuneration of external auditors;
- reviewing the quality of the external audit;
- providing an independent, objective review of financial information provided by management to Shareholders and regulatory authorities;
- reviewing the Company's financial control practices; and
- assisting the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Company.

Formal systems have been introduced for regular reporting to the Board on financial risks and compliance matters. The independent auditors will have a direct line of reporting to the Committee and have clear and open access to members of this Committee.

This Committee will meet at least twice each year.

b) Nomination and Remuneration Committee

This Committee's principal function is reviewing and making recommendations to the Board on remuneration packages and policies applicable to Directors and senior executives.

The role and responsibilities, composition, structure and membership requirements of the Nomination and Remuneration Committee are set out in detail in a Nomination and Remuneration Committee Charter approved by the Board and include:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- the Company's recruitment, retention and termination policies and procedures for senior management;
- incentive schemes;
- superannuation arrangements; and
- the remuneration framework for Directors.

This committee will meet at least once each year.

3. Code of Conduct for Directors and Officers

To promote ethical and responsible decision-making, the Board has approved a Code of Conduct for Directors and Officers (including the Managing Director, the Chief Financial Officer and Company Secretary and any other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct for Directors and Officers deals with the following principal areas:

- integrity and professionalism;
- conflicts of interest;
- confidentiality;
- fair dealing;
- inside information;
- compliance with laws and regulations;
- corporate opportunities; and
- encouraging the reporting of unlawful, unethical behaviour.

Directors and the senior management team must comply with the Code of Conduct.

4. Code of Conduct Covering Obligations to Stakeholders

The Board has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

This code deals with the following principal areas:

- responsibilities to Shareholders;
- responsibilities to clients, customers and consumers;
- employment practices;
- obligations relative to fair trading and dealing;
- responsibilities to the community;
- how the Company complies with legislation affecting its operations; and
- how the Company monitors and ensures compliance with the Code of Conduct.

5. Policies

a) Statement of Delegated Authority

The Company's Statement of Delegated Authority sets out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

The policy contains various levels of authority in relation to entering transactions and other legally binding agreements on behalf of the Company.

b) Securities trading

The Company has a securities trading policy for Directors and senior executives. The policy requires Directors and senior executives to advise the Chairman or Managing Director if they intend to trade in securities in the Company and provides safeguards for both the Company and the individual with respect to securities trading.

The securities trading policy clearly identifies those individuals who are restricted from trading and the relevant laws relating to trading.

c) Communications strategy with Shareholders

The Company's communication strategy is designed to promote effective communication with shareholders and encourage participation at general meetings.

The Board aims to ensure that all Shareholders of the Company are kept informed of all material developments affecting the Company's business. Information will be communicated to Shareholders through announcements to the ASX, the Company's annual report, annual general meetings, half yearly and full year results, and the Company's web site, www.scee.com.au.

The Company Secretary has been appointed as the person primarily responsible for managing external communications with the ASX.

d) Disclosure

The Company's disclosure policy is designed to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

The disclosure policy includes vetting and authorisation processes designed to ensure that Company information:

- is disclosed in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner that allows the input of the information when making investment decisions.



SECTION 5

FINANCIAL INFORMATION





5.1 INTRODUCTION

This section sets out the Historical Financial Information and Directors' Forecasts for SCEE (collectively referred to as the Financial Information) that the Directors consider relevant to investors.

The SCEE business commenced operations in 1978 and in October 2007 undertook a restructure to combine various partially owned and related party entities as fully owned (subject to the comments in Section 2.1) subsidiaries of SCEE. The businesses that now comprise SCEE have historically been managed as one business throughout the historical period although prior to FY2007 statutory reporting has only been undertaken for Australian operations that historically comprised Southern Cross Electrical Engineering Pty Ltd.

The Directors have prepared Historical Financial Information to illustrate what the financial performance and cash flows of SCEE would have been had the various businesses reported as a single group since 1 July 2004. The consolidated financials for the year ended 30 June 2007 have also been audited.

The Directors' Forecasts have been prepared for FY2008.

The Financial Information has been prepared by management and adopted by the Directors. The Directors are responsible for the inclusion of the Financial Information in this Prospectus.

The Financial Information in this section should be read in conjunction with the Directors' best estimate assumptions underlying the preparation of their forecasts, the sensitivity analysis, the

summary of significant accounting policies, the risk factors set out in Section 7 and other information contained within this Prospectus.

This section contains the following financial information:

- Historical Consolidated Income Statements of SCEE for FY2005, FY2006 and FY2007;
- Historical Consolidated Statements of Cash Flows of SCEE for FY2005, FY2006 and FY2007;
- Historical and Proforma Consolidated Balance Sheet of SCEE as at 30 June 2007;
- Forecast Statutory and Proforma Consolidated Income Statements of SCEE for FY2008; and
- Forecast Proforma Consolidated Statement of Cash Flows of SCEE for FY2008.

Section 5.11 sets out applicable notes to the Financial Information described above including the accounting policies adopted by SCEE and other applicable notes.

Section 5.9 sets out the reconciliation between Statutory and Proforma Forecast Financial Information. The Proforma Forecast has been included in order to adjust for non-recurring costs incurred in relation to the Listing of SCEE which are required to be expensed rather than offset against share capital.

Grant Thornton has prepared an Investigating Accountant's Report in respect of the Historical Financial Information and the Directors' Forecasts. A copy of the report is set out in Section 6.

5.2 SUMMARY OF HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

The following table summarises the Historical Consolidated Income Statements for FY2005, FY2006 and FY2007, the Forecast Statutory and Proforma Consolidated Income Statements for FY2008 and key statistics for the periods.

EXHIBIT 1 Summary of Historical and Forecast Consolidated Income Statements

Year ended 30 June	Historical			Forecast	
	FY2005 \$M	FY2006 \$M	FY2007 \$M	Proforma	Statutory
				FY2008 \$M	FY2008 \$M
Revenue	44.2	64.2	81.1	96.8	96.8
EBITDA	2.4	8.6	15.3	18.5	15.1
Depreciation and Amortisation	0.4	0.5	0.9	1.0	1.1
EBIT	2.0	8.1	14.4	17.5	14.0
Net Interest Expense / (Income)	0.1	0.1	(0.4)	0.1	0.1
Profit Before Tax	1.9	8.0	14.8	17.4	13.9
Taxation	0.5	2.6	4.6	5.2	4.2
NPAT	1.4	5.4	10.2	12.2	9.7
Revenue Growth		45.2%	26.3%	19.4%	
EBITDA Margin	5.4%	13.4%	18.9%	19.1%	
EBIT Margin	4.5%	12.6%	17.8%	18.1%	
NPAT Margin	3.2%	8.4%	12.6%	12.6%	

5.3 SUMMARY OF HISTORICAL AND FORECAST PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS BEFORE FINANCING AND TAX

The following table summarises the Historical Consolidated Statements of Cash Flows before financing and tax for FY2005, FY2006 and FY2007 and the Forecast Proforma Consolidated Statement of Cash Flows before financing and tax for FY2008.

EXHIBIT 2 Summary Consolidated Statements of Cash Flows before financing and tax

Year ended 30 June	Historical			Forecast
				Proforma
	FY2005 \$M	FY2006 \$M	FY2007 \$M	FY2008 \$M
EBIT	2.0	8.1	14.4	17.5
Depreciation and Amortisation	0.4	0.5	0.9	1.0
EBITDA	2.4	8.6	15.3	18.5
Working Capital Movements	(1.5)	(1.3)	2.3	(1.3)
Cash flow from operations	0.9	7.3	17.6	17.2
Capital Expenditure	(0.7)	(0.7)	(1.8)	(0.3)
Cash flows before financing and tax	0.2	6.6	15.8	16.9

5.4 MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL RESULTS

FY2007 compared to FY2006

Revenue

Revenue increased \$16.9 million or 26.3% to \$81.1 million in FY2007 primarily due to the Ravensthorpe and Dampier Port Upgrade Phase B projects.

EBITDA

EBITDA increased \$6.7 million or 78.0% to \$15.3 million and EBITDA margin increased from 13.4% to 18.9% in FY2007. EBITDA margin increased primarily due to strong market conditions, favourable changes in project mix and a reduction in fixed overhead costs as a proportion of revenue.

EBIT

EBIT increased \$6.3 million or 77.7% to \$14.4 million and EBIT margin increased from 12.6% to 17.8% in FY2007.

Interest

SCEE has minimal interest bearing debt, with only \$1.5 million in hire purchase liabilities at 30 June 2007.

Taxation

Taxation expense increased by \$2.0 million to \$4.6 million in FY2007, reflecting the increase in PBT.

FY2006 compared to FY2005

Revenue

Revenue increased \$20.0 million or 45.2% to \$64.2 million in FY2006 primarily due to the Dampier Port Upgrade Phase A project.

EBITDA

EBITDA increased \$6.2 million or 258.3% to \$8.6 million and EBITDA margin increased from 5.4% to 13.4% in FY2006. EBITDA margin increased primarily due to relatively weak earnings in FY2005 which was primarily due to a single project (Hismelt). In FY2005 revenue on this project was \$24.2 million however only a small profit was realised. The Company understands that this result was typical of other contractors involved in that project.

EBIT

EBIT increased \$6.1 million or 305.0% to \$8.1 million and EBIT margin increased from 4.5% to 12.6% in FY2006. EBIT margin increased primarily due to the prior year result as described above.

Taxation

Taxation expense increased by \$2.1 million to \$2.6 million in FY2006, reflecting the increase in PBT.

5.5 MANAGEMENT DISCUSSION AND ANALYSIS OF LIQUIDITY AND CAPITAL RESOURCES

General

SCEE's principal sources of funds have been cash flows from operations and limited borrowings (primarily hire purchase financing).

Based on the Proforma Historical Consolidated Balance Sheet as at 30 June 2007, SCEE will have total cash assets of \$16.4 million, total hire purchase borrowings of \$1.5 million, and total equity of \$22.7 million.

SCEE's principal sources of funds in the period covered by the Directors' Forecasts are expected to be cash flows from operations, borrowings (including hire purchase financing) and proceeds from the Offer. SCEE believes that these financing arrangements will provide sufficient liquidity to meet its expected cash requirements during the period covered by the Directors' Forecasts.

SCEE's ability to generate sufficient cash depends upon its future performance, which is subject to business, economic and competitive factors beyond the control of SCEE, the Directors and Management. In addition, future capital expenditure and other cash requirements could be higher than currently expected. If SCEE's anticipated sources of cash are lower than expected, or its future capital expenditure or other cash requirements are higher than expected, SCEE may be required to seek additional external funding.

Financing Arrangements

SCEE expects that its financing arrangements will provide it with sufficient funding capacity to achieve the Directors' Forecasts and pursue opportunities as they arise. Immediately following the Offer, the aggregate amount of borrowings will be outstanding hire purchase liabilities of \$1.5 million.

Proforma cash assets including net cash raised from the Offer is \$16.4 million.

Working Capital

SCEE's working capital is primarily comprised of receivables and payables.

Receivables balances consist primarily of amounts due from customers for work performed under contracts. Payables balances consist primarily of amounts due for supplies of materials.

SCEE's working capital levels are appropriate for the current business and the Directors consider that SCEE has enough working capital to carry out its objectives stated in this Prospectus. Strong growth across the business is expected to result in increased working capital requirements in the forecast period. The financing arrangements described in this section, will provide adequate funding for SCEE's working capital requirements during the period of the Directors' Forecasts.

Capital expenditure

The underlying operations of SCEE have not required significant levels of fixed asset investment. Capital expenditure primarily relates to the acquisition of Plant and Equipment and Motor Vehicles.

5.6 MARKET RISK SENSITIVE INSTRUMENTS

SCEE does not currently have a material exposure to interest rate risk because its interest bearing liabilities are minimal.

SCEE does not currently have substantial operations outside Australia, and accordingly there is limited foreign exchange risk associated with the business. Offshore revenue accounts for 4.6% of forecast EBITDA for FY2008.

SCEE only deals with creditworthy counterparties and has historically experienced little credit risk associated with receivables.

5.7 MANAGEMENT DISCUSSION AND ANALYSIS OF FORECAST RESULTS

All forecast information in this Prospectus should be read in conjunction with the basis of preparation and presentation of Directors' Forecasts and the Directors' best estimate assumptions set out below.

The Directors' Forecasts comprise the Statutory and Proforma Forecast Consolidated Income Statements for FY2008 which have been compiled from management forecasts.

The difference between the Statutory and Proforma Forecast Consolidated Income Statements for FY2008, relates only to the allocation of approximately \$3.4 million of the Listing costs to profit and loss rather than equity and the associated tax treatment, as detailed in Section 5.9.

A report on the Directors' Forecasts by the Investigating Accountant is included in Section 6.

Basis of preparation and presentation of Directors' Forecasts

The Directors' Forecasts have been prepared by the Directors with due care and attention, on the basis of the Directors' general and specific best estimate assumptions included below. The Directors consider these best estimate assumptions to be reasonable.

The Directors' Forecasts should be read in conjunction with the Directors' general best estimate assumptions set out below, the Directors' specific best estimate assumptions set out below, the sensitivity analysis set out in Section 5.8, the discussion of the risk factors set out in Section 7 and other information set out in this Prospectus. The information regarding Directors' best estimate assumptions is intended to assist potential investors in assessing the reasonableness and likelihood of the Directors' Forecasts being achieved and is not intended to be a representation that those events that have been assumed will occur. Potential investors should be aware of the risks of placing undue reliance on the information in this section.

The Directors' best estimate assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of SCEE and the Directors and are not certain. The industry in which the Company operates is subject to many external influences which can materially impact SCEE's financial performance.

Although the Directors' Forecasts are based on the amount of work involved in existing projects and identified future projects which the Directors expect will be performed over the period of the Directors' Forecasts, they are subject to uncertainties and contingencies beyond SCEE's control. The timing and value of work may differ from that assumed in the Directors' Forecasts and this may have a material positive or negative effect on SCEE's actual financial performance.

Events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the Directors' Forecasts. These differences may be material. As shown in the sensitivity analysis in Section 5.8, relatively small changes in key variables can have a significant impact on earnings. Accordingly, none of the Directors, the Company, the Vendor Shareholder or any other person, guarantees or provides any assurance as to the accuracy or achievement of the Directors' Forecasts or the Directors' best estimate assumptions upon which they are based. The Directors' Forecasts should not be regarded as a representation or warranty that the Company will achieve or is likely to achieve any particular result. Investors should note that past results do not guarantee future performance.

The Directors' Forecasts have been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, and the significant accounting policies of SCEE, which are set out in Section 5.11. The Directors' Forecasts are presented in an abbreviated form insofar as they do not include all of the notes and disclosures required by Australian Accounting Standards applicable to annual financial reports and notes prepared in accordance with the Corporations Act.

Directors' best estimate assumptions

The key assumptions used to prepare the forecast financial information are set out below.

General best estimate assumptions

The Directors' Forecasts assume:

- The Offer is fully subscribed and the amounts due to the Company have been paid. There are no further issues of Shares by the Company;
- All figures are in Australian dollars (A\$) unless specified;
- No significant change in the industrial, political or economic conditions prevailing in Australia;
- No material acquisitions or disposals or restructuring of the business during the forecast period;
- Retention of key personnel;
- No changes in accounting standards or other mandatory professional reporting requirements or the Corporations Act which will have a material impact on SCEE's financial performance, cash flows or financial position;
- SCEE's significant accounting policies remain consistent with those disclosed in Section 5.11;
- No material beneficial or adverse effects arising from the actions of competitors;
- No change in the Company's capital structure other than as set out in, or contemplated by this Prospectus;
- No material amendment to any material agreement or arrangement relating to the Company's business; and
- No material adverse change in the status of contractual negotiations with current and potential new clients.

Specific best estimate assumptions

The following specific best estimate assumptions have been used to derive the Directors' Forecast for FY2008.

Revenue assumptions

Revenues have been forecast on a contract by contract basis split into existing projects and new projects as follows:

Categories of projects	% of Forecast Revenue
Current projects that are either under contract or notice of award	50%
Future projects subject to submitted tenders or tenders under preparation	43%
Other potential projects	7%

Revenue from contracted or awarded projects which are currently being undertaken also includes management's best estimate assumptions in relation to expected extensions or variations of such projects. No assumptions regarding contract variations have been included in relation to contracts not currently being undertaken.

New projects only include projects that have been included in the forecast period on the basis that management believes there is a high degree of certainty that the projects will be awarded to SCEE and around the key aspects of the projects including operational conditions, equipment and personnel required, timing and pricing. The decision to include such projects has been made taking into consideration management's views of the following key factors:

- Existing relationships with the potential client and any EPCM provider;
- Actual discussions and feedback from the potential client in relation to the potential contract; and
- Expected competitive environment in relation to the specific potential contract.

While there is not guarantee that all potential future contracts will be awarded to SCEE, in including the forecast contracts management has also had regard to the following more generic factors:

- SCEE's long track record of successfully winning contracts;
- Other projects not included in the Forecast that SCEE management believes the Company would have a strong chance of winning if it did choose to tender for such projects;
- SCEE's competitive position relative to other industry participants; and
- The general strength of the market for SCEE's services.

Revenue for FY2008 is forecast to increase by \$15.7 million to \$96.8 million.

EBITDA Margin assumptions

SCEE has based its forecast margins on historical and budgeted margins for existing projects and on its understanding of the key aspects of new projects such as operating conditions, materials, equipment and labour required, timing and tender pricing.

Overhead expenses including ongoing costs associated with an ASX listed structure, such as additional directors fees, ASX fees and increased legal and accounting compliance costs, have been forecast based upon the Directors' best estimates of these costs.

Depreciation

Depreciation has been assumed based upon historical rates, taking account of forecast capital expenditure, in accordance with the accounting policy set out in Section 5.11.

Tax

The corporate tax rate is assumed at 30%.

Dividends

The proposed dividend policy is set out in Section 1.12.

Capital expenditure assumptions

Capital expenditure comprises cash or hire purchase funded plant and equipment.

Working capital assumptions

Growth in the level of contracting work undertaken by SCEE is expected to lead to an increase in the level of net working capital required during the Forecast Period. Forecasts for debtors and creditors are based upon historical averages.

Offer and offer related assumptions

The Offer will be fully subscribed and the net proceeds from the Offer due to SCEE will be received in December 2007.

The forecast application of the funds raised under the Offer is set out in Section 1.4.



5.8 SENSITIVITY ANALYSIS

The forecasts for FY2008 are sensitive to variations in certain assumptions used in its preparation. The table below summarises the sensitivity of the forecast EBITDA and NPAT to variations in a number of key assumptions. The analysis assumes no management corrective action and that all other assumptions are held constant. The sensitivities have been determined by reference to the potential impact of each sensitivity on operating results.

Care should be taken in interpreting these sensitivities. These sensitivities treat each movement in the variables in isolation whereas, in reality, the movements could be interdependent. The effects of movements may offset each other or may be additive. The effects on EBITDA and NPAT presented for each sensitivity are not intended to be indicative or predictive of the likely range of outcomes that may occur with respect to each sensitivity.

EXHIBIT 3 Sensitivity Analysis

	FY2008 Proforma Forecast
	\$M
Revenue	96.8
EBITDA	18.5
NPAT	12.2

Sensitivity	Notes	Proforma EBITDA Impact		Proforma NPAT Impact	
		\$M	%	\$M	%
Contract Revenue +/- 10%	1	2.8	14.8	1.9	15.8
Gross Profit Margin +/- 2%	2	1.9	10.4	1.9	15.9
Fixed Overhead Costs +/- 10%	3	0.7	4.0	0.5	4.2

Notes:

1. Contract Revenue – this sensitivity is calculated based on average revenue gained or foregone across the business. The estimated impact is the tax affected sales revenue plus or minus the costs associated with those revenues. No changes to fixed overheads or capacity constraints have been assumed.
2. Gross Profit Margin – this sensitivity is calculated by varying the gross profit margin achieved across forecast total sales revenue for the forecast period by +/-2% (in absolute terms).
3. Fixed overhead costs – this sensitivity is calculated by varying the aggregate fixed overhead costs (excluding interest and depreciation) by +/-10%.



5.9 RECONCILIATION BETWEEN STATUTORY AND PROFORMA INCOME STATEMENTS

Under A-IFRS, the costs related to the listing of existing shares are accounted for as an expense in profit and loss and not as an equity transaction. The costs related to the issue of new shares should be deducted from equity when such costs are directly attributable to the issue of new shares. Given the costs allocated to the profit and loss are one off costs, the Directors believe it is appropriate to present Proforma Forecasts which remove the impact of these non-recurring costs from the Forecast.

Of the total costs of the Offer, the Directors have determined the following allocation:

	\$M
Costs related to issue of existing shares and allocated to profit and loss	3.4
Costs related to issue of new shares and allocated to share capital	1.2
Total Costs of the Offer	4.6

The reconciliation between Statutory and Proforma Consolidated Income Statements for FY2008 is summarised in the following table:

	Proforma Forecast	Adjustment	Statutory Forecast
	\$M	\$M	\$M
EBITDA	18.5	(3.4)	15.1
Depreciation and Amortisation	1.0	0.1	1.1
EBIT	17.5		14.0
Net Interest Expense	0.1		0.1
Profit before Tax	17.4		13.9
Taxation	5.2	(1.0)	4.2
NPAT	12.2		9.7

5.10 HISTORICAL AND PROFORMA CONSOLIDATED BALANCE SHEETS

EXHIBIT 4 Historical and Proforma Consolidated Balance Sheet as at 30 June 2007

	Notes	Audited	IPO	Proforma
		30 June 07	Adjustments	30 June 07
		\$M	\$M	\$M
Current assets				
Cash on hand	1	9.2	7.2	16.4
Receivables		11.7		11.7
Total current assets		20.9		28.1
Non-current assets				
Property, Plant and equipment		5.7		5.7
Deferred Tax Asset	2	0.5	0.4	0.9
Total non-current assets		6.2		6.6
Total assets		27.1		34.7
Current liabilities				
Payables		8.3		8.3
Interest bearing liabilities		0.8		0.8
Income Tax Payable	3	2.7	(2.7)	-
Provisions		1.8		1.8
Total current liabilities		13.6		10.9
Non-current liabilities				
Payables		0.4		0.4
Interest bearing liabilities		0.7		0.7
Total non-current liabilities		1.1		1.1
Total liabilities		14.7		12.0
Net assets		12.4	10.3	22.7
Equity				
Contributed equity	4	0.8	18.8	19.6
Reserves	5	0.1	0.2	0.3
Retained profits	6	11.3	(8.5)	2.8
Parent interest		12.2	10.5	22.7
Minority interest	7	0.2	(0.2)	-
Total equity		12.4	10.3	22.7

The Historical Consolidated Balance Sheet as at 30 June 2007 has been extracted from the audited financial statements of SCEE at that date. The Proforma Historical Consolidated Balance Sheet has been derived from the Historical Consolidated Balance Sheet of SCEE as at 30 June 2007.

Notes:

1. Subsequent to 30 June 2007, but prior to Listing, it is proposed that dividends will be paid to the Vendor Shareholder and that Proforma cash will be as set out below:

Proforma Cash Assets

	2007 Proforma \$M
Cash assets at 30 June 2007	9.2
Proceeds from capital raising pursuant to this Prospectus	20.0
Company tax paid pre Listing	(2.7)
Costs of issue	(4.6)
Dividends paid or declared pre Listing	(5.5)
Proforma Cash Assets	16.4

2. Deferred tax asset arising from the allocation of Costs of the Offer to equity.
3. Company tax payable at 30 June 2007 will be paid prior to listing.
4. The issue of 20,000,000 shares at \$1.00 per share raises \$20,000,000 million in cash. Costs of the Offer relating only to the issue of new shares are estimated to be \$1.2 million and have been offset to contributed equity.
5. The anticipated issue of 2.5 million options (combined) to executive management team members at a fair value of \$193,000 for nil consideration being an increase in the option reserve and decrease in retained earnings.
6. Retained profit is adjusted for estimated dividends of \$5.5 million to be paid to the Vendor Shareholder, Costs of the Offer relating to the listing of existing shares, increased deferred tax asset, executive options expense and incorporating the minority interest share of retained profit in Cruz Del Sur Ingenieria Electrica (Peru) S.A. that would have been received by SCEE as if the entity was 100% owned by SCEE.
7. Minority interest reflects the 2% interest in Cruz Del Sur Ingenieria Electrica (Peru) S.A. which as at 30 June 2007 was owned by interests controlled by Frank Tomasi outside SCEE. Proforma adjustment incorporates this interest into SCEE as if the entity was 100% owned by SCEE.

5.11 SIGNIFICANT ACCOUNTING POLICIES

The historical and forecast financial information has been prepared in accordance with the measurement and recognition criteria of A-IFRS. A summary of the significant policies that apply estimates, judgements and assumptions which could materially impact the historical and forecast financial information are set out below.

Revenue Recognition

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably measured. Where it is probable that a loss will arise from a contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to the amount of costs incurred to date as a percentage of estimated total costs for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset category	Estimated useful life
Buildings	40 years
Plant and equipment	5 to 15 years
Motor Vehicles	2 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

SECTION 6 **INVESTIGATING** **ACCOUNTANT'S** **REPORT**



30th October 2007

The Directors
Southern Cross Electrical Engineering Limited
41 Macedonia Street
NAVAL BASE WA 6165

Dear Sirs,

Investigating Accountant's Report on Historical and Forecast Financial Information

We have prepared this report on historical and forecast financial information of Southern Cross Electrical Engineering Limited (SCEE or the Company) for inclusion in a Prospectus dated on or about 30 October 2007 (the Prospectus) relating to the offer of ordinary shares in the Company at a price of \$1.00 each (the Offer of New Shares).

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Financial Services Reform Act 2001.
Grant Thornton (WA) Financial Services Pty Ltd is wholly owned by Grant Thornton (WA) Partnership and holds the appropriate Australian Financial Services licence.

Scope

You have requested us to prepare an Investigating Accountant's Report covering the following financial information for SCEE that will exist subsequent to the successful ASX listing of the Company.

Historical Financial Information

- the pro forma consolidated balance sheet as at 30 June 2007 (the Pro Forma Consolidated Balance Sheet) which assumes the completion of certain transactions and the proposed offer as disclosed in Section 5.10 of the Prospectus;

Forecast Financial Information

- the forecast statutory and pro forma income statement of the consolidated entity for the full year ending 30 June 2008; and
- the forecast summary pro forma cash flow statement of the consolidated entity for the full year ending 30 June 2008.

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Financial Services Pty Ltd
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This report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report or the Financial Information to which it relates for any purposes other than for which it was prepared.

Grant Thornton (WA) Financial Services Pty Ltd is an independent business entitled to trade under the international name Grant Thornton.
Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Scope of Review of Historical Consolidated Financial Information

The Historical Consolidated Financial Information set out in Section 5.10 of the Prospectus has been extracted from:

- the audited consolidated financial statements of the Company for the year ended 30 June 2007, which were audited by Grant Thornton (WA) Partnership, which issued an unqualified audit opinion.
- The Historical Consolidated Financial Information incorporates such adjustments as the Directors considered necessary to reflect the operations of SCEE going forward. The Directors are responsible for the preparation of the Historical Consolidated Financial Information.

We have conducted our review of the Historical Consolidated Financial Information in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- analytical review of the consolidated income statement of the company for the relevant historical period;
- a review of work papers, accounting records and other documents;
- a review of the Pro Forma Transactions used to complete the Pro Forma Balance Sheet;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company (the significant accounting policies are disclosed in Section 5.11 of the Prospectus); and
- enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement on Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Consolidated Balance Sheet of SCEE as at 30 June 2007 has not been properly prepared on the basis of the Pro Forma Transactions as described in Section 5.10;
- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet.

In accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in Section 5.11 of the Prospectus.

Scope of Review of Forecast Consolidated Financial Information

The Directors of the Company are responsible for the preparation and presentation of the Forecast Consolidated Financial Information, including the best estimate assumptions, on which they are based. The Forecast Financial Information has been prepared for inclusion in the Prospectus.

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Forecast Financial Information. These procedures included discussions with the Directors and management of SCEE and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

- the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Consolidated Financial Information; and
- whether, in all material respects, the Forecast Financial Information is properly prepared on the basis of the assumptions and presented fairly in accordance with:
 - the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia; and
 - the accounting policies of SCEE.

so as to present a view of SCEE, which is consistent with our understanding of SCEE’s past, current and future operations.

The Forecast Consolidated Financial Information has been prepared by the Directors to provide investors with a guide to SCEE’s potential future financial performance based on the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecast Financial Information. Actual results may vary materially from the Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 7 of the Prospectus.

Our review of the Forecast Statutory and Pro Forma Consolidated Financial Information, which is based on best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast Financial Information included in the Prospectus.

Review Statement on the Forecast Financial Information

Based on our review of the Forecast Statutory and Pro Forma Consolidated Income Statements set out in Section 5.2 and the Forecast Pro Forma Summary Consolidated Cash Flows set out in Section 5.3 of the Prospectus, which is not an audit, and based on an investigation of the reasonableness of the Directors and senior management’s best estimate assumptions giving rise to the Forecast Financial Information, nothing has come to our attention which causes us to believe that:

- the best estimate assumptions set out in Section 5.7 of the Prospectus do not provide a reasonable basis for the preparation of the Forecast Consolidated Financial Information.

- the Forecast Consolidated Financial Information is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of SCEE; or
- the Forecast Consolidated Financial Information is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Company. If events do not occur as assumed, actual results achieved by the Company may vary significantly from the Forecast Consolidated Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Consolidated Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Subsequent Events

Apart from the matters dealt with within this Report, and having regard to the scope of this report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in this report or that would cause such information to be misleading or deceptive.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to this report. The Financial Services guide is designed to assist retail clients in their use of any general financial product advice in our report.

Independence or Disclosure of Interest

Neither Grant Thornton (WA) Partnership nor Grant Thornton (WA) Financial Services Pty Ltd has any interest in the outcome of the Initial Public Offering other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully



MJ HILLGROVE

Director

Grant Thornton (WA) Financial Services Pty Ltd

APPENDIX A

FINANCIAL SERVICES GUIDE

Grant Thornton (WA) Financial Services Pty Ltd

Grant Thornton (WA) Financial Services Pty Ltd (ABN 92 064 260 260) (Grant Thornton) is a specialist valuation firm which provides valuation advice, valuation reports and Independent Expert's Reports in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes. It also prepares Investigating Accountant's Reports. Grant Thornton holds Australian Financial Services Licence No 259864.

Financial Services Guide

The Corporations Act 2001 authorises Grant Thornton to provide this Financial Services Guide (FSG) in connection with its provision of the Independent Accountants Report (Report) to be sent to Southern Cross Electrical Engineering Limited ("SCEE") in relation to the issue of shares from a public offer on or around 29 October 2007.

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide financial product advice for the following classes of financial products:

- securities; and
- superannuation
- to retail and wholesale clients.

General financial product advice

The Report contains only general product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your own situation. You may wish to obtain personal financial product advice from the holder of an Australia Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

Grant Thornton charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages Grant Thornton to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us.

Neither Grant Thornton nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above. Grant Thornton (WA) Partnership have been engaged as auditors of SCEE, and will receive a fee for these services.

APPENDIX A (Cont'd)

All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service (FICS), an external complaints resolution service. You will not be charged for using the FICS service.

Contact details

Grant Thornton can be contacted by sending a letter to the following address:

Level 1
10 Kings Park Road
West Perth WA 6005

QUALIFICATIONS, DECLARATIONS AND CONSENTS

Qualifications

Grant Thornton is a licensed investment adviser under the Corporations Act. Grant Thornton's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared numerous valuations and Independent Expert's Reports and Independent Accountants Reports.

This report was prepared by Mr Michael Hillgrove who is a director of Grant Thornton. Mr Hillgrove has significant experience in the provision of valuation advice and preparation of reports as described above.

Declarations

This Report has been prepared at the request of SCEE and is to be used in its Prospectus dated on 30 October 2007. It is not intended that this Report should serve any purpose other than as an expression of our opinion in relation to the matters it refers.

APPENDIX A (Cont'd)

Interests

At the date of this report, neither Grant Thornton nor Mr Hillgrove have any interest in the outcome of the Prospectus. Grant Thornton is entitled to receive a fee for the preparation of this report based on time expended at our standard hourly professional rates. With the exception of the above fee, Grant Thornton will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

Grant Thornton (WA) Partnership have consented to be auditors of the Group.

Indemnification

As a condition of Grant Thornton's agreement to prepare this report, SCEE agrees to indemnify Grant Thornton in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of SCEE which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

Grant Thornton does not consent to the inclusion of this report in the form and context in any publication without its express authority.

SECTION 7

INVESTMENT RISKS



There are various risks, both specific to SCEE and general investment risks, which may materially and adversely affect the financial performance and/or financial position of the Company and the value of Shares. Prospective investors should note that this list of risks is not exhaustive, as it is not possible to identify all risks.

The risks identified in this section have been separated into key risks (described in Section 7.1) and general risks associated with investing in Shares (described under Section 7.2). Identification of each risk was based on an assessment by the Directors of the probability of the risk occurring and the impact of the risk if it did occur. The assessment was based on the knowledge of the Directors as at the date of this Prospectus and there is no guarantee or assurance that the relative importance of the various risks will not change.

Prior to making an investment decision, prospective investors should read this Prospectus carefully and in full and consider the risks identified in this Section. Investors should have regard to their own investment objectives and financial circumstances and should consider seeking professional guidance from their accountant, stockbroker or other professional adviser before deciding whether to apply for Shares in the Offer.

A reference to financial performance in this Section includes a reference to the Company being able to achieve the Directors' Forecasts set out in Section 5 as well as its financial performance overall. The financial performance of the Company is likely to affect the value and price of Shares.

7.1 KEY RISKS ASSOCIATED WITH SCEE

The key risk factors associated with SCEE that may affect the financial performance and/or financial position of the Company are described below. Prospective investors should note that this list of risks is not exhaustive.

(1) Reliance on key clients

SCEE derives a large proportion of its revenue from contracts with large resources companies such as BHP Billiton and Rio Tinto. In the event any of these clients reduces their operations, terminates the relationship, defaults on a contract or fails to enter into new contracts with SCEE, this may have an adverse impact on the financial performance and/or financial position of the Company.

(2) Downturn in demand for electrical contracting services

The future growth of SCEE is dependent on the continuation of demand for electrical contracting services. Demand could be adversely impacted by a reduction in development activity in the Company's key sectors. A reduction in the reliance on third parties may also arise where the customer decides to perform the services in-house using existing resources. A decrease in demand or decline in the trend towards outsourcing may negatively impact the growth prospects of SCEE and the financial performance and/or position of the Company.

(3) Skilled-labour constraints

SCEE relies on its ability to attract, retain, motivate and train highly skilled and qualified employees. Therefore, if SCEE fails to retain existing employees and recruit and retain additional personnel at appropriate labour costs, this may have an adverse effect on the Company's ability to achieve the Directors' Forecasts. In addition, the shortage of skilled personnel has increased labour costs as a result of the increased demand and competition for skilled labour. Historically, SCEE has been able to pass on increases in labour costs to its clients through contract pricing. However, should SCEE retain personnel at higher labour costs which cannot be passed onto its clients, this may also adversely affect the financial performance and/or financial position of the Company.

(4) Early termination of key contracts by clients

The Directors' Forecasts are partly based on its projects with clients being performed to completion. The contractual relationship relating to these projects allows SCEE's clients to terminate the project on short notice under termination for convenience provisions. The early termination of a project or projects by SCEE's clients may have an adverse impact on SCEE's financial performance and/or financial position. The quantum of this adverse impact will vary based on a number of factors, including the value of the project terminated.

(5) Duration and timing of contracts

SCEE has a number of short duration contracts. A downturn in the resources and large-scale infrastructure sectors could result in a loss of expected revenues once these contracts expire, with an adverse impact on the Company's financial performance and/or financial position.

In addition, there is no guarantee on the timing of the contracts in the forecast revenue. SCEE is exposed to the risk that potential or existing contracts identified are not realised in the expected forecast period due to delays in contractual negotiations, delays from a client postponing an expected project or delays in getting access to the site due to other project issues. Such a delay in the timing of forecast revenue could have an adverse impact on the financial performance and/or financial position of the Company.

(6) Ability to maintain site margins

SCEE faces increasing operating costs for labour and equipment that will reduce margins if these costs cannot be passed onto customers. In addition, Directors' Forecasts are based on it performing its contracts to specification and no damages claims (including liquidated damages claims) arising from its clients. A damages claim (including a liquidated damages claim) could result in a loss on a contract and may have an adverse impact on the Company's financial performance and/or financial position.

(7) Contractual disputes and litigation

SCEE is not currently involved in any contractual disputes or litigation matters with its customers. However, there is a risk that SCEE may in the future have disputes with its customers in respect of major contracts and that this may have an adverse impact on the Company's financial performance and/or financial position.

(8) Failure to win new projects

SCEE's performance is influenced by its ability to win new projects and complete these projects in a timely manner. The failure of SCEE to win new projects will adversely impact its financial performance.

(9) Increased competition from new and existing competitors

The industries in which SCEE operates are characterised by both larger companies with significant financial and technical capabilities and a number of smaller, independent operators. SCEE may not always be able to match its competitors in service levels and prices. As a result, increased competition from new or existing competitors may have an adverse impact on SCEE's ability to secure new projects and sales, which may have an adverse impact on the financial performance and/or financial position of the Company.

(10) Political or economic uncertainty in countries where SCEE operates

While SCEE predominantly operates in Australia, it is also currently undertaking contracts in Peru and has employees based in the USA. There is a risk that actions of a government, or financial or other crises, in any of these countries may adversely affect SCEE's operations in those countries which may have an adverse impact on the financial performance and/or financial position of the Company.

(11) Disruption of business operations

SCEE and its customers are exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, accidents, information system failures, external services failure, industrial action or disputes and natural disasters. While SCEE endeavours to take appropriate action to mitigate these operational risks and insure against them, SCEE cannot control the risks its clients are exposed to, nor can it completely remove all possible risks relating to its own business. A disruption in the operations of SCEE or its customers may have an adverse impact on the financial performance and/or financial position of the Company.

(12) Industrial accidents

The services provided by SCEE involve risk both to property and persons. A serious accident may occur, causing damage, injury or death which may have operational and financial implications for SCEE. There can be no guarantee that SCEE will not suffer some kind of industrial accident in the future.

(13) Liability and litigation risk

The provision of products and services by SCEE carries with it a risk of liability for losses arising from the provision of defective products or services, environmental damage, personal injury or property damage and indirect or consequential losses suffered by third parties. There is a risk that litigation may be commenced against SCEE to recover such losses. SCEE's insurance and contractual arrangements may not adequately protect it against such liabilities and any loss falling outside the scope of insurance, and the costs and potential damage to reputation arising from any litigation against SCEE, may adversely affect the Company's financial performance and/or financial position.

(14) Acquisition integration

SCEE may in the future pursue strategic acquisitions in the course of its business. To finance such acquisitions, SCEE may procure additional debt and/or seek to raise equity capital. Growth through acquisition entails numerous operational and financial risks. These risks include, but are not limited to, poor integration of the acquired businesses, entry into market segments with more risk than existing operations and loss of managerial focus on existing businesses. These risks may have an adverse impact on the Company's financial performance and/or financial position.

7.2 GENERAL RISKS ASSOCIATED WITH INVESTING IN SHARES

There are risks associated with any stock market investment. Some of these risks are listed below.

(1) Stock market fluctuations

Stock market fluctuations in Australia and other stock markets around the world may negatively impact the price at which Shares trade on ASX. Factors that may influence the investment climate in stocks (which may not relate to actual performance of SCEE) include general economic outlook, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

(2) Liquidity and realisation risks

There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase. There may be relatively few buyers or relatively high numbers of sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(3) General economic conditions

Australian and world economic conditions may negatively affect SCEE's financial performance. Any protracted slow down in economic conditions or factors such as the level of production in any relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have a negative impact on costs and revenue. These changes could adversely affect SCEE's operations and earnings. A prolonged deterioration in general economic conditions, including increased interest rates or reduced consumer and business demand, could be expected to have a material adverse impact on the Company's financial performance.

SECTION 8

MATERIAL CONTRACTS





8.1 SUMMARY OF MATERIAL CONTRACTS

Various contracts entered into by SCEE may be material to the Offer or the operation of the business of SCEE.

The Directors consider the material contracts summarised below are significant or material to the Company (**Material Contracts**).

The main provisions of the Material Contracts are summarised below. Each Material Contract appears in summary form only. Some items may be defined in the Material Contracts but not defined in this Prospectus.

8.2 UNDERWRITING AGREEMENT

The Offer is fully underwritten at the Offer Price by the Underwriter pursuant to an underwriting agreement dated 30 October 2007 between SCEE and the Underwriter. The Underwriter may at any time at its own cost appoint sub-underwriters and/or Brokers to the Offer.

Under the agreement, subject to completion of the Offer, SCEE has agreed to pay to the Underwriter an underwriting fee equal to 4.0% of the total proceeds of the Offer (including the proceeds received by Frank Tomasi Nominees as Vendor Shareholder) and a management fee equal to 0.5% of the total proceeds of the Offer (including the proceeds received by Frank Tomasi Nominees as Vendor Shareholder). In addition to these fees, SCEE has also agreed to pay the Underwriter a monthly retainer of \$40,000 for up to 6 months from Listing subject to any amount in excess of \$80,000 being fully rebateable against the underwriting fee and to pay the Underwriter for certain agreed costs and expenses it incurs in relation to the Offer or incidental to the Offer.

The agreement contains certain warranties by SCEE relating to matters such as the conduct of SCEE and the information provided by SCEE in relation to the Prospectus and the Offer.

The agreement also imposes various obligations on SCEE, including that SCEE will lodge the Prospectus with ASIC, comply with all applicable laws in respect of the Prospectus and the Offer and apply for admission to the Official List of the ASX and quotation of the Shares on ASX on or prior to the Opening Date.

Subject to certain exclusions, including liabilities arising from wilful default, fraud or gross negligence, SCEE has agreed to indemnify the Underwriter and its directors, officers, employees and agents against all prosecutions, losses, liabilities, damages, costs and expenses arising from SCEE's non-compliance with any legal or regulatory requirements, any form of advertising or statement concerning the Offer, any statement, misstatement or omission from the Prospectus, or from SCEE's breach of the agreement.

The Underwriter may terminate its obligations under the agreement immediately by written notice to SCEE in the following circumstances:

- (1) the S&P/ASX 200 index falls by an amount that is 10% or more of the level as at the close of trading on 30 October 2007 and is at that level or below as at the close of trading for 3 consecutive trading days;
- (2) SCEE fails to lodge the Prospectus with ASIC on the Lodgement Date or the Prospectus or Offer is withdrawn by SCEE;
- (3) SCEE fails to provide the specified number of copies of the Prospectus to the Underwriter and fails to remedy this breach within 3 business days;
- (4) approval is refused or not granted, other than subject to customary conditions, to SCEE's admission to the Official List of ASX or the official quotation of all the Shares offered under the Offer before 21 November 2007, or if granted, is withdrawn, withheld or qualified (other than by customary conditions);
- (5) SCEE issues a supplementary prospectus in relation to the Offer in a form that has not been approved by the Underwriter, or the supplementary prospectus is lodged without the Underwriter's prior consent;
- (6) any new circumstance in relation to SCEE's assets and liabilities, financial position and performance, profits and losses and prospects and/or the rights and liabilities attaching to the Shares that is reasonably adverse from the point of view of investors arises after the date of lodgment of the Prospectus that would have been required to have been included in the Prospectus if it had arisen before the Prospectus was lodged;
- (7) there is a statement contained in the Prospectus which is or becomes misleading or deceptive in a materially adverse respect, or there is a material omission from the Prospectus having regard to the provisions of sections 710, 711 and 716 of the Corporations Act);
- (8) SCEE and/or Frank Tomasi Nominees is restricted from issuing or transferring as the case requires the Shares within the time contemplated by the agreement, the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- (9) any person other than the Underwriter who has previously consented to being named in the Prospectus withdraws that consent;
- (10) there is an outbreak of hostilities not presently existing or a material escalation of existing hostilities (in each case, whether war has been declared or not) involving any one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union, other than hostilities involving Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter reasonably believes that the outbreak or escalation is likely to result in the S&P Index falling by the percentage as contemplated by clause (1) above;
- (11) any material authorisation referred to in the Prospectus is repealed, revoked, terminated, expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (12) a Director or senior manager of SCEE or any of its subsidiaries is charged with an indictable offence;
- (13) any of the following occurs:
 - (a) ASIC issues an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
 - (b) ASIC issues an order under section 1324B of the Corporations Act in relation to the Prospectus; or
 - (c) the Takeovers Panel issues a declaration that circumstances in relation to SCEE's affairs are unacceptable circumstances under part 6.10 of the Corporations Act.

- (14) SCEE defaults under or commits a breach of the agreement;
- (15) a representation, warranty or undertaking made by SCEE in the agreement is not true or correct;
- (16) SCEE or any of SCEE's subsidiaries contravene any provision of their constitution, the Corporations Act, the ASX Listing Rules or any other applicable law or regulation (including any policy or requirement of ASIC or the ASX);
- (17) an event occurs after the date of the agreement which causes an adverse change in the financial position or performance of SCEE or any subsidiary of SCEE, including if any forecast in the Prospectus is no longer able to be met or, in the Underwriter's reasonable opinion, unlikely to be met in the contemplated time;
- (18) the due diligence results of the due diligence committee constituted by SCEE in respect of the Offer or any information supplied by or on behalf of SCEE in connection with the verification process is misleading or deceptive or contains a material omission;
- (19) a new circumstance as referred to in section 719(1) of the Corporations Act arises that is materially adverse from an investor's point of view;
- (20) SCEE makes a public statement in relation to the Offer or the Prospectus without the Underwriter's prior consent;
- (21) SCEE provides information to the Underwriter in respect of the Offer or any of SCEE's subsidiaries' affairs that is misleading or deceptive or likely to mislead or deceive;
- (22) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, or any State of Australia, a new law or the Reserve Bank of Australia, or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or adversely affect the Offer;
- (23) any of the following occurs:
 - (a) SCEE suspends payments of its debts generally or a judgment in an amount exceeding \$500,000 is obtained against SCEE and is not satisfied or set aside within 7 days;
 - (b) a change in the Board or management of SCEE;
 - (c) a material change in the major or controlling shareholdings of SCEE or any of its subsidiaries occurs;
 - (d) any of SCEE's subsidiaries alters its capital structure in any manner not disclosed in the Prospectus;
 - (e) there is a suspension or material limitation in trading in securities generally on ASX, or there is a material adverse change or disruption in the existing financial markets, political or economic conditions of Australia, the United Kingdom or the United States of America;
 - (f) a delay to the Offer timetable of more than 5 business days occurs;
 - (g) SCEE or any of its subsidiaries becomes insolvent;
 - (h) litigation or other proceedings are commenced against SCEE or any of its subsidiaries after the date of the agreement otherwise than those disclosed in the Prospectus;
 - (i) SCEE or any of its subsidiaries passes or attempts to pass a resolution under section 245N, 257A or 260B of the Corporations Act or a resolution to amend its constitution without the Underwriter's prior written consent; or
 - (j) any of SCEE's material contracts is terminated or substantially modified.

However, except in respect of the events listed in sub-paragraphs (1) to (13), the Underwriter will not be entitled to terminate its underwriting obligations unless the event has, or is likely to have, a material adverse effect on the success of the Offer, or there is a reasonable possibility it could create a liability for the Underwriter under the Corporations Act.

8.3 FINANCING FACILITIES

SCEE has a finance facility with the Commonwealth Bank of Australia Ltd (**Commonwealth Bank**) which is summarised in the table below:

Facility	Use of proceeds	Limit \$M
SCEE Multi-Option facility including overdraft, contingent liability and charge card facility	Working capital	9.4

SCEE also possesses the majority of its large plant and equipment assets pursuant to hire purchase agreements, which are subject to the terms and conditions of individual hire purchase agreements with either CBFC Limited and National Australia Bank. The aggregate amount of outstanding hire purchase liabilities as at 30 June 2007 was \$1.5 million.

SCEE's obligations under the Commonwealth Bank facility and the hire purchase agreements (**Finance Facilities**) are secured by various securities, including:

- a registered fixed and floating charge over SCEE's assets and undertakings given in favour of relevant lenders; and
- guarantees and indemnities given by SCEE to Commonwealth Bank.

A number of securities have been provided by Frank Tomasi Nominees to the relevant lenders in support of the Finance Facilities. SCEE is currently seeking to have these securities released upon or as soon as practicable after the date of this Prospectus. The Company will pay any costs associated with the release of these securities (including providing additional security to the lenders if required).

SCEE must pay the Commonwealth Bank under the Finance Facility interest at predominantly variable rates specific to each Finance Facility and any principal component of overdraft on demand. Other fees and charges are payable in certain circumstances including for breach of any obligations or undertakings in the Finance Facilities.

The Finance Facility contains a number of representations, warranties and undertakings from SCEE in favour of the Commonwealth Bank which are usual for financing facilities of this type.

In respect of a default under SCEE's hire purchase agreements, the lender may take steps to recover assets that relate to the hire purchase agreements.

The terms of the Commonwealth Bank facility allow the Commonwealth Bank to review the facility and its terms on any reduction of Frank Tomasi Nominees' shareholding in SCEE.



8.4 KEY EMPLOYMENT CONTRACTS

SCEE has entered into executive service agreements with each of Gianfranco (Frank) Tomasi, Simon Buchhorn and Charles Scolaro. The executive service agreements:

- are not fixed term agreements and continue on an ongoing basis until terminated;
- contain non-compete provisions restraining the executives from operating or being associated with an entity that competes with the business of SCEE in Australia or other jurisdictions in which SCEE operated during the executive's employment for 12 months after termination;
- provide for annual salaries of \$266,664 for Gianfranco (Frank) Tomasi, \$231,192 for Simon Buchhorn and \$145,870 for Charles Scolaro, plus statutory superannuation contributions;
- provide for remuneration to be reviewed by SCEE annually, the first review of which SCEE intends to conduct in June 2008; and
- may be terminated by either the executive or SCEE giving 3 months' notice of termination.

Each of the above executives may, subject to being invited by the Board to do so, participate in the Senior Management Long Term Incentive Plan in the future. Details of this plan are set out in Section 9.4.

8.5 LEASES

SCEE is the lessee of properties in Naval Base, Western Australia, Bridgewater, Tasmania and Westminster, Colorado in the United States of America.

Premises	Lessor or licensor	Use of premises	Term and options to renew
41,43 to 45, 47, 49 and 51 Macedonia Street, Naval Base, Western Australia	Frank Tomasi and Attilia Tomasi	Electrical Contracting Yard	10 years commencing 24 October 2007, expiring on 23 October 2017 with 2 options to renew each for a further period of 5 years
32 Cove Hill Road, Bridgewater, Tasmania	Frank Tomasi	Electrical Contracting Yard	10 years commencing 24 October 2007, expiring on 23 October 2017 with 2 options to renew each for a further period of 5 years
Lake Arbor Industrial Park, 6521 W.91st Westminster, Colorado, USA	Frank Tomasi and Attilia Tomasi	Office	10 years commencing 24 October 2007, expiring on 23 October 2017 with 2 options to renew each for a further period of 5 years

8.6 MATERIAL PROJECTS

A substantial proportion of SCEE's revenues are derived through conducting large projects for its clients. Most of SCEE's projects referred to in Section 2.5 are projects of this type.

These projects are generally documented by way of formal contracts although, in line with common industry practice, SCEE may commence work after either the grant of a letter of award or work authorisations by a customer but prior to the finalisation of a formal contract. Accordingly, some of SCEE's current material projects are awaiting, and subject to, formal documentation.

The majority of SCEE's contracts are for a specified project and for a particular time frame and there is limited scope for renewal of specific contracts, although further work from clients may be obtained. In cases where a contract has been completed and further works remain, clients will usually elect to complete the works on a day works basis, which is pricing based on the provision of particular plant and personnel at specified rates.

SCEE's projects are typically priced either on a costs plus or agreed fixed price basis. Generally, where a price has been agreed for a project, that price is subject to change if the design or works specified by the client changes.

The Directors consider the projects set out in the tables below to be material as at the date of this Prospectus. The determination of materiality has been predominantly based on the contribution that particular projects will make to the Company's achievement of the Directors' Forecasts. The status of the stage and contractual documentation of each of these projects has also been noted in these tables.

Typical terms of contracts

For those projects referred to below which have been formally documented in contracts between SCEE and the client, these contracts generally:

- Provide that the client may terminate the contract by giving SCEE prior notice (**Termination for Convenience**) or if SCEE suffers an insolvency event. If Termination for Convenience occurs, the client must pay SCEE for works completed up to the date of termination and for reasonable demobilisation costs. Either party may terminate the contract if the other commits a breach which is not remedied within a specified period of time.
- Contain a variety of warranties, undertakings, indemnities and insurance obligations that are usual in contracts of their type, including warranties, undertakings, indemnities and insurance obligations given by SCEE to the clients set out below (and in the case of the indemnities, certain affiliates of those persons). These include obligations requiring SCEE to comply with environmental, training and occupational health and safety regulations and policies and to make good loss or damage caused by SCEE.
- Provide that if SCEE fails to complete, either a part or the whole of the works for the relevant projects by the time for completion, SCEE must pay the amount of liquidated damages for delay set out in the contract. This amount typically is based on a fixed amount for each day that the completion of the works is late, subject to a maximum cap.
- Provide for SCEE to guarantee its works against defects under normal working conditions for a period of typically 12 months from the date of delivery or completion of the works. SCEE is obligated to replace or repair any defects at its expense.

The Directors expect that similar provisions will be included in any formal contracts that are entered into in respect of the projects described in this Section that have not been formally documented at the date of this Prospectus.

Table of material projects

Project	Client	Status	Estimated time frame	Description
Dampier Port	Hamersley Iron	Formal documentation in place and works commenced	Completing late 2007	Electrical works to a Car Dumper, Stockyard and Marine works
Asset Development Project – Rapid Growth Project 4	BHP Billiton	Awarded with formal documentation in place	Completing late 2007	Electrical infrastructure works at Newman
Hope Downs	Hamersley HMS	Awarded subject to execution of formal documentation	Completing late 2007	Electrical and instrumentation, installation, testing and commissioning work in connection with the Hope Downs mine
Cerro Corona (Peru)	Gold Fields La Cima S.A.	Awarded subject to formal documentation	Completing mid-2008	Providing electrical and instrumentation installation for Gold Fields process plant in Northern Peru

8.7 VOLUNTARY ESCROW

Frank Tomasi Nominees, which will hold 61,200,000 shares, representing 51% of the issued capital of SCEE after completion of the Offer, has entered into a voluntary escrow deed with the Company under which it has voluntarily agreed to restrictions preventing it from directly or indirectly selling, transferring, granting an option over, or otherwise disposing of its interests in 100% of its Shares during the period up to and including the date that is four weeks after the date on which the Company announces its FY2008 results to ASX (**Escrow Period**), except in the following circumstances:

- (1) a transfer of Shares to a bidder under a takeover bid (as defined in the Corporations Act), which holders of at least 50% of the total Shares in the Company have accepted;
- (2) a transfer of Shares pursuant to the terms of a scheme of arrangement under Part 5.1 of the Corporations Act;
- (3) a transfer of Shares pursuant to an order of an Australian court of competent jurisdiction; or

- (4) a transfer of Shares to a 100% owned subsidiary of the Existing Shareholder, subject to the 100% owned subsidiary entering into a voluntary escrow deed with the Company applying equal escrow restrictions.

Certain key management and other long-standing employees of SCEE who, subject to them accepting the offers made to them pursuant to the Priority Offer made under this Prospectus, will also enter into voluntary escrow deeds in respect of 100% of the Shares they receive under the Priority Offer. SCEE expects that approximately 4 million Shares held by these employees will be subject to these escrow arrangements.

The total number of Shares that are subject to the above escrow restrictions is expected to be approximately 65 million, representing approximately 54% of the issued capital of SCEE after completion of the Offer. The Company may apply holding locks in respect of these escrowed Shares for the duration of the Escrow Period in order to prevent their disposal.

SECTION 9 **ADDITIONAL** **INFORMATION**





9.1 REGISTRATION AND COMPANY BACKGROUND

The Company was registered in Western Australia and converted to a public company limited by shares on 25 October 2007.

9.2 RIGHTS ATTACHING TO SHARES

The rights attaching to Shares are detailed in the Constitution of the Company. The following is a summary of the material provisions of the Constitution and the privileges and restrictions attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. A copy of the full constitution of the Company may be inspected during normal business hours at the registered office of the Company.

(1) Voting

Subject to any restriction on voting imposed by the ASX Listing Rules or any escrow agreement entered into between the Company and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has 1 vote on a show of hands and 1 vote on a poll for every Share held. A poll may be demanded by the chairperson of the meeting, any 5 Shareholders (or their proxy, attorney or representative) entitled to vote on the resolution, a Shareholder or Shareholders who together hold at least 5% of the votes that may be cast on the resolution on a poll, or who together hold voting shares paid up to a value of not less than 5% of the total sum paid up on all voting shares.

(2) General meetings

Each Shareholder is entitled to receive at least 28 days notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

(3) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors or by the Company in general meeting but only if the Directors have recommended a dividend and the dividend does not exceed the amount recommended by the Directors. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares created under any arrangement as to dividend) be payable on Shares in accordance with the Corporations Act. Interest is not payable on Dividends.

(4) Transfer of shares

Subject to any restriction on transfer imposed by the ASX Listing Rules or any escrow agreement entered into between the Company and a Shareholder, a Shareholder may transfer shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution, the ASX Listing Rules and the ACH Clearing Rules.

(5) Issue of Shares

The Directors may (subject to the restrictions on the Issue of Shares imposed by the Constitution of SCEE, the ASX Listing Rules and the Corporations Act) issue further Shares, or grant options, as the Directors see fit.

(6) Winding up

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of SCEE a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of SCEE in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(7) Shareholder liability

Shares are not subject to any call for money by the Directors and will therefore not become liable for forfeiture.

(8) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of the Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(9) ASX Listing Rules

On admission to the Official List, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

(10) Directors

The number of Directors of the Company is to be not less than 3 but no more than 9. The Company may in general meeting by resolution increase or reduce the number of Directors but the number must not be reduced below 3.

The Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not exceed the amount per annum determined by the Company at general meeting from time to time (which amount is currently fixed at \$400,000 per annum). This amount does not include the remuneration payable to the executive chairman, a managing director or any executive Director.

The Company may remunerate a Director in addition to the above amount (as determined by the Directors) if the Director performs additional or special duties for the Company at the request of the Directors.

A share qualification for Directors may be fixed by the Company in general meeting. Unless and until so fixed a Director is not required to hold any Share in the Company.

(11) Directors' indemnity

To the extent permitted by law, each Director and officer of SCEE is entitled to be indemnified out of the property of the Company for every liability incurred by the person in that capacity and all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

9.3 THE VENDOR SHAREHOLDER

Frank Tomasi Nominees is the Vendor Shareholder and is offering 38,800,000 Shares as part of the Offer. Frank Tomasi Nominees will retain 61,200,000 Shares, being 51% of the issued capital of the Company after completion of the offer. Frank Tomasi Nominees holds its Shares as trustee for the Frank Tomasi Family Trust.

Frank Tomasi, who is an executive director and the executive Chairman of the Company, is a director and controlling shareholder of Frank Tomasi Nominees and beneficiary of the Frank Tomasi Family Trust.

9.4 SENIOR MANAGEMENT LONG-TERM INCENTIVE PLAN

The Company has established the Senior Management Long-term Incentive Plan (**Incentive Plan**) to provide certain senior executives and executive directors of the Company with an opportunity to share in the growth in value of the Shares, to encourage them to improve the performance of SCEE and its return to shareholders and enable SCEE to retain and attract skilled and experienced executives and provide them with the motivation to make SCEE more successful.

(1) Overview

The Incentive Plan is a senior management and executive director share option and performance rights plan. The Incentive Plan contemplates the grant of Options or Performance Rights as opposed to immediate Shares. The Incentive Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Incentive Plan. The key terms of the Incentive Plan are summarised below.

(2) Objective

The objective of the Incentive Plan is to:

- recognise the ability and efforts of senior managers and executive Directors who have contributed to the success of SCEE;
- provide an incentive to senior managers and executive Directors to achieve the long term objectives of and improve the performance of SCEE; and
- assist in the recruitment and retention of senior managers and executive Directors.

(3) Eligibility

The Incentive Plan rules allow participation by any employee of SCEE determined by the Directors to be a senior manager and executive Directors as determined by the Board (or the Remuneration Committee constituted by the Board). The Board may invite eligible persons to participate in the Incentive Plan from time to time, and may in its discretion accept such applications.

Subject to the approval of the Board, an eligible person's nominee may participate in the Incentive Plan in place of that person.

(4) Terms of Offer

The Board may determine the terms and conditions applying to each offer of Options or Performance Rights under the Incentive Plan. These terms and conditions may include terms and conditions in relation to:

- the amount payable (if any) for the grant of Options or Performance Rights, or how it is to be calculated;
- the exercise price for Options or Performance Rights, or how it is to be calculated;
- conditions attaching to the vesting of Options or Performance Rights;
- conditions attaching to the exercise of Options or Performance Rights;
- the period which Options or Performance Rights may be exercised; and
- any restrictions on the disposal or transfer of Shares issued pursuant to the exercise of Options or Performance Rights.

(5) Limit on issues under the Incentive Plan

The number of Options or Performance Rights issued under the Incentive Plan will not exceed 5% of the total number of Shares on issue in the capital of the Company in any 5 year period.

(6) Lapsing conditions

Options and Performance Rights issued under the Incentive Plan will lapse on the earlier of:

- the expiration date set by the Board in the relevant offer of Options or Performance Rights;
- where any conditions attached to the exercise of Options or Performance Rights set by the Board in the relevant offer of Options or Performance Rights:
 - have not been satisfied, on cessation of the relevant senior manager's employment with SCEE for any reason; or
 - have been satisfied (or if there are no such conditions), within 30 days of the cessation of the relevant senior manager's employment with SCEE for any reason.
- the Board determining that a participant has (whether by act or omission) acted fraudulently, dishonestly, or has wilfully breached his or her duties in relation to SCEE or an employee of SCEE.

(7) Dividends and voting rights

Options and Performance Rights granted under the Incentive Plan will not attract dividends and voting rights until the Options or Performance Rights are exercised and Shares are issued.

(8) Restrictions on disposal

Unless the Board determines otherwise, Options and Performance Rights granted under the Incentive Plan cannot be disposed of, dealt with or have a security interest granted over them.

(9) Change in circumstances

Options and Performance Rights may be exercised if a change of control in the Company occurs or if a takeover bid is made. The Incentive Plan makes provision for the number of Options or Performance Rights issued under it to be recalculated in accordance with the ASX Listing Rules if a bonus issue, reconstruction of capital or a pro-rata issue of Shares occurs.

(10) Exercise

Subject to the satisfaction of any conditions attached to the exercise of Options or Performance Rights set by the Board in the relevant Offer of Options or Performance Rights, and those Options or Performance Rights not having lapsed, Options and Performance Rights may be exercised by the participant by paying the exercise price (if any) to the Company, upon which the participant will be issued one Share for each Option or Performance Right exercised.

(11) Quotation

The Company will not apply for quotation on ASX of any Options or Performance Rights issued under the Incentive Plan. However the Company will apply for Shares issued on exercise of the Options and Performance Rights to be quoted on ASX.

(12) Administration of the Incentive Plan

The Incentive Plan will be administered by the Board who may:

- determine procedures from time to time for the administration of the Incentive Plan;
- determine conclusively all questions of fact or interpretation arising in connection with the Incentive Plan; and
- suspend the operation of the Incentive Plan and cancel the Incentive Plan at any time.

(13) Intended grant of Options

No offer of Options or Performance Rights is made under this Prospectus. However, as at the date of this Prospectus, the Board has approved the grant of Options under the Incentive Plan on the terms described below as follows:

Option holder	Options	Timing of Issue
New Managing Director	1,500,000	Upon Appointment
New CFO	500,000	Upon Appointment
COO (Simon Buchhorn)	500,000	Upon Listing

The intended terms of the above Options are as set out in the Incentive Plan with specific key terms determined by the Directors as follows:

- each Option is over 1 unissued Share;
- the Options will be granted at no cost;
- the exercise of each Option is \$1.15, which is payable by the holder on exercise of each vested Option;
- the Options will vest, and only become exercisable, in 3 equal annual tranches commencing from the anniversary of the date of grant and provided that annual Total Shareholder Return targets determined by the Board are achieved; and
- the exercise period for the Options will expire on the date 4 years after vesting.

9.5 TAXATION OVERVIEW FOR AUSTRALIAN TAX-RESIDENT SHAREHOLDERS

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold the Shares under the Offer contained in this Prospectus. This summary is based on the tax laws of Australia as at the date of this Prospectus. The Australian tax laws are complex and the following is not intended to be a complete statement of the possible implications for investors.

The individual circumstances of each investor may affect the taxation implications of the investment of that investor. It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in SCEE should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

The following discussion assumes that an investor will hold the Shares on capital account. A different treatment may apply if an investor holds the Shares on revenue account, for example share traders.

(1) Australian investors

(a) Capital gains tax

Australian income tax laws contain a capital gains tax (CGT) regime. Shareholders who hold Shares on capital account will be subject to the CGT regime on disposal of those Shares. For CGT purposes, a Share is generally acquired on the date the Share is issued or allotted. The cost base used to work out any capital gain or loss on Shares is generally the amount a shareholder pays to acquire the Shares plus any incidental costs of acquisition and non-capital costs of ownership incurred. Gains on the disposal of Shares held on capital account will be subject to CGT. A capital gain will arise where the proceeds received exceed the cost base of the Shares. Conversely, a capital loss will be incurred where the proceeds received on disposal are less than the cost base of the Shares. Capital losses made in the same or prior years can typically be offset against any capital gains. Any remaining net capital gain is included in assessable income and taxed. Where a net capital loss is incurred it may be carried forward indefinitely and offset against future capital gains subject to certain restrictions. Individuals, trusts and partnerships in certain circumstances may be entitled to a 50% discount on capital gains derived where they have held the Shares as a CGT asset for 12 months or more. Complying superannuation funds and life insurance companies holding the Shares as virtual pooled superannuation trust assets are entitled to a discount of 33.3% where they have held the Shares as a CGT asset for 12 months or more. Any discount would apply only after capital losses are first applied against the capital gain. Companies holding shares are not entitled to the discount.

(b) Stamp duty

Under current law, no stamp duty is payable on the issue or transfer of Shares.

(c) Taxation on dividends

Dividends paid will be included in assessable income in the income year they are paid. Dividends may be franked or unfranked. Franked dividends have franking credits attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in assessable income. Shareholders will be entitled to a tax offset equal to the franking credits received, provided the recipient is a "qualified person". In general terms, to be a qualified person two tests must be satisfied being the "holding period rule" and the "related payments rule". These rules will, in broad terms, be satisfied where Shareholders have held the Shares at risk for at least 45 continuous days (excluding the dates of acquisition and disposal). Special rules apply to trusts which receive franked dividends. It is recommended that further advice be obtained if Shares are to be held by a trust. Corporate shareholders may also be entitled to a franking credit in their franking account equal to the franking credit attached to the dividend paid. Such credit can be attached to dividends paid by the corporate shareholder to its shareholders. Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Unfranked dividends will be included in assessable income.

(d) GST

Under current law, Goods and Services Tax is not payable on the issue or transfer of Shares.

(e) TFN and ABN

Applicants are not required to advise the Company of their TFN or, where relevant, ABN. However, if a TFN or ABN is not advised to the Company and no exemption is applicable, tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare levy (currently 1.5%) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by the Company in respect of the Shares.

(f) Investors should obtain their own advice

The summary set out above is a summary only and does not take into account any individual's personal circumstances. The individual circumstances of each investor may affect the taxation implications of the investment of that investor.

It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in the Company should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

9.6 LEGAL MATTERS**(1) Material proceedings**

To the knowledge of the Directors, SCEE is not involved in any litigation. The Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

(2) Governing law

This Prospectus and the contracts that arise from the acceptance of Applicants under this Prospectus are governed by the law of Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

9.7 DIRECTORS' INTERESTS

At the date of this Prospectus, the relevant interest held by each of the current Directors (including companies and trusts associated with the Directors) in SCEE are as follows:

Director	Number of Shares	Nature of interest
Gianfranco (Frank) Tomasi	100,000,000 ¹	Shares held by Frank Tomasi Nominees as trustee for the Frank Tomasi Family Trust (of which Mr Tomasi is a beneficiary)
Brian Carman ²	-	-
John Cooper ²	-	-
Douglas Fargher ²	-	-

¹ Frank Tomasi Nominees is offering 38,800,000 of these Shares pursuant to this Prospectus.

² Brian Carman, John Cooper and Douglas Fargher intend to apply for 1,500,000, 100,000 and 100,000 Shares under this Prospectus respectively.

Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisers of SCEE from applying for Shares on the same terms and conditions as offered pursuant to this Prospectus.

9.8 DIRECTORS' REMUNERATION

The Constitution provides that the Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in general meeting. At present that sum is fixed at a maximum of \$400,000, in aggregate, per annum. This maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting.

(1) Payment of expenses

In addition to remuneration, Directors are entitled to receive travelling and other expenses reimbursement that they properly incur in attending Directors' meetings, attending any general meetings of the Company or in connection with the Company's business.

(2) Payment for extra services

Any Director called upon to perform extra services or undertake any executive or other work for the Company beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the Directors. This may be in addition to or in substitution for the Director's share in the usual remuneration provided.

Extra services may include membership of the following committees:

Committee	Payment per annum
Audit and Risk Management Committee:	
Chairman	\$10,000
Member	\$7,500
Nomination and Remuneration Committee:	
Chairman	\$10,000
Member	\$7,500

(3) Effect of cessation of office

With the approval of the Company in general meeting the Directors may, upon a Director ceasing to hold office or at any time after a Director ceases to hold office whether by retirement or otherwise, pay to the former Director or any of the legal personal representatives or dependents of the former Director in the case of death a lump sum in respect of past services of the Director of an amount not exceeding the amount either permitted by the Corporations Act or ASX Listing Rules.

The Company may contract with any Director to secure payment of the lump sum to the Director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Corporations Act or the ASX Listing Rules.

(4) Payment of superannuation contributions

The Company may also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

(5) Financial benefit

A Director must ensure that the requirements of the Corporations Act are complied with in relation to any financial benefit given by the Company to the Director or to any other related party of the Director.

The Company must not make loans to Directors or provide guarantees or security for obligations undertaken by Directors except as may be permitted by the Corporations Act.

Director's fees to be paid by SCEE upon admission to the Official List are as follows.

Director	Per Annum
Gianfranco (Frank) Tomasi	Nil *
Brian Carman	\$55,000
John Cooper	\$55,000
Douglas Fargher	\$55,000

* Mr Tomasi is not paid directors' fees in addition to his existing salary. Further details of Mr Tomasi's remuneration is set out in Section 8.4.

9.9 DEED OF ACCESS, INDEMNITY AND INSURANCE

The Company has executed a deed of access, indemnity and insurance in favour of each Director. The indemnity requires the Company to indemnify each Director for liability incurred by the Directors as an officer of the Company subject to the restrictions prescribed in the Corporations Act. The deed also gives each Director a right of access to Board papers and requires the Company to maintain insurance cover for the Directors.

9.10 INTERESTS OF DIRECTORS

Other than as set out below, or elsewhere in this Prospectus, no Director has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

- (1) the promotion or formation of SCEE;
- (2) property acquired or proposed to be acquired in connection with its promotion or formation or the Offer under this Prospectus; or
- (3) the Offer of Shares under this Prospectus.

Except as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (1) to induce him or her to become, or to qualify him or her as, a Director; or
- (2) for services rendered by him or her in connection with the formation or promotion of SCEE of the Offer of Shares under this Prospectus.

Gianfranco (Frank) Tomasi

- Frank Tomasi has an interest in the executive service agreement entered into between him and the Company. Details of this agreement (including the remuneration amount are summarised in Section 8.4). Frank has received \$610,665 in remuneration from SCEE in the previous 2 years.
- Frank (together with his wife Attilia Tomasi as set out in Section 8.5) is the lessor of the properties disclosed in Section 8.5 pursuant to leases which were entered into in October 2007, the terms of which are summarised in Section 8.5. The total rent currently payable by SCEE under these leases is \$301,500 plus GST per annum.

9.11 INTERESTS OF ADVISERS AND OTHER NAMED PERSONS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last 2 years, in the formation or promotion of SCEE, or in property acquired or proposed to be acquired by SCEE in connection with its formation or promotion, or the Offer; and
- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

Deacons has acted as Australian legal advisers to SCEE in connection with the Offer and is entitled to receive approximately \$180,000 (exclusive of GST) for these services. Further amounts may be paid to Deacons by the Company in accordance with its time-based charge out rates. Miranda & Amado Abagados (a law firm based in Peru) have acted as agent for Deacons in Peru in connection with the Offer and is entitled to receive approximately \$6,600 (exclusive of Peruvian sales tax).

Grant Thornton has acted as the investigating accountant to SCEE in connection with the Offer and has prepared the Investigating Accountant's Report. Grant Thornton is entitled to receive approximately \$33,000 (exclusive of GST) for these services. Grant Thornton has also acted as the auditor of SCEE in connection with its FY2006 and FY2007 financial statements. Grant Thornton received \$21,238 (exclusive of GST) for these services. Further amounts may be paid to Grant Thornton in accordance with its time-based charge-out rates. Grant Thornton has not provided any other professional services to the Company during the previous 2 years.

BIS Shrapnel has prepared the Industry Report summarised in Section 3 and is entitled to receive approximately \$30,000 (exclusive of GST) for these services. BIS Shrapnel has not provided any other professional services to the Company during the previous 2 years.

Euroz Securities has acted as the Underwriter of the Offer. Euroz Securities is entitled to receive the fees set out in Section 8.2.

Ernst & Young Transaction Advisory Services Limited has acted as the Company's corporate advisor. Ernst & Young is entitled to receive \$1,600,000 (exclusive of GST) for these services. Ernst & Young also provides general accounting and taxation services to SCEE in accordance with its time-based charge-out rates.

9.12 NO OTHER PROMOTERS

No person, except the persons referred to in sections 9.10 to 9.11, has any interest in the promotion or formation of SCEE.

9.13 DIRECTORS' CONSENTS

Each Director of the Company has given, and not withdrawn as at the date of this Prospectus, his consent to the lodgement of this Prospectus.

9.14 VENDOR SHAREHOLDER'S CONSENTS

Each director of Frank Tomasi Nominees, which is a body corporate, has given, and not withdrawn as at the date of this Prospectus, his or her consent to the lodgement of this Prospectus.

9.15 CONSENTS TO BE NAMED

Each of the following persons or firms:

- (1) has consented to being named in this Prospectus in the form and context in which it is named and has not withdrawn its consent as at the time of lodgement of this Prospectus with ASIC;
- (2) in respect of Grant Thornton, Grant Thornton has consented to the inclusion of its Investigating Accountant's Report in the form and context in which it is included and to references to Grant Thornton and its Investigating Accountant's Report included in this Prospectus, in the form and context in which these are included, and has not withdrawn its consent as at the time of lodgement of this Prospectus with ASIC; and
- (3) in respect of BIS Shrapnel Pty Ltd, BIS Shrapnel Pty Ltd has consented to the inclusion of its "Outlook for Key Markets" report in the form and context in which it is included and to references to BIS Shrapnel Pty Ltd and its report included in this Prospectus, in the form and context in which these are included, and has not withdrawn its consent as at the time of lodgement of this Prospectus with ASIC.

Role	Consenting party
Underwriter	Euroz Securities Limited
Corporate adviser	Ernst & Young Transaction Advisory Services Limited
Legal adviser to the Offer	Deacons
Investigating Accountant	Grant Thornton
Auditor	Grant Thornton
Share registry	Computershare Investor Services Pty Ltd
Industry expert	BIS Shrapnel Pty Limited

9.16 DISCLAIMER OF RESPONSIBILITY

Each of the persons named in Section 9.15:

- (1) has not authorised or caused the issue of this Prospectus;
- (2) does not make, or purport to make, any statement in this Prospectus other than, in the case of a person referred to under the heading "Consents to be named", a statement or a report included in this Prospectus with the consent of the party; and
- (3) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than reference to its name and, in the case of a person referred to under the heading "Consents to be named", any statement or a report which has been included in this Prospectus with the consent of that party.

9.17 EXPENSES OF THE OFFER

It is estimated that approximately \$4.6 million will be payable by SCEE in respect of underwriting, legal, accounting, corporate advisory, expert's fees, printing, ASIC and ASX fees and other costs arising from this Prospectus and the Offer.

9.18 ASX ADMISSION AND QUOTATION

The Company will apply to ASX for admission to the Official List and quotation of the Shares on the ASX within 7 days of the date of this Prospectus.

9.19 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of the Company at 41 Macedonia Street, Naval Base, Perth, for a period of not less than 12 months from the date of this Prospectus:

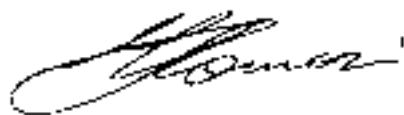
- (1) Directors consents for the lodgement of this Prospectus;
- (2) the Constitution; and
- (3) the consents referred to in Sections 9.13 to 9.15.

9.20 DIRECTORS' STATEMENT

The Directors' report that, in their opinion, after having made the inquiry:

- (1) except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or prospects of SCEE or any of the businesses to be acquired by the Company on completion of the Offer; and
- (2) they have reasonable grounds to and do believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from the Prospectus.

This Prospectus was signed on behalf of the Directors of the Company by Mr Gianfranco (Frank) Tomasi.



Frank Tomasi
Chairman

Southern Cross Electrical Engineering Limited

GLOSSARY

\$A or \$	Australian dollars
\$M	Million Australian dollars
AASB	Australian Accounting Standards Board
A-GAAP	the previous Australian Generally Accepted Accounting Principles
A-IFRS	Australian International Financial Reporting Standards
Accounting Standards	The accounting standards approved under the Corporations Act and the requirements of that Act about the preparation and content of accounts and generally accepted and consistently applied principles and practices in Australia, except those inconsistent with the standards or requirements approved under the Corporations Act
ACH Clearing Rules	The clearing rules of the Australian Clearing House Pty Ltd
Applicant	A person who applies for Shares in accordance with this Prospectus
Application	A valid application for Shares offered under this Prospectus
Application Form	A Priority Application Form or a Public Application Form attached to or accompanying this Prospectus
Application Money	Money received from an Applicant in respect of an Application
ASIC	Australian Securities and Investments Commission
AS/NZS ISO 9001	Standards issued by Australian Standards Limited that set out requirements for quality management systems
ASTC Settlement Rules	The operating rules of ASX Settlement and Transfer Corporation Pty Limited
ASX	ASX Limited ABN 98 008 624 691
ASX Listing Rules	The official listing rules of the ASX
AWST	Australian Western Standard Time
Board	The board of directors of the Company from time to time
Broker	an ASX participating organisation
Broker Firm Offer	the invitation under this Prospectus to Australian resident Retail Investor clients of the Underwriter who have received a firm allocation of Shares from the Underwriter, as described in Section 1.1(1)
BVQI	Bureau Veritas Quality International
CFO	Chief Financial Officer of the Company
CHES	Clearing House Electronic Subregister System

Closing Date	Closing date of the Offer unless otherwise varied by the Company
Chairman	The Chairman of the Board
Company	Southern Cross Electrical Engineering Limited ABN 92 009 307 046, EC 001681
Constitution	The constitution of the Company adopted by the Vendor Shareholder on 10 September 2007
Corporations Act	Corporations Act 2001 (Cth)
Directors	Directors of the Company
Directors' Forecasts	The statutory and proforma forecast consolidated income statements and proforma forecast consolidated statement of cash flows of SCEE for FY2008, which are set out in Section 5
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPCM	Engineering procurement and contract manager
EPS	NPAT attributable to Shareholders per Share
Existing Shares	The 100,000,000 Shares on issue in the Company as at the date of this Prospectus
Existing Shareholder	The holder of Existing Shares
Exposure Period	The period during which the Company cannot accept Applications as described in section 727(3) of the Corporations Act
Financial Information	Has the meaning given to it in Section 5.1
Frank Tomasi Nominees	Frank Tomasi Nominees Pty Ltd as trustee for the Frank Tomasi Family Trust ABN 78 139 342 137
Institutional Investor	An investor to whom offers or invitations in respect of Shares can be made without the need for a lodged disclosure document or other formality, being persons in Australia to whom offers or invitations in respect of Shares can be made without the need for a disclosure document under section 708 of the Corporations Act
Institutional Offer	The invitation to Institutional Investors in Australia made pursuant to this Prospectus
FY	The financial year to 30 June in any year, e.g. FY2008 means the financial year ending 30 June 2008
FY2007	The financial year to 30 June 2007
FY2008f	The financial year to 30 June 2008, based on the Directors' Forecasts
Holding Statements	Holding Statements for Shares under CHESS
Listing	The quotation of the Company's shares on the Official List
NPAT	Net profit after tax
Offer or Issue	The offer of 58,800,000 Shares under this Prospectus
Offer Period	The period between the Opening Date and the Closing Date
Offer Price or Issue Price	\$1.00 per Share
Official List	The official list of the ASX
Opening Date	The commencement date of the Offer
Options	Options to acquire Shares in accordance with the SCEE Senior Management Long Term Incentive Plan
Performance Rights	Performance rights to acquire Shares in accordance with the SCEE Senior Management Long Term Incentive Plan



Perth time	The local time in Perth, Western Australia
Priority Offer	The offer under this Prospectus to certain employees of the Company and other individuals invited by the Board to apply for Shares at the Offer Price, as described in Section 1.1(2)
Proforma Historical Financial Information	The historical consolidated income statements of SCEE for FY2005, FY2006 and FY2007, the historical consolidated statements of cash flows of SCEE for FY2005, FY2006 and FY2007 and the historical consolidated and the proforma historical consolidated balance sheets of SCEE as at 30 June 2007
Prospectus	This prospectus and any supplementary or replacement prospectuses, including this prospectus in electronic format or a printed copy of the electronic prospectus
Retail Investor	An investor who is not an Institutional Investor
SCEE	The Company and its subsidiaries
Senior Management Long-term Incentive Plan or Incentive Plan	The senior management long-term incentive plan that is summarised in Section 9.4
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Shareholder	A holder of a Share
Shares or Fully Paid Shares	Fully paid ordinary shares in the capital of the Company
SRN	Shareholder reference number
Total Shareholder Return	The percentage shareholder return for a period determined by the aggregate of the Company's market value at the end of the relevant period and each amount of money or the market value of property paid, distributed, transferred or set aside for distribution by the Company to Shareholders. The Company's market value is determined by reference to the weighted average market price of the Shares at or near the end of the relevant period and fair market value of any other shares in the Company at the end of the relevant period.
UHF/VHF	Ultra high frequency / very high frequency
Underwriter	Euroz Securities Limited ABN 23 089 314 983
Underwriting Agreement	The agreement described in Section 8.2
Vendor Shareholder	Frank Tomasi Nominees Pty Ltd as trustee for the Frank Tomasi Family Trust ABN 78 139 342 137

APPLICATION FORMS

PRIVACY DISCLOSURE STATEMENT

By completing the Application Form accompanying this Prospectus, investors will be providing personal information to SCEE (directly or via the Share Registry). The Privacy Act 1988 (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information SCEE collects from investors on the Application Form is used to evaluate Applications for Shares and for successful Applications, to provide services and appropriate administration for investors. If SCEE is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, SCEE will destroy or de-identify it.

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Underwriter, Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If an Applicant becomes a security holder, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

**SOUTHERN CROSS
ELECTRICAL ENGINEERING
LIMITED**



DIRECTORS

Gianfranco (Frank) Tomasi
Executive Chairman

Brian Carman
Non-Executive Director

John Cooper
Non-Executive Director

Douglas Fargher
Non-Executive Director

**REGISTERED OFFICE
AND HEAD OFFICE**

41 Macedonia Street
Naval Base WA 6165

Ph +61 8 9410 1833

Fax +61 8 9410 2504

Web www.scee.com.au

SHARE REGISTRY

**Computershare Investor Services
Pty Limited**

Level 2, 45 St Georges Terrace
Perth WA 6000

UNDERWRITER

Euroz Securities Limited

Level 14 The Quadrant
1 William Street
Perth WA 6000

CORPORATE ADVISER

**Ernst & Young
Transaction Advisory Services
Limited**

11 Mounts Bay Road
Perth WA 6000

**INVESTIGATING
ACCOUNTANT**

Grant Thornton

Level 1, 10 Kings Park Road
West Perth WA 6005

LEGAL ADVISER

Deacons

Level 39, BankWest Tower
108 St Georges Terrace
Perth WA 6000



**Southern Cross
Electrical Engineering Limited**

41 Macedonia Street, Naval Base WA 6165

P (08) 9410 1833

F (08) 9410 2504