

RAKON LIMITED

MINUTES OF THE ANNUAL MEETING HELD ON FRIDAY 10 AUGUST, 2007 AT 2 PM AT THE WAITEMATA BALLROOM, LANGHAM HOTEL 83 SYMONDS STREET, AUCKLAND

PRESENT:

Mr. B Mogridge (BM)	Chairman
Mr. B Irvine (BI)	Director
Mr. W Robinson (WR)	Director
Mr. B Robinson (BR)	Managing Director
Mr. D Robinson (DR)	Director

APOLOGIES:

Mr. P Maire (PM)	Director
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IN ATTENDANCE:

Mr. G Leaming (GL)	CFO, Company Secretary
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INTRODUCTION:

The Chairman opened the meeting, welcoming shareholders, noting that the meeting was properly convened, notice of meeting duly given and that a quorum was present.

The Chairman introduced the Directors and CFO to the shareholders.

The Chairman noted an apology from Peter Maire explaining he was in Europe on personal business. The Chairman called for any other apologies – none were received. The Chairman moved that the apology of Peter Maire be recorded. A shareholder from the floor seconded the motion.

MINUTES OF PREVIOUS MEETING:

The Chairman noted that the minutes of the previous Annual Meeting were confirmed and signed as a true and correct record at the Directors Meeting that followed the Annual Meeting. The Chairman noted a copy of these minutes was available for inspection by shareholders if required.

ANNUAL REPORT & FINANCIAL STATEMENTS

The Chairman confirmed the Annual Report was mailed to shareholders on 25 June 2007 and noted it would be taken as read.

The Chairman then addressed the Meeting, briefly highlighting the financial results for the March 2007 year which were well in excess of both prospectus forecast and the prior year. The Chairman then focussed on the growth aspirations of the company centred on building a global business using Rakon's base of unique skills, designs, processes and energy of the personnel in the organisation. He summarised a recent Economist article which highlighted the potential of wireless communications as being consistent with the Board's own view of the opportunities for Rakon. He then highlighted the FCP acquisition from C-Mac as being part of this strategy by complementing Rakon's strong GPS market position with a greater presence in the global telecommunications market, plus providing a stronger global sales footprint, and a deeper R&D team.

The Chairman reported that the underlying business in YTD FY08 was in line with Budget but that the strong NZ\$ presented a challenge for the second half of the year in particular as the company held very little forward exchange cover for this period. The Chairman explained that cover levels in this period were low due to the Board and management view the NZ\$ was overvalued but also due to forecast natural cash flow hedge associated with planned investments in Asia in the second half. The Chairman concluded by paying tribute to team at Rakon for their commitment and achievements and then invited the Managing Director to address the shareholders.

The Managing Director started by also commenting on the financial results for the March 2007 year. He highlighted that EBIT growth measured in US\$ had grown at an annual rate of 69% since 2002 reflecting Rakon's success at not only growing revenue but also introducing lower cost product designs, leveraging its position to reduce material costs and constantly improving equipment performance and automation.

The Managing Director noted that integration of the FCP acquisition had proceeded well and that markets for all products were good. He highlighted that demand for personal navigation devices continued to increase at very high rates – with the largest manufacturers expecting to double the number of units sold in calendar 2007. He further noted that the telecommunications market was also strong, particularly with the 3G rollout in China, and that Rakon was looking to augment its existing capability in France with capacity in NZ. He also noted the emergence of the Femtocell (home base station) market as an opportunity Rakon was very focussed on.

The Managing Director then summarised the successful completion of the expansion of the Cleanroom crystal manufacturing capacity and the progress of the 4G in-line oven which was nearing completion. He also explained

Rakon's plans and rationale for developing a new manufacturing facility in China.

To close the Managing Director updated the company's financial outlook for FY08. He explained that if the US\$/NZ\$ exchange rate remained at the current level of circa 76 cents then he expected EBITDA for FY08 to be in the range of NZ\$27 to 32 million.

The Chairman then called for any questions on the Annual Report and financial statements.

A shareholder (Tony Knights) asked if the Board reviewed its dividend policy annually, noted the share plans that were in place for employees of Rakon and asked if consideration could be given to bonus share issues for shareholders, especially given the no dividend policy which meant the benefit of imputation credits could not be passed to shareholders. He also commended the Board for their performance over the past year.

The Chairman responded that the policy with respect to dividends was due to the company having valuable growth opportunities in which to invest, but that the Board did review this policy annually. The Chairman noted the comment on bonus shares and said the Board would consider, he further commented on the value the Board considered the staff share schemes provided to the company by aligning and incentivising key staff. The Chairman thanked Mr Knights for his questions and appreciation expressed for the Board's performance.

ELECTION OF DIRECTORS:

The Chairman confirmed that no notice of nomination of any other person for the position of director had been received and that in accordance with the NZX Listing Rules Peter Maire and Bruce Irvine retired by rotation but being eligible offered themselves for re-election.

The Chairman advised 81,594,052 directed and discretionary proxies would be voted in favour of the re-election of Peter Maire and 163,482 proxies against.

The Chairman moved that Peter Maire be re-elected as a director of Rakon. A shareholder from the floor seconded the motion. No questions were received from shareholders with respect to the motion.

The Chairman called for a show of hands. There were no dissenting shareholders. The Chairman declared the motion to re-elect Peter Maire carried.

The Chairman advised 81,754,700 directed and discretionary proxies would be voted in favour of the re-election of Bruce Irvine and 2,834 proxies against.

The Chairman moved that Bruce Irvine be re-elected as a director of Rakon. A shareholder from the floor seconded the motion. No questions were received from shareholders with respect to the motion.

The Chairman called for a show of hands. There were no dissenting shareholders. The Chairman declared the motion to re-elect Bruce Irvine carried.

INCREASE IN DIRECTORS REMUNERATION

The Chairman explained the proposed increase in directors' fees was to reflect the additional commitments and responsibilities of the Directors of the company as it had expanded its operations and continued to grow in scale and complexity. The Chairman noted the proposed increase also reflected the company's need to retain Directors with an appropriate range of skills and experience and is at a level that reflects market practice and is appropriate to Rakon. The Chairman further noted that since listing in May 2006 Rakon has substantially increased its business as reflected in the growth in revenue and profitability plus its investments in NZ and overseas and that in determining the proposed increase the Remuneration Committee reviewed remuneration levels of a significant group of NZX listed companies' Boards to provide a benchmark comparison.

The Chairman explained in accordance with Listing Rule 9.3.1 no director intending to receive any fees, nor any of their Associated Persons, may vote on the resolution and that accordingly none of the Board, would vote on the resolution in either their own capacity or where they were appointed discretionary proxy. He further noted that the Directors would vote directed proxies.

The Chairman advised that the Board was holding 22,037,306 directed and eligible discretionary proxies which would be voted in favour of this resolution and 64,732 proxies against. He further noted that 425,761 discretionary proxies held by the Board would not be voted and that 59,672,203 shares held directly by Board members and associated persons would not be voted.

The Chairman moved that effective 1 April 2007, the aggregate maximum amount of directors fees which can be paid to the Directors, in their capacity as Directors, be increased from \$240,000 to \$300,000 in respect of each financial year, where such amount (or lesser amount determined by the directors for a financial year) will be divided among the Directors in such proportion and in such manner as they may agree. A shareholder from the floor seconded the motion. No questions were received from shareholders with respect to the motion.

The Chairman called for a show of hands. There were no dissenting shareholders. The Chairman declared the motion carried.

APPOINTMENT OF AUDITORS:

The Chairman noted that pursuant to section 200 of the Companies Act 1993, PricewaterhouseCoopers were automatically reappointed as auditors for the ensuing year. The Chairman explained that the proposed resolution was required to authorise the Directors to fix the auditors remuneration pursuant to section 197(a) of the Companies Act 1993.

The Chairman advised 81,751,900 directed and discretionary proxies would be voted in favour of the resolution and 5,634 proxies against.

The Chairman moved that the Directors be authorised to fix the auditors remuneration pursuant to section 197(a) of the Companies Act 1993. A shareholder from the floor seconded the motion. No questions were received from shareholders with respect to the motion.

The Chairman called for a show of hands. There were no dissenting shareholders. The Chairman declared the motion carried.

GENERAL BUSINESS:

The Chairman called for shareholders to raise any other matters. Several questions were raised:

- A shareholder (Tony Knights) queried how Rakon would protect its technology with its planned move into China and if the company was comfortable releasing its technology to toll manufacturing. The Chairman responded that the Board considered the company's strategy of staying ahead was its best protection against competitors. He further explained the company's philosophy of new product development being carried out in NZ, its European businesses providing an engineering design base whilst China would be focussed on producing high volume products for consumer applications. The Managing Director noted that Rakon only subcontracted a small vertical segment of its manufacturing process and that it recognised the intellectual property risks companies faced by setting up in China and had that management considered they could effectively mitigate this risk.
- A shareholder (Russell Smith) queried Rakon's reliance on a small number of key staff. The Chairman noted that whilst Brent & Darren Robinson provided a substantial knowledge base, there was a wide base of skills and knowledge across the business. He further noted the company continued to attract good people and that the pool of talent had greater depth following the acquisition of the FCP business from C-Mac in March 2007.
- The Chairman was asked if he expected the financial results to be in line with previous guidance if the US\$/NZ\$ exchange rate fell back near 70

cents. The Chairman confirmed the Board expected that would be the case.

- The Managing Director responded to a question on health in safety in China by noting that safety was of paramount importance in its existing operations and that this would be continued in China.
- A shareholder asked how Rakon could maintain its advantage over its competitors. The Managing Director responded that the largest competitors were Japanese owned and that whilst they had historically focussed on serving the cellular phone market which required a less demanding specification than GPS applications Rakon has focussed on, they were now focussing on the GPS market as well and catching up with their products. However the Managing Director further noted that Rakon continued to develop new products to maintain its advantage.

CLOSURE:

The Chairman thanked the shareholders for attending and then there being no further business the meeting closed at 2.50 pm.

Signed as true & correct record.



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Chairman