



**MINUTES OF THE ANNUAL MEETING  
HELD ON FRIDAY 9 SEPTEMBER AT 2.00PM  
AT THE GUINEAS ROOM  
ELLERSLIE EVENT CENTRE**

**Present:**

Mr. B Mogridge	Chairman
Mr. B Irvine	Director
Sir P Maire	Director
Mr. B Robinson	Managing Director
Mr. W Robinson	Director
Mr. D Robinson	Director

***In Attendance***

Mr. G Leaming	COO/CFO
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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 then introduced the Directors and CFO to the shareholders. The Chairman advised that the Notice of Meeting contained the business to be dealt with in the meeting.

**Proxies:**

The Chairman advised that 307 shareholders holding 106,048,840 shares were represented by proxies.

**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 first Board Meeting that followed the Annual Meeting. The Chairman noted that a copy of these minutes were available for inspection by shareholders if required.

**Annual Report and Financial Statements:**

The Chairman advised that this year Rakon again followed the provisions of the Companies Act and instead of mailing the full Annual Report to shareholders instead mailed a condensed Letter and that shareholders wanting to receive the full annual report were able to do so by returning a notice of election or by viewing the annual report on our website. He advised that approximately 13% of shareholders requested the full Annual Report and that we should regard the Annual Report as taken as read. The Chairman then addressed the shareholders on Rakon's strategy and outlook and then following a brief video on Rakon, invited the Managing Director to address shareholders and provide a more detailed insight into Rakon's strategic direction and plans.

➤ **Chairman's Address:**

Refer to the attached Chairman's speech and presentation.

➤ **Managing Director's Address:**

Refer to the attached MD's speech and presentation.

➤ **Annual Report:**

The Chairman then moved that the annual report be received which was seconded by a shareholder from the floor. The Chairman then asked for shareholders to raise any questions on the Annual Report or Financial Statements:

John Hawkins shareholder and holder of proxy votes for the NZ Shareholders Association spoke and noted some statistics comparing the financial results from 2011 to 2008. He noted sales revenue was up NZ\$9 million, EBITDA was flat, NPAT was down 20% and EPS of 4.6 cents in 2011 compared to 8.4 cents in 2008. He noted that in the period a capital raising was completed but that bottom line results have deteriorated. Hawkins noted he had concerns about the number of executives and number of independent directors on the Board. He asked if the Rakon Board was setting strategy and enquiring of Executives and ensuring the blowtorch was firmly applied. He noted he considered that the Board should comprise a majority rather than a minority of independent directors. He concluded by saying that whilst Rakon presented itself as a leading edge, hi tech company it appeared as a price taker rather than a price maker.

The Chairman responded that the composition and performance of the Board was reviewed on an annual basis and that Management face intense questioning from the Board. He noted that collectively the Board held 30% of the shares in Rakon so were absolutely focussed on performance. He further commented that the Board functioned well. The Chairman then commented on Rakon's business. He noted that Rakon was not an OEM supplier and that Rakon's had been deliberately built as a broad based FCP business over the past 5 years comprising consumer oriented business at the lower end which was very competitive through to extremely high reliability business at the higher where price pressure was not as great. He noted that the Board and Management understood the previous concentration of Rakon's business on GPS and successfully moved to diversify this risk with the acquisition of C-Mac and Temex to ensure Rakon had a broad market and product portfolio. He further noted that with respect to the consumer business the only strategy to be successful was to be in the right place with scale which was why Rakon had built a facility in China.

The CEO added further that he considered the diversification of market risk was a key strategy. He gave the example of how American's companies which generally were previously broad based bowed out of the volume market some years ago and as consequence have shrunk. The CEO noted Rakon considered it needed to be a broad based supplier and that this what Rakon's customers wanted from Rakon.

Pam Nash, a shareholder asked about threats and opportunities for Rakon, noting the purchase of Temex and competitors in the SWD markets. The Chairman commented on the Temex acquisition and the markets it address and then asked Darren Robinson to respond. Mr (Darren) Robinson noted that the advent of GPS into the handset had been expected by Rakon for many years and was something the business had prepared for. He commented that Rakon was recognised as technology leader and explained the nature of relationships Rakon maintained with industry partners such as

chipset manufacturers. Scale was an important factor that Rakon now had with the China facility. This was needed to underpin Rakon's competitive technology edge to enable Rakon to promote and convince handset and chipset manufacturers of the merits of the technology and quality of Rakon's products to compete in the SWD market.

A shareholder queried with the apparent growth why the earnings projections were so negative. The Chairman highlighted the impact of currency and the CEO noted the China factory whilst now complete was not on stream and contributing yet. A shareholder asked a question regarding radio telescopes and whether Rakon products were used in such an application. The CEO responded "yes".

Helen Clark, a shareholder queries whether the company planned to change the location of Rakon's head office. The Chairman responded "no". He noted extensive travel was required by executives due to the international nature of Rakon's business, and that for Brent and Darren Robinson they might regard the aeroplane as their head office.

A shareholder asked for an explanation of VMI. The Chairman and CEO responded explaining VMI was Vendor Managed Inventory and practically this meant Rakon held inventory at customer's premises or a hub of their choice and Rakon billed for the sale after the inventory was drawn by the customer.

A shareholder noted that FX has been a factor in the business explanation of financial results for 3 years and asked what the explanation will be next year. The CEO noted that the development in China was a key medium term strategy to mitigate Rakon's currency exposures. The Chairman also commented that the Board had challenged the Executive to ensure the business can survive with the NZ\$ at parity against the US\$. He further noted that on the sales side the business was impacted by mix, price and currency and it was management's task to manage all of these elements. On the manufacturing side the Board and management had choices around locations which had different cost structures.

There were no further questions so the Chairman motioned that the Annual Report and Financial Statements be approved and it was carried.

### **Election of Directors:**

The Chairman confirmed no notice of nomination of any other person has been received and that in accordance with the NZSX Listing Rules Mr Warren Robinson and Mr Darren Robinson retire by rotation and, being eligible offer themselves for re-election.

The Chairman advised that Mr Warren Robinson being eligible offered himself for re-election and advised that the Board was holding 105,028,474 directed and discretionary proxies which will be voted in favour of this resolution and 1,020,366 proxies against.

The Chairman moved that Mr Warren Robinson be re-elected as a director of Rakon. A shareholder from the floor seconded the motion. The Chairman asked Mr Warren Robinson to briefly address the shareholders and proxy holders in attendance. Mr Robinson spoke of his involvement in the business since he founded it in 1967 and his and the collective commitment of the directors to continue to improve the business results.

The Chairman called for any questions. No questions were received from shareholders in respect to the motion. The Chairman asked for a show of hands. There were no dissenting shareholders. The Chairman declared the motion carried.

The Chairman advised Mr Darren Robinson was also eligible and offered himself for re-election and advised that the Board was holding 105,761,782 directed and discretionary proxies which would be voted in favour of this resolution and 287,058 proxies against.

The Chairman moved that Mr Darren Robinson be re-elected as a director of Rakon. A shareholder from the floor seconded the motion. The Chairman asked Mr Darren Robinson to briefly address the shareholders and proxy holders in attendance. Mr Robinson spoke of his primary mission to significantly increase business revenue by capitalising on the opportunities present due to the growth in data.

The Chairman called for any questions. No questions were received from shareholders in 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 advised that Pursuant to Section 200 of the Companies Act 1993 PricewaterhouseCoopers are automatically reappointed as auditors for the ensuing year.

The Chairman explained that the proposed ordinary resolution is required to authorise the Directors to fix the auditors' remuneration pursuant to section 197(a) of the Companies Act 1993.

The Chairman advised 105,255,735 directed and discretionary proxies would be voted in favour of this resolution and 793,105 proxies against. The Chairman moved that the directors be authorised to fix the remuneration of the auditors for the year ending 31 March 2012. A shareholder from the floor seconded the motion. No questions were received from the 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

There were no more questions.

### **Closure:**

He thanked the shareholders for their attention and attendance at the company's sixth annual meeting as a listed NZX company and declared the meeting closed at 3.25pm. He advised that refreshments were available and that there were examples of Rakon's products on display with team representatives available to answer any questions.

Signed as true and correct record

*Byron W. Massey*

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Chairman