



**MINUTES OF THE ANNUAL SHAREHOLDERS MEETING  
HELD ON FRIDAY 18<sup>th</sup> SEPTEMBER 2015 AT 2.00PM  
AT THE RANGITOTO ROOM, LEVEL 2 OF THE  
ANZ VIADUCT EVENTS CENTRE, 161 HALSEY STREET, AUCKLAND**

**Present:**

Mr. B Mogridge (BM)	Independent Chairman
Mr. H Hunt (HH)	Independent Director
Mr. B Irvine (BI)	Independent Director
Sir P Maire (PM)	Director
Mr. B Robinson (BR)	CEO & Managing Director
Mr. D Robinson (DR)	Director

**Apologies:**

Mr. W Robinson (WR)	Director
---------------------	----------

***In Attendance***

Mr. S Bosley	Chief Financial Officer / Company Secretary
--------------	---------------------------------------------

**Introduction:**

The Chairman of the meeting (BM) opened the meeting at 2:00pm, welcoming shareholders to the 10<sup>th</sup> annual meeting of the shareholders of Rakon Limited, noting that the meeting was properly convened, and that notice of the meeting had been duly given and that a quorum was present, then declaring the meeting open. BM thanked shareholders for their attendance and interest in Rakon as shareholders. BM then introduced the Directors and the CFO to the shareholders, noting that Rakon director Mr Warren Robinson as an apology, due to a long standing commitment overseas preventing his attendance at the meeting. BM advised that the Notice of Meeting contained the business to be dealt with in the meeting.

BM explained the voting process for shareholder and/or proxy holders, as well as advising shareholders that there will be opportunities to address the Board with questions during the meeting. BM confirmed that only shareholders and/or proxy holders are able to cast a vote. Further, BM confirmed that voting on resolutions would be by a poll rather than by a show of hands.

**Apologies:**

BM moved a motion that WR is an apology for the meeting and requested confirmation of any other apologies. The motion was seconded by a shareholder in attendance.

**Proxies:**

BM advised that 158 shareholders holding 58,298,255 shares were represented by proxies.

**Minutes of Previous Meeting:**

BM noted that the minutes of the previous 2014 Annual Shareholders Meeting were confirmed as a true and correct record by the Board in a recent meeting. BM noted that a copy of these minutes were available for inspection by shareholders if required.

## **Annual Report and Financial Statements:**

BM put forward the first item of business as being to receive and consider the Annual Report, including the financial statements for the year ended 31 March 2015 and the auditor's report. BM advised that this year Rakon again followed the provisions of the Companies Act and rather than mailing the full Annual Report to all shareholders, instead mailed a condensed Review Document to those shareholders that elected to receive in that manner. 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 online at the Rakon website. BM commented that we should regard the Annual Report as taken and as read.

### **➤ Chairman's Address:**

BM addressed the shareholders on Rakon's 2015 performance and future strategy and outlook through his 2015 ASM Chairman's address. Refer to the NZX release statement – '2015 ASM – Chairman's Address'.

### **➤ Managing Director's Address:**

BM then invited the CEO & Managing Director (BR) to address shareholders and provide a more detailed insight into Rakon's business today and opportunities ahead, through his 2015 ASM Managing Directors address. Refer to the NZX release statement – '2015 ASM – Managing Director's Address'.

### **➤ Shareholder Questions on the Annual Report:**

BM asked for shareholders to raise any questions on the Annual Report and financial statements, or in relation to the addresses by the Chairman and Managing Director. There were no questions from shareholders in relation to the Annual Report and BM re-confirmed that there would be an opportunity for questions of a general nature later in the meeting.

## **Re-election of Directors:**

BM moved on to the next item of business being the re-election of Director's. BM confirmed that no notice of nomination to be a director for any other person has been received and that in accordance with the NZSX Listing Rules Mr Bruce Irvine (BI) and Mr Herbert Hunt (HH) retire by rotation and, being eligible offer themselves for re-election. BM advised that each member up for re-election will have a brief opportunity to give the shareholders a summation of their background and why they're reapplying for re-election.

BM moved to the agenda item of BI's re-election, advising that the Board was holding 57,621,106 directed and discretionary proxies which will be voted in favour of this resolution and 251,010 proxies to be voted against. BM confirmed that BI's re-election is supported unanimously by the Board. It was reconfirmed that voting is being undertaken by a poll today. Voting papers will be collected at the end of the meeting. BM moved a motion that BI be re-elected as a director of Rakon and a shareholder from the floor seconded the motion. BM then offered the floor to BI who provided some comments supporting his re-election. BM then asked the audience if there were any questions relating to the re-election of BI. No questions from shareholders were raised.

With no further discussion, BM put the motion to the meeting, by asking shareholders to mark their voting paper clearly indicating how they wish to vote.

BM advised Herbert Hunt (HH) was eligible and has offered himself for re-election as a director. BM advised that the Board was holding 57,669,604 directed and discretionary proxies which would be voted in favour of this resolution and 202,476 proxies to be voted against. BM confirmed that HH's re-election is supported unanimously by the Board. BM moved a motion that HH be re-elected as a director of Rakon and a shareholder from the floor seconded the motion. BM then offered the floor to HH who provided some comments supporting his re-election. BM then asked the audience if there were any questions relating to the re-election of HH. No questions from shareholders were raised. With no further discussion, BM put the motion to the meeting, by asking shareholders to mark their voting paper clearly indicating how they wish to vote.

### **Appointment of Auditors and Remuneration:**

BM 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.

BM advised the Board is holding 56,951,937 directed and discretionary proxies which will be voted in favour of this resolution, and 898,179 proxies against. BM moved a motion that the directors be authorised to fix the remuneration of the auditors for the year ending 31 March 2016. The motion was seconded by a shareholder. No questions were received from the shareholders with respect to the motion. The motion was put to the meeting.

### **General Business:**

BM explained that we have a constitution that allows for any items of general business to be put forward and that this is a time to raise questions of a general nature.

Shareholder # 1 (Richard Burton, nominee for Forsyth Barr Nominees):

Q: It would be very obvious to most foreign currency strategists that we were trading at two standard deviations above the mean and the currency was going to fall, why did you bother to cover it.

A (BM): BM confirmed that we were not fully covered in terms of foreign exchange exposure but that we had taken cover as the rate had fallen. BM confirmed that the company seeks advice from specialist treasury advisor, PWC Treasury, and that if you are not covered in some way you are fundamentally speculating which the Board wasn't prepared to do. The Board viewed that it would have been irresponsible not to have taken some cover as the NZD rate had dropped. If the currency were to move up again we would have some cover in place that would allow us to lag the increase thereby benefiting.

A (BI): We've got an actual hedge in terms of what we import in USD as well as our exports. The second bit is we do take cover within policy limits but we don't cover fully so we do have an unhedged position which is within our policy limit. I think you might have got the impression from Brent that we were fully covered at 70 cents but that is not the case.

Shareholder # 2 (Simon Yeo):

Q: With the falling NZD you would have a price advantage over your competitors because of the manufacture being in NZ.

A (BR): It's true that we have picked up an advantage with the NZD weakening but if we look at our main competitors out of Japan, they've weakened quite a lot over the last couple of years as well.

They've gone from the high 80s to 120 yen now. They're also feeling the benefits of a weaker currency. Against our US competitors, yes we're feeling a good advantage there.

Shareholder # 3 (Hing Lee Cheng):

Q: Just now you mentioned that in one or two years you will invest in China. I wish to know is it Huawei or other companies so that I can express my opinion.

A (BM): In China you may have misheard Brent as we're not investing any money in China. What Brent is talking about is investing time with key customers in the market, two of which are Huawei and ZTE both based in China. Based on a number of premises that firstly that's a big market in its own right being China and secondly both Huawei and ZTE are very important global companies as the world moves towards the growth again in the internet.

A (BR): It's about investing time and energy to build up our market share in China. So Huawei as you see has been taking market share itself so unfortunately we haven't been enjoying that as much as we would like, so it's going to be a real focus of us to take more market share in China with ZTE and Huawei. It's pleasing to note that Huawei is working with us very closely on its next generation of products, the small cells and also macro cells, to design us into their next generation of products.

Shareholder # 4 (Nick Willemme):

Q: If the dollar had not changed so radically the last 18 months, how much effect would that have had on your bottom line. You've come through with a profit but would we have had a profit without the change in currency.

A (BM): The impact of currency for the FY15 year was between 2-3 million at the operating Underlying EBITDA level in terms of currency benefit.

Shareholder # 5 (Tony O'Connor):

Q: I wondered whether the Board had given any consideration in the last year to perhaps regeneration and diversity and, if so, what was the outcome of those deliberations and I wondered if in the future the Board might give some consideration to diversity whether it be by way of gender, or ethnicity or even age.

A (BM): Our view on diversity is as much about diversity of interest and the point that you make. I was asked last year about the gender makeup of the Board and we have quite a lot of senior team members who are females within the group but it's actually about getting the right people for the job. Having appointed Herb to the Board in the last couple of years and his international experience and living in the United States has had a significant input for what we want to do for the future. I think that to just go through a routine process of changing directors because of a timeframe is not the right thing but we will certainly make sure that there is commitment and there is relevance of the directors and review it.

Shareholder # 6 (Charlie Haddrell):

Q: Bruce, I see you've got nine directorships and also a trustee on some non for profits. Given the importance of your function around the board table, I'm just wondering whether – and I'm not doubting your suitability and capability as a board member of Rakon – you've got the capacity to effectively control that function you have around the board table.

A (BI): A number of them are family companies and I think the level of onerous duties on those are significantly lower and have proven to be that way because of the nature.. So I certainly don't think there's been any issue in terms of my ability to commit time and my energy and resources to this business in any way. It's not a problem on a practical level.

Shareholder # 8 (Gunter Viva):

Q: I remember in January this year your shares reached 40c, do you know what the reason was for that.

A (BM): There's no particular reason other than the market was going up quite strongly at that time and the market in general has since retracted. From where the board sits, our goal is to grow the profit of the business and as a consequence the value of the business will grow and hopefully will be reflected in the share price.

Shareholder # 8 (Gerrard Pinn):

Q: I've heard you say many times at these meetings that every time we have an appreciation in the NZD that it equates to the bottom line in so many million dollars of profit to Rakon. Why does it not equate the other way when the NZD drops.

A (BM): Yes we have received some benefits but as I said before, we need to stay consistent with our policy, so if the kiwi dollar starts to go back up then we'll be lagging behind it and we'll be sitting at rates that will be considerably lower on an average basis than what is in the market. We can't speculate by remaining open, it's just not the way it is done by any major company.

## Results & Closure:

BM confirmed the results of the voting on the resolutions put forward.

- Re-election of Bruce Irvine: There were 68,405,786 votes for and 1,027,595 against, with 8,000 abstaining. BM confirmed BI as being re-elected.
- Re-election of Herbert Hunt: There were 69,218,699 votes for and 215,682 against, with 8,000 abstaining. BM confirmed HH as being re-elected.
- Directors to fix the auditors remuneration: There were 68,507,918 votes for and 903,463 against, with 30,000 abstaining. BM confirmed the resolution as being approved.

BM referred shareholders to the forthcoming NZX announcement ('Rakon 2015 Annual Shareholders Meeting Voting Results') for the full details relating to the voting results. BM thanked the shareholders for their attention and attendance at the company's tenth Annual Shareholders Meeting as a publicly listed NZX company. BM then declared the meeting closed at 3:05pm.

Signed as true and correct record

.....

Chairman