

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

1. ADOPTION OF ANNUAL FINANCIAL STATEMENTS

At the annual general meeting, the directors must present the annual financial statements for the year ended 28 February 2005 to shareholders, together with the reports of the directors and the auditors. These are contained within the annual report.

2. RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed to the board of directors is similarly required to retire and is eligible for re-election at the next annual general meeting. Dr PM Maduna retires from the board and Messrs MC Berzack, MJ Leeming, JRD Modise and CG Venter retire by rotation at the annual general meeting.

An abbreviated *curriculum vitae* in respect of each director offering himself for re-election is contained on pages 110 to 112 of this annual report.

3. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Shareholders are requested to ratify the remuneration paid to non-executive directors during the past financial year. Full particulars of all fees and remuneration for the past financial year are contained on pages 56 – 57 of the annual report.

4. RE-APPOINTMENT OF INDEPENDENT AUDITORS

KPMG Inc has indicated its willingness to continue in office and resolution 4 proposes the re-appointment of that firm as the Company's auditors until the next annual general meeting. The resolution also gives authority to the directors to fix the auditors' remuneration.

5. SPECIAL RESOLUTION NO. 1 – GENERAL AUTHORITY TO REPURCHASE SHARES

The effect of special resolution number 1 and the reason thereof is to grant the Company or any of its subsidiaries a general approval in terms of the Companies Act No 61 of 1973, as amended (the Companies Act), for the acquisition by the Company or any of its subsidiaries of the Company's shares, which general approval shall be valid until the earlier of such next annual general meeting of the Company or its variation or revocation of such general authority by special resolution at any subsequent annual general meeting of the Company; provided that the general authority shall not extend beyond 15 months from the date of the annual general meeting.

6. SPECIAL RESOLUTION NO. 2 – AMENDMENTS TO ARTICLES OF ASSOCIATION

The reason for and effect of special resolution number 2 is:

- 1) The Company's existing Articles of Association were adopted in November 2004. Pursuant thereto, the Company has identified certain administrative errors and interpretational inconsistencies between certain of the Articles and the JSE Securities Exchange South Africa (the JSE) Listings Requirements and the Companies Act respectively.
- 2) As a result of these, it was considered appropriate to adopt amended Articles of Association that address these errors and interpretational inconsistencies.
- 3) The significant amendments include the following:
 - introducing certain new definitions in the definitions section which words and/or phrases were referred to in the Articles of Association adopted in November 2004 but not defined;

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- entitling the annual general meeting to, amongst other things, sanction and declare a dividend;
- amending Article 11.2 to record that only shareholders present in person can constitute a quorum. Section 190(a) of the Companies Act excludes quorums by proxy representation;
- permitting the transfer secretaries, including the Company, to receive forms of proxy prior to general meetings (including the annual general meeting) of the Company;
- permitting shareholders to ratify fees of the non-executive directors at annual general meetings of the Company;
- redefining when directors shall cease to hold office due to consistent failure to attend board meetings;
- correcting incorrect cross-references to certain articles in the Articles of Association;
- making certain articles subject to the Statutes, as defined in the Articles of Association and not merely the Companies Act;
- requiring donations to political parties over R25 000 per donation to be approved by shareholders in general meeting.

Copies of the proposed amended Articles of Association may be inspected during normal business hours at the Company's registered office, Altron House, 4 Sherborne Road, Parktown Johannesburg.

7. ORDINARY RESOLUTIONS NOS. 1 AND 2 – CONTROL OF AUTHORISED BUT UNISSUED SHARES AND GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

In terms of Sections 221 and 222 of the Companies Act the shareholders have to approve the placement of the unissued shares under the control of the directors. A general authority to issue shares for cash has also been granted to the directors. The authorities will be subject to the Companies Act and the JSE Listings Requirements.

The effect of ordinary resolution number 2 and the reason thereof is that as more than 35% of the Company's issued shares are in the hands of the public as defined by the JSE, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting is required for this ordinary resolution to become effective.

8. ORDINARY RESOLUTION NO. 3 – AMENDMENTS TO THE ALTRON SHARE INCENTIVE SCHEME

The reasons for ordinary resolution number 3 are:

- The benefits which can accrue to a company by giving employees the opportunity to become shareholders in the company are well recognised.
- In order to bring the existing share incentive trust into line with similar market-related employee share incentive trusts and to improve the attractiveness to current and potential participants, it is proposed to amend the existing share incentive trust by introducing a conditional rights scheme.
- The conditional rights scheme will ensure that the existing share incentive trust continues to incentivise employees to promote the continued growth of the Company by *inter alia*:
 - aligning, the interests of the employees with those of the shareholders; and
 - providing for recent changes in the legal, tax and accounting environment within which the company operates.
- The salient features of the amendments to the existing Altron Share Incentive Scheme are detailed hereunder:

Conditional rights scheme:

 - rights to acquire shares (Conditional Rights) are conditionally granted to participants subject to meeting future performance vesting conditions. Each Conditional Right will have an award price (the Award Price) equal

to the closing price of a share on the day preceding the award of that Conditional Right;

- the vesting conditions attaching to Conditional Rights are specified in advance, and the Conditional Rights only vest based on meeting the vesting conditions;
- the vesting conditions may but will not necessarily include set performance targets;
- vesting of Conditional Rights occurs in equal tranches over a three-year period commencing on the third anniversary of the granting of the Conditional Rights, subject to meeting the vesting conditions;
- the quantum of vesting of Conditional Rights can vary depending upon the extent to which the vesting conditions are met;
- a participant may exercise his Conditional Rights once they have vested. The price at which a Conditional Right may be exercised (the Exercise Price) would be the closing price of a share on the day immediately preceding the day on which the Conditional Right is exercised. The benefit due to a participant upon an exercise of the Conditional Right will be the difference between the Exercise Price and the Award Price. After deducting the tax payable by the participant on this amount, the Company will pay out the after-tax benefit to the participant in cash on condition that such payment is applied by the participant towards the subscription of participating preference shares. Alternatively, at its election, the board may waive this condition and elect to pay the after-tax benefit to the participant in cash without requiring him to subscribe for shares. In the case of a subscription the total after-tax benefit due to a participant from exercising Conditional Rights will be divided by the Exercise Price to determine the number of

shares to be subscribed for by the participant, with a balancing amount attributable to rounding to be paid in cash;

- the award of Conditional Rights does not confer on the holder of those Conditional Rights any rights to the shares which may ultimately be subscribed for by him upon an exercise of those Conditional Rights, until such shares are issued;
- in the event of a re-organisation or transaction which has an effect on the capital of the Company, the benefits due to a participant may be adjusted in accordance with a determination of the auditors of the Company, to ensure that neither the Company nor the holder of Conditional Rights is prejudiced;
- no material aspect of the scheme may be amended without the approval of the shareholders of the Company.

The remaining provisions of the Altron Share Incentive Scheme shall in all material respects remain unaltered and of full force and effect.