

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 29 February 2008 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. Ms BJM Masekela retires from the board in accordance with article 15.3 of the company's articles of association and Messrs MJ Leeming, MC Berzack, CG Venter and Dr PM Maduna retire by rotation at the annual general meeting in accordance with article 16.1 of the company's articles of association.

An abbreviated *curriculum vitae* in respect of each director offering himself/herself for re-election is contained on pages 189 to 193 of this annual report.

The board of directors of the company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that re-election of the candidates referred to above would enable the company to:

- ▶ responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- ▶ comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the board.

In addition, the performance of retiring directors was formally evaluated. This process culminated in the company's board, on the recommendation of the Altron nomination committee, considering whether the retiring directors should be recommended for re-election. Having considered the inputs of the Altron nomination committee, the board recommends the re-election of the retiring directors.

3. REAPPOINTMENT OF INDEPENDENT AUDITORS

KPMG Inc has indicated its willingness to continue in office and resolution 3 proposes among others the reappointment of that firm as the company's auditors until the next annual general meeting.

At an Altron audit committee meeting held on 28 February 2008, the committee considered the independence of the external auditors KPMG Inc in accordance with section 270A of the Corporate Laws Amendment Act. In assessing the independence of the external auditors, the audit committee satisfied itself that KPMG Inc:

- ▶ does not hold a financial interest (either directly or indirectly) in Altron;
- ▶ does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Altron;
- ▶ is not economically dependent on Altron, having specific regard to the quantum of the audit fees paid by Altron and its subholding companies to KPMG Inc during the period under review in relation to its total fee base;
- ▶ does not provide consulting or non-audit-related services to Altron or its subholding companies which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of the external auditors for non-audit related services and which could compromise or impair the external auditors' independence (see page 119 of the directors report; and
- ▶ including the individual registered auditors who undertake the audit, do not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Altron and its subholding companies.

Accordingly, the Altron audit committee is satisfied that KPMG Inc is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants (IFAC) and nominated the reappointment of KPMG Inc as registered auditors for the 2008/9 financial year. On 29 February 2008, the Altron board, subject to shareholder approval, reappointed KPMG Inc and Mr MCA Hoffman as the independent registered audit firm and individual registered auditor of Altron respectively.

Annual general meeting – explanatory notes *continued*

4. SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO REPURCHASE SHARES

The effect of special resolution number 1 and the reason therefore 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 general meeting of the company, provided that the general authority shall not extend beyond 15 months from the date of this annual general meeting.

The directors are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company or any subsidiary of the company to be in a position to repurchase the securities issued by the company through the order book of the JSE, should the market conditions and price justify such an action.

5. ORDINARY RESOLUTIONS NUMBERS 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. The existing authorities granted by the shareholders at the previous annual general meeting on 13 July 2007 expire at the following annual general meeting unless renewed. The authorities will be subject to the Companies Act and the JSE Listings Requirements. Ordinary resolution number 1 requires a 50% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting.

Ordinary resolution number 2 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting in order for this ordinary resolution to become effective.

The directors consider it advantageous to renew these authorities to enable the company to take advantage of any business opportunity that may arise in future.

6. FEES OF NON-EXECUTIVE DIRECTORS

Shareholders are requested to approve the fees payable to the company's non-executive directors with effect from 1 March 2008.

This resolution is recommended by the company's board of directors. Full particulars of all fees for the past year as well as the process followed by the remuneration committee in recommending board fees are contained on pages 108 to 112 of this report.