

**RAKON MARKET UPDATE****13 FEBRUARY 2013 (RAK)**

Rakon has just completed a reforecast for the FY13 year ending 31 March and wishes to adjust the previous guidance provided to the market on 20 December 2012. The previous guidance of an EBITDA range of \$8m-\$12m is now adjusted to \$5m-\$7m.

The downward adjustment comes as a result of the Smart Wireless Device market's sudden & aggressive price reductions demanded of all key component suppliers.

The Directors of Rakon are very disappointed to have to accept this downward reforecast, but wish to emphasise that the planned permanent cost reductions of \$10m p.a. (\$7m which take effect from 1 April 2013) are still intact and on train. The Company is compliant with its bank covenants.

The Balance Sheet of Rakon has been the subject of extensive review over past months and even though strong (Net Assets of \$189m & Net Tangible Assets of \$0.80 per share, as at 30-Sep-12), will be the subject of actions to ensure it is properly aligned to a future for Rakon that allows the Company to profit from its strengths.

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