

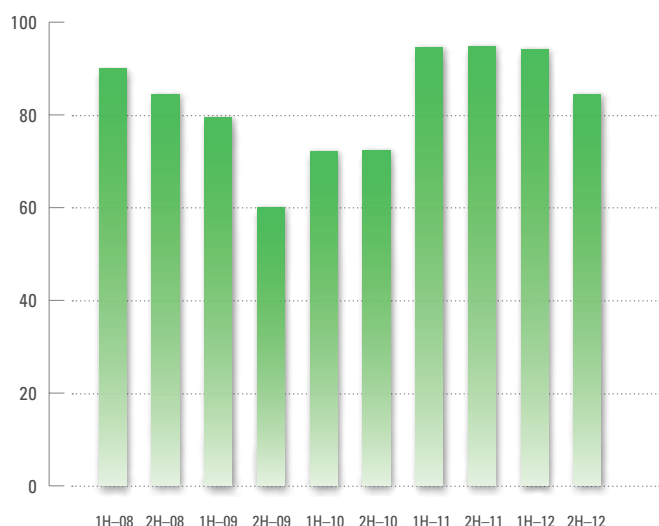
Strong strategic position

Rakon has built a world class design and manufacturing platform coupled with a customer portfolio of global leaders. Rakon provides products and solutions designed into the present and future generations of communications and positioning technologies.

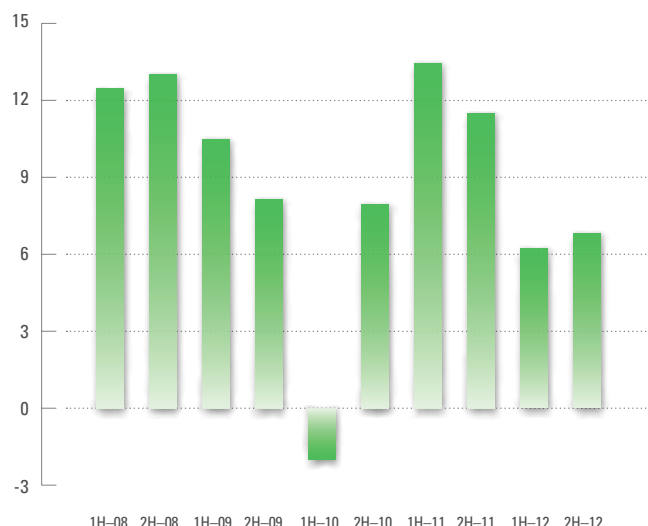
This strong strategic position is the platform to deliver sustained secure earnings over the long term as one of the world's largest frequency control solution businesses.

FINANCIAL PERFORMANCE

Revenue NZ\$ Million



EBITDA NZ\$ Million





NZ



UK



FRANCE



INDIA



CHINA

New Zealand
Auckland

Size: 6800 m²
Employees: 425
Functions: Manufacturing and research and development
Certifications: ISO9001, ISO14001, ISO/TS16949
Markets: Consumer and telecommunications infrastructure

- 1967: Rakon Founded.
- 1972: Established manufacturing in Singapore.
- 1985: Developed TCXO product for emerging cell phone market.
- 1990s: Discovered new GPS market and built dominant position supplying 90% of growing global market with unique TCXO products.
- 2000s: The niche GPS market evolved into mass consumer applications including personal navigation devices and smart phones.
- 2006: Rakon listed on NZX.



United Kingdom
Harlow and Lincoln

Size: 2800 m²
Employees: 115
Functions: Manufacturing and research and development
Certifications:
Harlow: ISO9001
Lincoln: ISO9001, ISO14001
Markets: Telecommunications infrastructure

- 2007: Rakon acquired a division of C-MAC which included the Harlow and Lincoln facilities, to significantly expand its share in the telecommunications infrastructure sector and develop the high reliability markets.



France
Argenteuil, Mougins, Troyes

Size: 7000 m²
Employees: 169
Functions: Manufacturing and research and development
Certifications:
Argenteuil: European Space Agency (ESA): Certificate of Qualification No. 33K (2010), Certificate of Qualification No.34K (2010), ISO9001
Mougins: E9100, ISO9001
Troyes: EN9100, ISO9001, ISO14001
Markets: Telecommunications infrastructure, space and defence

- 2007: Rakon acquired a division of C-MAC which included the Argenteuil facility to significantly expand its share in the telecommunications infrastructure sector and develop the high reliability markets.
- 2010: Acquired Temex to enable it to become one of the world's largest suppliers of space and defence solutions.



India (Joint Venture facility)
Bangalore

Company Name: Centum Rakon
Shareholding: 49%
Size: 3600 m²
Employees: 300
Functions: Manufacturing and research and development
Certifications: ISO9001, ISO14001
Markets: Telecommunications infrastructure

- 2008: Formed JV with Centum Electronics to manufacture high value telecommunications infrastructure products and to commercialise Rakon France's R&D programme.



China (Joint Venture facilities)
Chengdu

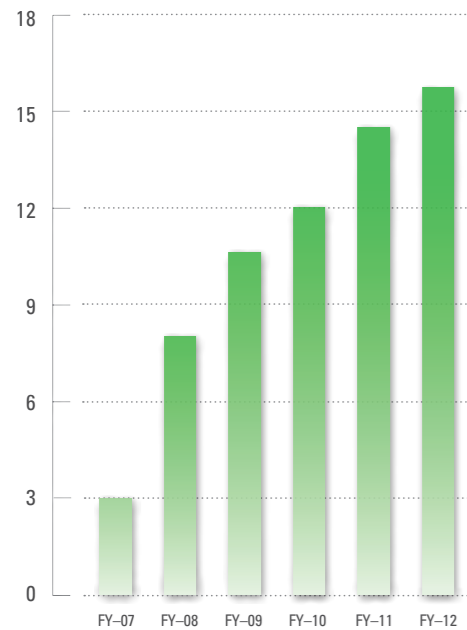
Company Name: Rakon Crystal Chengdu
Shareholding: 85%
Size: 12,000 m²
Employees: 207
Functions: Manufacturing
Markets: Consumer

- 2011: Opened facility in China to be cost competitive in mass consumer markets and to gain access to the world's largest emerging market.

China
Shenzhen + Chengdu

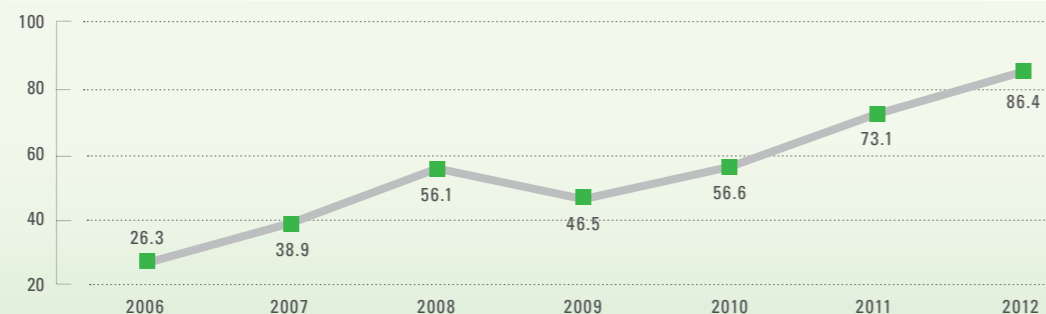
Company name: Timemaker
Shareholding: 40%
Size: 21,422 m²
Employees: 750
Functions: Manufacturing and research and development
Certifications: ISO9001, ISO/TS16949
Markets: Consumer

- 2008: Formed JV with Timemaker to vertically integrate quartz crystal supply, reduce costs and supply competitors.

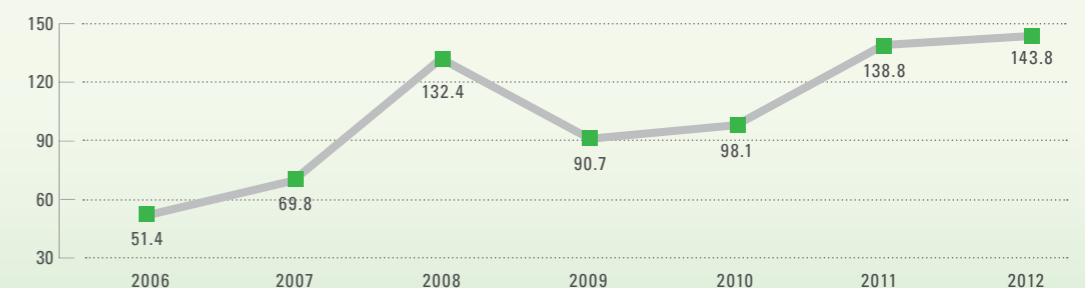


Research and Development
NZ\$ Million

MILLIONS UNITS SHIPPED



REVENUE US\$ MILLIONS



Connectivity anytime, anywhere

◀ Rakon is a global high technology company that designs and manufactures world leading frequency control solutions.

In today's world, huge amounts of data are being transferred anytime, anywhere and in unison. Rakon's products are at the forefront of enabling connectivity, faster and more reliably.

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“... Rakon is in an enviable position within the global frequency control solutions market.”



Dear Shareholders, welcome to this, the seventh annual report of your company Rakon. This past year has been one of significant growth and investment in Rakon's manufacturing capacity which sees your company better positioned than any of its competitors to profit from the exploding growth in smart wireless devices (particularly smart phones) and their transmission and receipt of data.

A considerable portion of the investment in dollars and effort was directed at China and our new crystal manufacturing facility in Chengdu. This plant is located right next door to Foxconn (one of the world's largest smart phone and tablet manufacturers) and in the heart of the fastest growing high technology area of China.

There are two main advantages of this plant. Firstly we will produce the key crystals for smart wireless devices with better quality and at world leading cost. Secondly, our facility is located in the heart of the world's fastest growing and likely the largest smart wireless device market on earth. The Joint Venture (JV), (of which Rakon owns 85%), also provides Rakon the opportunity to build even deeper and enduring relationships with the enormous international and Chinese companies based in Chengdu and throughout China.

Our activities in China coupled with our other plants in New Zealand, the United Kingdom, France and India, place Rakon in an enviable position within the global frequency control solutions market. The company now has a diversified spread of product types sold to leading customers in the key markets of: telecommunications infrastructure, positioning, smart wireless devices

and space and defence. We also have manufacturing expertise across a wide range of disciplines; extending from devices that may take more than twelve months to make and sell for tens of thousands of dollars, to products made in large volumes at low cost that sell for less than 50 cents. This wide spread of products and disciplines allows excellent and valuable crossover of research and development, in both product creation and manufacturing excellence. This is a structure and platform that we consider no global competitor of Rakon can match.

With the platform now firmly in place, our management team believe that Rakon is in an outstanding position to take advantage of a fast approaching wave of demand for Rakon's products and services. This demand stems from the current and anticipated massive growth of smart wireless devices, using Rakon crystals from China and their requirement in data transmission which is supplied by our telecommunications infrastructure products from the United Kingdom, New Zealand, France and India. See graph on page 3.

The Past Year's Financial Results

Revenue in NZ\$ was down 6% to \$178 million but up 4% in US\$ terms. The revenue was driven off the back of good growth in smart wireless devices, space and defence, while the telecommunications infrastructure market slowed in the second half to fall behind the prior year's achievement. This was due to global economic contraction, particularly in Europe.

The look through EBITDA (which includes Rakon's share of its JVs in India and China) for the group, was NZ\$13.1 million compared to last year's NZ\$24.8 million. A large part of this decrease is as a result of the high NZ\$ against the US\$. If last year's currency rates had prevailed the EBITDA for FY2012 would have been over NZ\$22 million. The remaining difference between 2012 and 2011 is due to the softening in the telecommunications infrastructure market, offset by good growth in the smart wireless device business.

One particular highlight of the 2012 fiscal results is the operating cash flow of NZ\$7.9 million which is up NZ\$12 million over last year. This positive operating cash flow has resulted from strong and continued attention to improvement in working capital. This focus will continue into fiscal 2013 with additional pressure put on underperforming assets.

The group recorded a bottom line net loss after tax of NZ\$400,000 compared to last year's net profit after tax of NZ\$8.5 million.

The Future

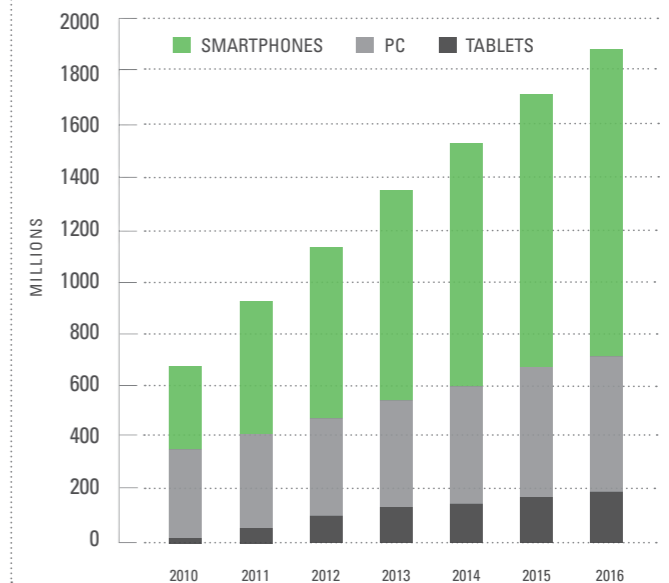
As has been the case for the last four years, the world's markets remain in a volatile state. Our global team work hard and skilfully in an endeavour to gain growth opportunities for Rakon, with smart wireless devices being a significant one of those. But there is no doubt that all business is tough today and we don't see that easing in the short term. However as I have said, Rakon has built significant new production capacity on a global scale during this difficult period which is focused on one of the world's few true growth sectors – the smart wireless device market. We are confident this productive

capacity will carry Rakon forward on a profitable and growing basis.

I would like to take this opportunity to thank the entire global Rakon team for their efforts over the past year and thank you for your continued participation as a Rakon shareholder. I look forward to meeting you again at this year's Annual Shareholders' Meeting and answering your questions.

Bryan W. Mogridge Bryan Mogridge
Chairman

Worldwide Smart Connected Device Shipments 2010 – 2016 Unit Millions *Source: IDC*



Manufacturing excellence



“... I have never felt better about Rakon's strategic position and the opportunities in the growth markets that we are in ...”

◀ **The 2012 financial year** saw the completion of significant strategic investments which has created a long term global manufacturing and sales platform, to deliver the scale and competitiveness we require. The investments have transitioned Rakon into a global frequency control solutions provider, offering a complete and diversified product portfolio, into multiple high growth markets.

Financials

At a macro level, FY2012 revenue of NZ\$178 million and EBITDA of NZ\$13 million was negatively impacted by global financial instability particularly in Europe. Also the entire industry was affected by the earthquake in Japan – a major supplier to the electronics industry and this caused global supply and demand imbalances.

Underlying product margins were generally improved on the prior year, reflecting a strong continuing focus on cost reduction across the business. This included significant innovation and focus to take costs out of our products to improve productivity and yield. The high NZ\$/US\$ cross rate continued to provide a strong headwind over much of the period and shaved around NZ\$9 million off EBITDA, compared to the prior year.

Rakon Crystal Chengdu (RCC)

We have completed our planned NZ\$50 million investment in the Rakon Crystal Chengdu (RCC) JV operation in China and the plant has been consistently increasing production since its commissioning in December. It is now operating 24/7 and has ~200 employees.

As part of Rakon's strategic growth plan, RCC provides significant additional capacity for high volume smart wireless devices products, at a significantly lower cost base. Our manufacturing operation is one of the most high-tech plants in the industry and we are seeing improving margins as a result. The current focus is on optimising the existing plant capacity but planning for further capacity expansion is also underway.

However it is not all about China. We are also investing in expanding capacity and developing new technology in

India, Europe and New Zealand to meet the future growth in telecommunications network infrastructure, which is needed to serve the ever increasing data use by smart wireless devices.

Rakon New Zealand

The New Zealand business unit delivered revenue growth of 5% in US\$ terms compared with the prior year. Earnings were lower as a consequence of the strength of the NZ\$. Our team numbers reduced by 5% over the year as we adjusted costs to manage in a difficult economic environment.

The New Zealand team have contributed massively to the successful commissioning of our RCC JV. The on-going partnership between our teams in Auckland and Chengdu will be critical to our success in the smart wireless devices market. The team also developed a number of new products including the temperature sensing crystal which once again provides Rakon with a leading product for this fast growing market.

Rakon New Zealand has also successfully expanded its product range for the telecommunications infrastructure market. Design wins for our portfolio of VCXO and XO products have outpaced our targets which should result in accelerated shipments next year. We also continue to invest in cost reduction activities and innovation for the next generation of products.

Rakon United Kingdom

The United Kingdom business unit revenues were lower than the prior year, but margins and profits continued to be strong. Market share was retained at previous levels in all our markets, with the reduction reflective of the overall market.

A high level of sampling continues for both Pluto™ and Mercury™ products for the current and next generation 4G telecommunications networks. These opportunities will drive future business revenues when our customers and chipset partners move into volume production.

New product formats incorporating the advanced Mercury™ technology enter the market this year and will sow the seeds of new growth for Rakon. By deploying proprietary techniques, these new frequency control products can satisfy

multiple customer requirements and provide a complete product solution ahead of the competition.

We are also delighted that Rakon UK won the prestigious Queen's Award for Enterprise in the International Trade category, in recognition of significant export growth.

Rakon France

Since acquiring Temex and merging that business into Rakon's existing operations, the Rakon France business is highly regarded as the European leader for frequency solutions for space, defence and aviation applications.

Revenue in the year was in line with expectations and we have completed a lot of work streamlining production and see good opportunities to grow steadily over the next few years with the existing customer base.

The deferred infrastructure spending in the telecommunications industry has materially impacted Rakon France's telecoms business unit revenue growth, but we anticipate this will recover as hardware vendors restock their inventory and build the infrastructure equipment needed by network operators.

In contrast, the high reliability (space and defence) business of Rakon France is stable. This market is characterised by long term programmes combined with long product life cycles and customer orders are placed well ahead. Consequently, this provides a good balance to our smart wireless devices and telecommunications markets.

Centum Rakon

Our JV in India invested around US\$2 million in new equipment and facilities in a very short time span to meet the increased demand from tier one customers in the first half of FY2012. Whilst market demand fell in the second half, we consider this to be temporary and the expanded capacity will soon be fully utilised.

With the combined strength of Rakon's market knowledge, technology developed in France and Centum Rakon's competency in operations and price competitiveness; we will continue to significantly increase our market share for telecommunications infrastructure business with all major customers across the world.

Telecommunications

The telecommunications sector provided lower revenue than expected in FY2012. As previously noted, this was due to deferred infrastructure spending by telecommunications operators. However, we are seeing recent improvements and the global momentum behind Long Term Evolution (LTE), marketed as '4G', has started rolling out new infrastructure to meet the explosive global growth in data traffic. In a recent survey by Informa Telecoms & Media, 60% of global telecoms operators were stated as planning to launch LTE services this year or next.

Smart Wireless Devices

Rakon's partnership with key chipset makers provides an exciting opportunity as Rakon's new temperature sensing crystal product is "designed-in" as the preferred technology for tier one customers in the smart wireless devices market. This new technology is a disruptive shift in the market and Rakon has been the first to meet

the exacting specifications required. Our Chengdu facility is now poised to deliver competitively against this opportunity as the new chipset designs gain traction in the smart wireless devices market with tier one customers.

High Reliability (Space, Defence and Aviation)

Brazil, Russia, India and China (BRIC) are providing good opportunities as Rakon is now the largest non-USA producer in the high reliability market. Rakon's products have been designed into the European and Japanese commercial satellite programmes which are being launched over the next five years.

High barriers to entry for many of our competitors in this market create opportunities to cross-sell the wider Rakon product portfolio into our existing customer base. Also, new product platforms have been launched that are focused on the high specification but lower cost segments of the high reliability market.

Closing Message

Growth in FY2012 was slower than we anticipated, reflecting the volatility of new markets combined with current economic uncertainty. However, we are encouraged by the broad global adoption of the underlying technologies which require our products and that will drive our markets and Rakon's future growth.

Rakon now has a complete range of frequency control products to offer our customers. This is extremely important to tier one customers who prefer suppliers who can deliver all their requirements. This gives Rakon an advantage – especially now we are producing from low cost facilities and we can compete aggressively in all our markets.

We are very happy to have our Chinese facility online and see that as a major asset to grow our business in smart wireless devices, which we and industry experts expect to grow significantly. IDC predicts that the insatiable demand for smart wireless devices will translate into a compound annual growth rate of 15.4% per year to 2016.

We are very well positioned in telecommunications as our product range is particularly well targeted at the lucrative new generation products and networks. Rakon is now established as a world leader in the high reliability sector which offers higher margins and also barriers to competition.

Overall, I am extremely pleased with the strategic positioning that we have completed over the year. Though we have not produced the earnings we were targeting in FY2012, I have never felt better about Rakon's strategic position and the opportunities in the growth markets that we are in and the prospects for our business.

Brent Robinson
CEO, Managing Director



Brent Robinson
Executive Director

Age 53
Appointed to Board in 2005

- 33 years at Rakon which has included establishing a global business.
- 26 years as Managing Director / CEO.
- Under Brent's leadership Rakon has grown into a global and diversified business with revenues increasing from NZ\$1 million to ~US\$145 million in 2012.
- Honorary Fellow of the Institution of Professional Engineers New Zealand.
- Awarded the New Zealand Hi-Tech Trust – Flying Kiwi Award in 2011.

Bruce Irvine
Independent Non-Executive Director

Age 55
Appointed to Board in 2005

- Managing Partner of the Christchurch office at Deloitte from 1995 to 2007.
- Involved in a voluntary capacity as a trustee of: Christchurch Symphony Trust. Christchurch Art Gallery Trust. Canterbury Business Recovery Trust.
- Chairman of Canterbury Business Recovery Group Limited.

Other Current Directorships:
Christchurch City Holdings Limited (Chairman), Heartland New Zealand Limited (Chairman), PGG Wrightson Limited (Director), Godfrey Hirst Limited (Director), House of Travel Holdings Limited (Director), Market Gardeners Limited (Director), Skope Industries Limited (Director), Scenic Circle Hotels Limited (Director).

Sir Peter Maire KNZM
Non-Executive Director

Age 60
Appointed to Board in 2005

- Co-Founder and former President of Navman NZ Limited.
- Honorary Fellow of the Institution of Professional Engineers New Zealand.
- Made a Knight Companion of the New Zealand Order of Merit (KNZM) in 2008.

Other Current Directorships:
Fusion Transactive Limited (Chairman and principal shareholder), Fusion Electronics Limited (Chairman and principal shareholder).

Bryan Mogridge
ONZM, FNZIOD
Independent Chairman

Age 66
Appointed Chairman in 2005

- Bryan has been a public company Director since 1984.
- Formerly CEO of Corporate Investments and Montana Wines.
- Has chaired the New Zealand Wine Institute, the New Zealand Food and Beverage Exporters Council and the Tourism Board.
- Was also Vice Chairman of UBS New Zealand Limited.

Other Current Directorships:
BUPA Care Services NZ Limited (Chairman), The Starship Foundation (Chairman), Mainfreight Limited (Board Member), Pyne Gould Corporation Limited (Chairman), Yealands Wine Group Limited (Chairman), IEF Entertainment PTY Limited (Chairman).

Darren Robinson
Executive Director

Age 51
Appointed to Board in 2005

- 22 years at Rakon as Sales and Marketing Director.
- Darren has driven sales for Rakon through exploring new markets, applications and establishing business with many top Fortune 500 companies.
- Rakon now has sales revenue of ~US\$145 million and a full suite of frequency control solutions.

Peter Springford
Independent Director

Age 58
Appointed to Board in 2012

- Peter was formerly CEO of Carter Holt Harvey and President of IP Asia, based in Hong Kong.
- Until recently he was Chairman of: China based Asia Timber Products Limited which has a factory near Chengdu, Malaysia based GS Paper & Packaging Sdn Bhd and Hong Kong based Hung Hing Printing Group Limited.

Other Current Directorships:
The New Zealand Refining Company Limited, Nuplex Industries Limited, McKechnie Aluminium Solutions Limited (Chairman), and other industrial companies.

Warren Robinson
Non-Executive Director and Founder

Age 77
Appointed to Board in 2005

- Founded Rakon in 1967 and spent 19 years as Managing Director. Chairman until November 2005.
- A member of the Institute of Electrical and Electronics Engineers.
- A senior member of the New Zealand Electronics Institute.
- A member of The Royal Society of New Zealand.
- Warren has a First Class Certificate in Radio Technology.

Establishing a
technology industry leader

Income Statement For the year ended 31 March 2012	2012 (\$000s)	2011 (\$000s)
Revenue	178,254	189,314
EBITDA*	13,086	24,840
Depreciation and amortisation	(10,507)	(9,751)
Share of Associates and Joint Venture interest, depreciation and tax	(2,099)	(2,899)
EBIT	480	12,190
Interest (expense)/income	(1,545)	95
Net (loss)/profit before tax	(1,065)	12,285
Income tax credit/(expense)	645	(3,805)
Net (loss)/profit before tax	(420)	8,480
Statement of Cash Flow For the year ended 31 March 2012		
	2012 (\$000s)	2011 (\$000s)
Net cash flow:		
– Operating activities	7,850	(4,081)
– Investing activities	(29,993)	(38,757)
– Financing activities	13,500	19,787
Net increase/(decrease) in cash and cash equivalents	(8,643)	(23,051)
Foreign currency translation adjustment	(914)	(839)
Cash and cash equivalents at the beginning of the period	21,991	45,881
Cash and cash equivalents at the end of the period	12,434	21,991
Balance Sheet As at 31 March 2012		
	2012 (\$000s)	2011 (\$000s)
Assets		
Current assets		
Cash and cash equivalents	15,879	22,775
Trade and other receivables	42,467	45,875
Derivatives - held for trading	275	199
Derivatives - cash flow hedges	843	757
Inventories	49,239	54,924
Current income tax asset	6	128
Total current assets	108,709	124,658

As at 31 March 2012	2012 (\$000s)	2011 (\$000s)
Non-current assets		
Trade and other receivables	7,897	3,748
Property, plant and equipment	90,411	79,035
Intangible assets	31,480	35,955
Investment in associates	19,164	19,548
Interest in joint venture	3,744	4,475
Deferred tax assets	6,052	1,674
Total non-current assets	158,748	144,435
Total assets	267,457	269,093
Liabilities		
Current liabilities		
Bank overdraft	3,445	784
Trade and other payables	30,762	38,991
Derivatives - cash flow hedges	682	24
Current income tax liabilities	1,835	797
Provisions	281	281
Total current liabilities	37,005	40,877
Non-current liabilities		
Bank borrowings	33,500	20,000
Provisions	2,685	3,250
Total non-current liabilities	36,185	23,250
Total liabilities	73,190	64,127
Net assets	194,267	204,966
Equity		
Share capital	173,881	173,846
Reserves	(24,737)	(14,573)
Retained earnings	40,154	40,346
Minority interest	4,969	5,347
Total equity	194,267	204,966

*EBITDA shown on a look-through basis
i.e. includes share of EBITDA from Associates and Joint Ventures

Global Leadership Team: responsible for setting, driving and measuring the success of Rakon's strategic plans and initiatives



Brent Robinson
Chief Executive
Officer, Managing
Director / Chief
Technology Officer

"The financial year ending 2012, saw the completion of significant strategic investments which has created a long term global manufacturing and sales platform. The investments have transitioned Rakon to become a global frequency control solutions provider; offering a complete and diversified product portfolio in multiple markets."

Under Brent's leadership Rakon has grown into a global business with revenues increasing from NZ\$1 million to ~US\$145 million. 33 years with Rakon.



Darren Robinson
Sales and
Marketing Director

"Rakon's frequency control solutions are embedded in all parts of the communications network, end-to-end. Our products are now enabling and synchronising connectivity – everywhere! It is very satisfying to be part of these achievements."

Darren has been instrumental in driving Rakon's strategic direction resulting in continued revenue and market share growth in all markets. 22 years with Rakon.



Graham Leaming
Chief Operating
Officer / Chief
Financial Officer

"Our team have outstanding commitment, passion and skill. We are focused on capitalising on the significant opportunities we have created in each of our markets, to deliver strong financial returns".

Responsible for Rakon's global manufacturing operations, finance, human resources and information systems. Graham has taken a lead role in Rakon's expansion into Europe and Asia. Spent 10 years with Rayonier Inc and before that was with Ernst & Young. 7 years with Rakon.



Dr Sinan Altug
Global Business
Development and
Applications Director

"Significant progress was made in expanding and evolving our strategic customer base, market segments and technological innovations. Rakon is uniquely positioned to harvest sustainable growth in all markets we participate in".

Leads Rakon's global business development and applications efforts. Sinan has over 15 years of experience in timing technologies. He has taken a key role in fuelling Rakon's growth and strategic direction. 10 years with Rakon.



Michael McIlroy
General Manager
Engineering – New
Zealand

"Rakon is focused on essential R&D that puts us at the forefront of the frequency control products industry. The technology challenges and dealing with the world's leading electronics companies, makes for a fascinating technical journey."

Lead's Rakon's New Zealand product engineering group in the development of new products and technologies and he has technical responsibility for Rakon's JV in China. 21 years with Rakon.



Hugh Tucker
General Manager –
Global Sales

"A strategic asset of Rakon is the number of customers who are tier one companies in their respective markets. They have the highest expectations and trust in Rakon's capabilities. Retaining them and developing more tier one customers requires excellence in every discipline."

Manages a team of ~50 sales and support staff located in 14 worldwide offices. Hugh previously spent 22 years with Dataram Corporation, a NASDAQ listed company, including eight years as Vice President of Worldwide Sales. 7 years with Rakon.



Dr Philip Davies
Business Unit
Manager – United
Kingdom

"Having ground-breaking technologies to compete (and beat!) the very best in the industry is extremely satisfying. Smaller, faster and better is the way of the future and there are huge opportunities for those companies who can deliver this – Rakon is without doubt one of those companies."

Joined when Rakon acquired C-MAC. Responsible for management of the United Kingdom business including operations and product management of Rakon's ultra stable oscillator portfolio. Previously spent 11 years with C-MAC holding a range of operational, sales and engineering positions. 5 years with Rakon.



Dr Pierre Poulain
General Manager –
Rakon France

"We have disruptive technology in the pipeline for our high precision product range available in much smaller footprints. My focus is on developing new customers, understanding their needs and delivering them innovative and competitive solutions."

Responsible for Rakon's French business which includes products and facilities in Argenteuil, Mougins and Troyes. Pierre also holds a key role providing technical direction to Rakon's Indian JV. Pierre previously joined C-MAC in 1997. 5 years with Rakon.



Alain Rougier
General Manager
High Reliability –
France

"It is gratifying to be part of a worldwide group with the ability to lead in innovation and product solutions. My area of focus is driving the high reliability business to provide competitive solutions and enabling our customers to meet extremely high technical requirements."

Leads the high reliability business unit in France, which comprises the three French sites. Prior to joining Rakon he has accumulated 25 years experience in the electronics and semiconductor business. 2 years with Rakon.



Ajaib Hussain
Engineering
Manager – United
Kingdom

"We're working on leading edge technologies and products that influence the way people work and play in today's world. Rakon can grow even more by leveraging off our unique in-house expertise and by expanding into new and emerging markets where it is synergistic to our business and value proposition."

Responsible for the advanced technology team in the UK. Ajaib has 20 years experience in the semiconductor industry in roles including programme management, general management and product design. 4 years with Rakon.



Kevin McAloon
Product Manager –
Volume Products

"I have seen Rakon grow from a New Zealand based manufacturing business to a truly global solutions provider. Success in the future will come from achieving operational excellence using Rakon's world class manufacturing technologies to realise products that meet customer requirements at unmatched price and performance levels".

Responsible for Rakon's high volume TCXOs and crystals. Prior to joining, Kevin was employed by US based Champion Technologies, a supplier of VCXOs to the telecommunications industry. Kevin has 17 years experience in the frequency control industry. 10 years with Rakon.



David Grant
Manager – Global
Projects

"Rakon is a complex technology operation and to be involved in its growth and future from every aspect of the business is exciting, whether it is building and setting up the new facility in China or reviewing how Rakon manages quality across the global business."

Responsible for managing major business projects such as establishing Rakon Crystal Chengdu and reviewing quality management practice. Prior to this David spent 10 years as the General Manager of New Zealand operations. David has 38 years international experience in electronics manufacturing and design. 13 years with Rakon.

RAKON CULTURE

Rakon is a fast paced, complex and dynamic technology company. This is fuelled by the drive to deliver customers the next innovative solution. By understanding industry requirements and hiring the highest quality people, Rakon is a technology leader in its field.

Rakon operates a matrix structure where teams work together across its manufacturing facilities, design centres and international sales offices. Rakon gains from the huge synergies that a global, highly skilled team offers which is bound together by the same technology language. The depth of skill and knowledge possessed by its staff in this highly specialised industry, is recognised as being paramount to Rakon's success. It is a company where video conferencing and travel is the norm and it is a business which is open at all times: 24/7.

A melting pot of diverse ethnic backgrounds, at the Auckland facility alone, over 30 different nationalities are represented.

Rakon undertakes to employ a number of graduates each year to develop young engineers in the electronics industry. It works closely with universities and awards scholarships and graduate programmes to top talent, to strengthen the industry's technology base.



Yun Ho Tsoi
Graduate Engineer
Crystal Engineering
(New Zealand)

Rakon's investments in China and India are the most significant made by any New Zealand technology company



“Rakon's strengths are its high technology focus, strong innovation and quality products. With the smart wireless device market experiencing massive growth, RCC is the vehicle for Rakon to steam roll forward in this market through its sheer scale, quality, leadership, competitive manufacturing cost and material sourcing capability.

Rakon has a culture of creativity and innovation. Our team is treated well and everyone is on an equal footing. Everyone can contribute ideas freely. It is a company where there is no compromise on quality and the culture is one of absolute excellence.”

Andy Wang
Operations Director, Rakon Crystal Chengdu (China)

CHINA KEY MILESTONES

- June 2008:** Rakon forms two Joint Ventures with Timemaker
- July 2011:** RCC opening ceremony
- November 2011:** First commercial shipment
- January 2012:** One millionth unit shipped
- May 2012:** Ten millionth unit shipped
- May 2012:** RCC team reaches 200



The Rakon Crystal Chengdu team day, at Floraland in November 2011.

ENVIRONMENTAL UPDATE



Carina Thompson
Engineering Team Leader - Environmental (New Zealand)

“Over the next few years we will be concentrating our efforts on further implementing our global environmental strategy. We have a commitment to minimise the impact of our operations on the environment. It is also essential we meet our customers' expectations in order to remain competitive.”

Rakon recognises the importance of looking after our world. Across its global facilities, Rakon is integrating an Environmental Management System (EMS) to deliver continuous improvement in this area. Through its advanced technologies, Rakon's products are continuously becoming smaller, higher performing and they are consuming far less power than legacy designs. This enables its customers to reduce the size of their products; further minimising waste and energy and significantly providing global environmental benefits.

Rakon aims to develop products, manufacturing processes and technologies which are as friendly to the environment as possible. Even with production increasing, carbon emissions have been reduced.

INDIA KEY MILESTONES

- February 2008:** Joint Venture formed
- September 2010:** Centum Rakon team reaches 300
- June 2011:** Class 1000 cleanroom completed for high volume crystal manufacturing
- August 2011:** OCXO manufacturing capacity trebled
- August 2011:** Received Excellence in Export Award from ELCINA (Electronic Industries Association of India)

“Delivering the required quality products to our customers at the right time, to meet the changing demands, is very challenging. We are able to achieve this by having a dedicated and passionate team.”

Bhagya Muniyappa
Manufacturing Manager - Centum Rakon, Bangalore (India)



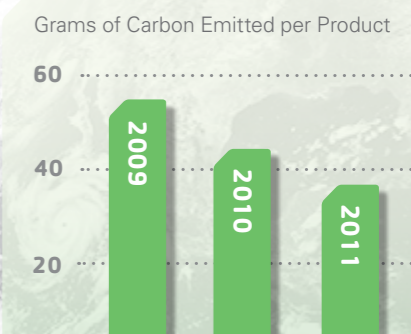
“By greatly expanding capability and capacity for the manufacture of crystals and OCXOs, Centum Rakon is now fully geared up to deliver superior quality products in volume and at competitive prices, to meet the OCXO requirements of all major customers across the world.”

Unnikrishnan
General Manager - Centum Rakon, Bangalore (India)



Culture of creativity & innovation

Rakon Global - total carbon emissions per product manufactured



Enabling a difference

“ I have enjoyed working for Rakon for over 18 years now and have seen a lot of change over this time. Rakon has grown considerably and I consider myself fortunate to be a part of the Rakon team.

I enjoy working for a company that is a technical leader in its industry and which is always moving forward with innovation, performance and quality.

That makes things challenging but also keeps things interesting. Rakon also has a great team of people! ”

Mark Burgess
Crystal Production Manager
– Rakon Crystal Chengdu, (China)



Rakon Oscillators in Space

The second and third Automated Transfer Vehicles (ATVs), were successfully launched with oscillators from Rakon France on board!

The ATV Johannes Kepler was successfully launched by Arianespace in February of 2011. The third unmanned supply vehicle, named Edoardo Amaldi and designed and built by Astrium was launched on 23 March 2012. It is the most intelligent space robot flying today and the most complex spacecraft ever developed in Europe.

The ATVs carry supplies and cargo for the International Space Station (ISS). The 20 tonne Edoardo Amaldi space

freighter is so precise that it can dock completely autonomously with the ISS at a speed of 28,000 km/h. ATV-3 brings 6.6 tonnes of freight to the ISS including 4 tonnes of fuel, water and gases but also everyday necessities, spare parts and packages from the astronauts' families.

Rakon France's oscillators are used in the transponders, signal generation unit and clock board of both ATVs and are essential for the unmanned European freight spacecrafts to operate. In addition to its supply mission the vehicles correct the space station's orbit to maintain the ISS's altitude control.



The Johannes Kepler ATV

Supporting the Local Community: United Kingdom Snapshot

Rakon actively does what it can to support the community in the areas its facilities are based. In the United Kingdom Rakon works with the Children's Safety Education Foundation providing activity handbooks to a local school which covers topics such as anti-bullying, accident prevention as well as drug education initiatives. It supports The Lincolnshire Businesses for Breakfast Charity to ensure that primary and junior school children in Lincolnshire have access to a healthy breakfast each morning. Support is

More than 32,000 lives have been saved since COSPAS-SARSAT's inception in 1982



Emergency Position Indicating Radio Beacons (EPIRBs), Personal Locator Beacons (PLBs) and Emergency Locator Transmitters (ELTs) help save lives. Rakon has over 85% market share of the oscillators that go into these devices. A system of satellites (COSPAS-SARSAT) receives the distress transmissions, generated from activating the beacons – and relays them to a control centre for action.

Investing in the Industry's Technology Future



A Lynfield College student with the robot which went on to win the nationals (New Zealand).

Rakon supports New Zealand's talented young engineering students, providing scholarships and sponsorship to a number of students each year.

The Rakon Engineering Scholarship at the University of Auckland was established in 2010. Winners are selected based on criteria including academic achievement, technical ability, ability to demonstrate applied learning and a desire to pursue a career in electronics manufacturing. Simon

Corkery from Pakuranga was the recipient of the 2012 award. He will receive a NZ\$10,000 scholarship to cover two years of study.

The Rakon Kiwibots Young Engineer Scholarship was set up in 2011. Kiwibots New Zealand is an organisation that runs robotics competitions for school and university students, where they compete to design and build the best robot. New Zealand has won the world championships for the last four years in a row. The Rakon scholarship is open to all Kiwibot members in New Zealand and covers first year university fees for students pursuing careers in science or engineering.

Rakon also offers support to students who compete in the International Contest of Applications in Nano-micro Technology (iCAN) which is the first international youth innovation contest in the micro and nano fields. Students must develop a novel application project using micro and nano devices. This year's competition takes place 6-9 July 2012 in Beijing, China.

“ Rakon has a great culture of innovation and invests where it is needed in order to drive technology forward. Rakon has the potential to become number one worldwide in frequency control solutions for high reliability products in the next few years. ”

Fabrice Goulven
Marketing & Sales Manager,
High Reliability Business Unit
– Rakon France



provided to a local school in Harlow to prepare students for the workforce: by teaching interview techniques and CV writing. Rakon gets behind numerous charities including St Barnabas Hospice in Lincoln and St Clare Hospital in Harlow; whose work has touched many of the employees at both sites. The Ryan Brown Foundation for terminally ill children and

'Strong Bones' are charities that regularly benefit from Rakon's support too. The UK team also encourage its employees to take part in charitable work and volunteering. In the past year it provided work experience training for children from local schools and has offered internships with its Advanced Technology team for the past two years.

SMART WIRELESS DEVICES



The smart wireless devices market includes mobile phones, tablets and PCs. Rakon's solutions are designed and manufactured at its facilities in New Zealand and China.



21% OF TOTAL REVENUE

Globally consumers and businesses have a huge appetite for smart wireless devices. Shipments will top 1.1 billion in 2012 and are expected to reach 1.84 billion units by 2016 (CAGR 15.4%). *Source: IDC.*

The massive popularity of smart phones in China, driven by the roll out of 3G networks, is causing a fundamental shift in the domestic handset industry as Chinese consumers are demanding the higher specification features of smart phones. China has overtaken the United States as the world's top smart phone market by volume and is expected to have 20% of the global smart phone market by 2016.

Rakon is a market leader not only supplying many of the world's tier one customers, but also many of the emerging Chinese brands that are rapidly gaining market share. Rakon's investment in advanced technology at the Chengdu facility makes it perfectly positioned in the industry's epicentre, supplying both the domestic Chinese market and the global market from a lower cost base.

Products: TCXOs, crystals and temperature sensing crystals.

HIGH RELIABILITY



20% OF TOTAL REVENUE

Rakon's frequency control solutions must meet the most radical environmental challenges – extreme temperatures, space radiation and massive G-forces. Despite this, they must operate perfectly as failure is not an option.

Rakon is now established as a world leader in the space and high reliability markets and is the largest non-USA based producer. This strong market position is opening up many opportunities in the commercial satellite and space programmes in Europe, Japan and the 'BRIC' countries.

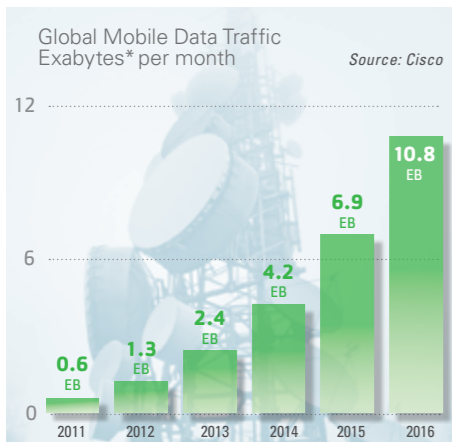
Since the acquisition of Temex, Rakon has developed the business with customers and design-in activity has increased significantly. New product platform designs are offering greater flexibility and competitiveness.

Products: OCXOs, TCXOs, VCXOs, XOs, crystals and custom modules.



Rakon's high reliability products are designed for communications, radar and navigation. They are used in space, defence, aviation and industrial applications and manufactured in France, the United Kingdom and New Zealand.

TELECOMMUNICATIONS



*An exabyte of storage could contain 50,000 years worth of DVD-quality video.

Telecommunications infrastructure equipment includes base stations, fibre optics, small cells and network timing systems. Rakon's solutions for the telecommunications market are designed and manufactured in its facilities in the United Kingdom, France, New Zealand and India.



34% OF TOTAL REVENUE

The world's telecommunications infrastructure market is entering a dynamic era to cope with massive demand. Late in 2012, the number of mobile connected devices will exceed the number of people on earth and by 2016 there will be 10 billion mobile connected devices. This massive growth in wireless devices is fuelling global mobile data traffic, which will grow at an 18-fold increase by 2016 (CAGR of 78%). *Source: Cisco.*

The relentless rising demand for video is forcing network operators to accelerate capacity upgrades of their networks. This generational change in telecommunications infrastructure is the global momentum behind Long Term Evolution (LTE), which is marketed as '4G'.

Rakon is extremely well positioned in the global telecommunications infrastructure market as its frequency control technologies lie at the heart of these systems. Many of Rakon's products are designed into the lucrative new generation 4G devices and the LTE network infrastructure – enabling connectivity everywhere in a networked world.

Products: OCXOs, TCXOs, VCXOs, XOs, crystals.

POSITIONING



19% OF TOTAL REVENUE

The Global Navigation Satellite System (GNSS) market is expected to double by 2016*. Precision GNSS instrument manufacturers are moving into new markets such as agriculture, construction, aviation and Geographic Information System (GIS) mapping which are all forecast to grow strongly and into new regions.

Rakon has always been at the forefront of Global Positioning System (GPS) technology and continues to work closely with the industry to develop next generation solutions. Rakon's market leadership position ensures its technology is designed into many of the high margin precision GNSS instruments and new consumer devices. The consumer Personal Navigation Device (PND) market is now converging into the smart phone market, as GPS is now a standard feature set. This is changing the PND market and specialised applications like sport and recreation, tracking, machine to machine control and geotagging are the new drivers for the industry.

Rakon remains the global leader in oscillators for emergency locator beacons, supplying over 85% of these life saving devices.

**Source: ABI Research.*

Products: TCXOs, crystals.



The positioning market includes consumer devices used for navigation and industry applications for high precision GPS instruments. Products are designed and manufactured in New Zealand and the United Kingdom.

OTHER

Rakon's frequency control solutions are in demand in other market sectors such as smart wireless metering, satellite modems and radio communications devices for emergency services.

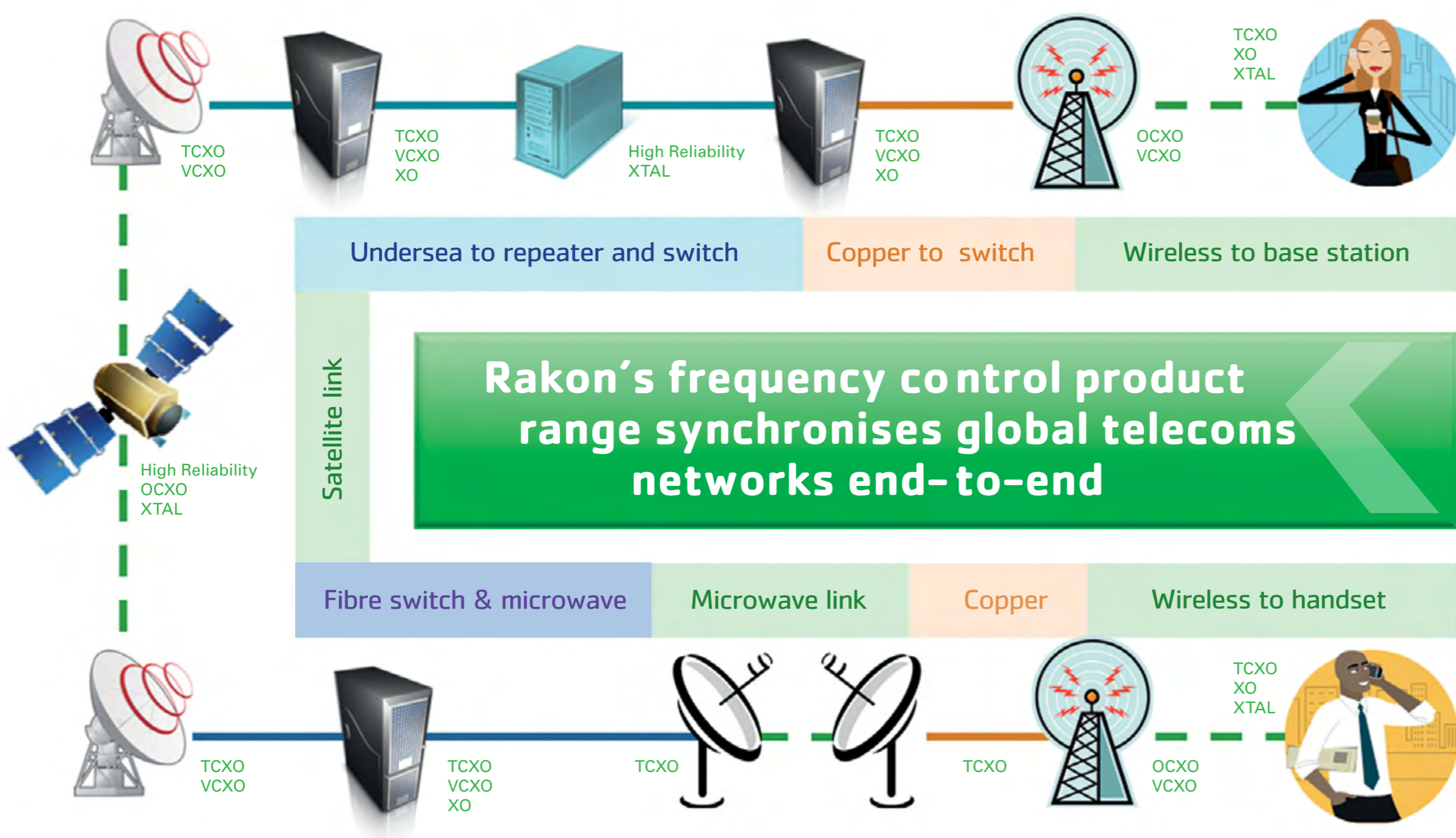
6% OF TOTAL REVENUE

Enabling connectivity everywhere

New ways of communicating with each other are constantly evolving as people demand the convenience of interacting where and when they want to.

Each new generation of communication technology requires new devices and infrastructure equipment to support the ever-increasing speeds and bandwidth required.

Rakon offers a complete end-to-end range of frequency control and timing solutions which synchronise connectivity for current and next generation telecommunications networks, consumer devices and even spacecraft.



Complete Frequency Control Product Solutions

Quartz Crystal (XTAL) Resonators, Temperature Sensing Crystals

Crystal Oscillators

TCXOs

VCXOs

Ultra Stable TCXOs / Convergence Products

OCXOs

Space & Defence

LOW COST HIGH VOLUME

EXTREME PERFORMANCE

Crystal (X)

Crystal resonator

At the heart of the XO, VCXO, TCXO and OCXO product is a quartz crystal (X).

Crystal Oscillator (XO)

XOs are quartz crystals combined with basic oscillation circuitry. XOs can offer high frequencies with low performance. They are typically used in telecommunications networks and other broadband applications.

Femtocell

A small cellular base station that plugs into an existing internet connection and provides strong mobile signal in the home. (See also Small cell definition).

High reliability

In some industries reliability and high precision performance are critical. Rakon's high reliability solutions are found in space, defence, aviation and industrial applications which require the most stringent performance criteria.

Oven Controlled Crystal Oscillator (OCXO)

OCXOs are used in applications where precise reference clocks are needed to secure high volume data traffic. Stabilities can be as tight as, less than 1 part per billion (ppb). OCXOs are generally more complex, more expensive, physically larger and consume a lot more power than a TCXO. Used in telecommunications infrastructure, space and defence applications.

Personal Navigation Device (PND)

An in-car, dash mounted, GPS navigation device.

Positioning

The positioning market includes consumer navigation as well as industry applications for high precision GPS instruments. Includes Personal Navigation Devices (PNDs), high precision GPS (surveying, mining, agriculture), rescue beacons and sport & recreation products.

Small cell

A small, lower cost, cellular base station – typically installed on street lamp posts and in shopping malls, offices and other commercial buildings.

Smart Wireless Device (SWD)

A portable device with added data functionality such as internet access, computing and video capability. Examples include smart phones (such as iPhones, Android phones etc) and tablet PCs (such as iPads).

Temperature Compensated Crystal Oscillator (TCXO)

A TCXO is essentially a quartz crystal combined with electronic circuitry to make it oscillate and it also removes much of the error in frequency caused by variations in temperature.

High Stability Temperature Compensated Crystal Oscillator

High Stability TCXOs are used in high volume, high performance markets such as mobile phone devices where small oscillator size is important. High Stability TCXOs have a typical performance of 0.5 parts per million (ppm) over wide temperature ranges. They are available in sizes as small as 2.0 x 1.6 mm.

Ultra Stable Temperature Compensated Crystal Oscillator

Many applications demand an even higher level of performance than our high stability TCXOs. Using unique technology, Rakon's Ultra Stable TCXOs can achieve stabilities better than 100 parts per billion (ppb) over temperature. They are used in telecommunications networks and other high precision applications.

Telecommunications (Telecoms) infrastructure

All the equipment which provides global communications networks, both wired and wireless.

Voltage Controlled Crystal Oscillator (VCXO)

A VCXO is an oscillator designed to have its oscillation frequency changed significantly by a controlled voltage. Customers using high performing OCXOs for base stations and telecommunications infrastructure also use many VCXOs at different frequencies as part of their timing network requirements. VCXOs can offer much higher frequencies as well as low noise performance. They are typically used in telecommunications networks.



“

Rakon's key strategies and strengths for the business development team are to totally infiltrate our target markets, become part of that ecosystem and ensure Rakon is the 'go to' company. Our packet based timing solutions offer the very best in performance versus price. The customers I am working with say that Rakon provides an unsurpassed level of service and support – and I am proud to be part of that!

”

Mary Carbin

Business Development Manager (United Kingdom)

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To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:
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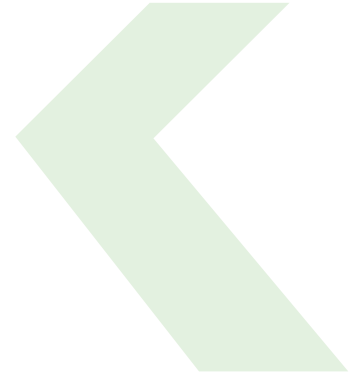


“

I have seen huge growth since starting with the company 20 years ago which has led us to become one of the top frequency control companies in the world. We have succeeded through being customer focused, paying high attention to quality, understanding customer needs, being highly responsive, providing revolutionary products and always looking for new opportunities. ”

Dee Shahidi

Asia Sales Manager (Taiwan)



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