

**Chairman's comments to the Annual General Meeting held on 9<sup>th</sup> April 2008.**

We were not really happy with the Group result we reported for the full year at \$1.8 million but we were pretty hard on ourselves.

As we have already told you we provided for bad debt provisions for all loan accounts which were over 90 days overdue. This cost us a charge against pre-tax profit of \$540,000 for the year. We wrote down other assets by \$130,000 as a further charge against profit to further reflect market realities.

Some would say that this was a bit extreme but we feel with the current climate in the finance industry we should be extremely conservative.

Total assets grew to a total of \$26 million. We had a good increase in earning assets this year.

When the Group assets total of \$26 million is compared with the level of assets at December 2004 when they were \$1.3 million, you can see we have made some good progress since we took control of the old Rocom company and reconstituted it as Cynotech.

I started out by saying that we were not happy with the \$1.8 million of profit this year but when you compare, it's a lot better than the loss of \$1.2 million recorded at the end of 2004 when we finished setting the new base for the Group.

When we produced the annual report and accounts for this year we were mindful of the need for full disclosure. With the help of our auditors we think we achieved a good technical standard and we tried particularly hard in respect of the operations of the finance group to fully spell out information regarding our receivables book and the quality of our loans.

We showed that our finance loans are well spread and we do not have any major concentration of risk – our six largest loans had an aggregate value of \$1.6 million.

Also we do not have many loans where interest is capitalise rather than being paid on a monthly basis.

I don't want to be a protagonist of doom and gloom but we believe there is still bad news to come in the market and the economy overall.

- We have already seen some fire sales of property where values achieved are at least 30% less than valuations done by reputable valuers as recently a mid last calendar year.
- We will see developers being bankrupted
- More Finance company problems will emerge

- There are a number of finance companies who are just limping along and who while they will survive, will be out of the market and in survival mode for some time to come.

In the current climate we think that our main mission is to continue to produce the bottom line results and over time this will give our shareholders the payoff which they need to be able to achieve an acceptable return on their investment.

We will continue for the next period with a program of carefully controlled growth.

Ends

For further information contact

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