

NZX release dated 18th April 2008

Cynotech purchase of receivables of Western Bay Finance

Cynotech has arranged to purchase loan receivables of Western Bay Finance. Western Bay was placed into Receivership in August 2006 and its receivables book was sold at that time by the Receivers to a group of investors.

Cynotech has now arranged to buy the receivables which have not yet been collected. The face value of the receivables purchased by Cynotech is \$30 million and the purchase price of \$1.5 million dollars is to be settled by a cash payment of \$1 million and the issue of 3,125,000 Cynotech shares at an issue price of 16cps.

The quality of the Western Bay receivables as they now stand is not good, but the Directors of Cynotech are confident that the experienced credit team within the Group will be able to collect a significant amount of the receivables still outstanding.

Cynotech purchased the loan book of National Finance 2000 Ltd (In Receivership) in late 2006 and has so far collected around half of the consideration paid to acquire those receivables. Collections on the National Finance book continue to increase month by month as court actions take effect and missing debtors are traced. The Directors regard the National Finance purchase as having been very successful and the systems and staff experience gained will assist in collection of the Western Bay receivables.

In addition to the Western Bay receivables Cynotech has also arranged to purchase another salvage ledger from a motor vehicle group, with a face value of approximately \$1 million for a nominal payment of \$50,000.

In a further move Cynotech has completed the purchase of receivables totalling \$5.7 million from a part of the Capital + Merchant Finance Group. These receivables are performing loans and provide an ongoing business stream in motor vehicle dealer financing.

An innovative financing transaction recently completed by Cynotech Corporation provided the funds for the seating at the V8 Supercar racing to be held in Hamilton this weekend. The installation of all 25,000 seats has now been completed on time and Cynotech was pleased to have been able to put in place a structure which allowed for a large number of seats to be imported and installed for this important event. This deal in monetary terms was larger than Cynotech allows as a maximum exposure to any one client but the structure used allowed the credit aspects of the transaction to fall within Cynotech's prudential limits.

This involvement in Hamilton supports our existing commitment to the city where we are an employer of 40 people manufacturing ice-cream cones for New Zealand under the Snowdon brand.

In summary for a total outlay of around \$8 million the face value of receivables managed by the Cynotech Group will double from the \$30 million managed at 31st December to a new level in excess of \$60 million.

Signed
Allan Hawkins
Chairman