

Announcement to the market:

Thursday 28<sup>th</sup> May

**Bonus Issue – Cynotech Capital Securities (CCS's)**

The Directors of Cynotech Holdings are pleased to announce that a Bonus issue of Cynotech Capital Securities will be allotted to holders of Ordinary shares, Convertible Preference shares or a combination thereof to those holders on our share registry as at 5pm on 12<sup>th</sup> June, 2009.

The Security is a new class of security ranking above Ordinary shares, and behind Convertible Preference Shares.

The rate of bonus issue will be one Cynotech Capital Security for every 75 Ordinary and Convertible Preference shares held. The bonus issue of Cynotech Capital Securities is being made prior to the general public cash issue of CCS's.

Directors resolved that the minimum holding shall be 100 Cynotech Capital Securities, so holders will need to have at least 7,500 Ordinary shares and/or Convertible Preference shares before 12<sup>th</sup> June to be allotted the bonus Cynotech Capital Securities.

Cynotech Capital Securities carry an annual return of 9.25% payable quarterly.

They have a face value of \$1.00 per security, and are expected to list on the NZDX market on June 15<sup>th</sup>, subject to final NZX approval.

The Chairman Mr. Allan Hawkins said "This is an exciting time in the development of the company in relation to the changed economic circumstances we are in. We are pleased to be able to make this bonus issue to our shareholder base before offering Cynotech Capital Securities to the public in general. Our target investor will be the small retail depositor."

A further announcement about the details of the Cynotech Capital Securities Issue will be made when the Prospectus is available, which is expected later this week.

Allan Hawkins  
Chairman