

25th September 2009

Cynotech to forego payment of Interim Dividend

The Directors of Cynotech Holdings Limited advise that they have decided not to pay the interim dividend which had previously been proposed at the time of the release of the mid year results.

Cynotech continues to perform creditably given the current circumstance which the Finance industry finds itself in. The Directors considered their collective views of where things are headed in the foreseeable future and in particular the following have influenced current thinking.

- Since the half year results were announced one of the moratorium companies has been placed in receivership and we have the belief that more moratorium arrangements will not deliver and this will lead to more finance company receiverships.
- An announcement was made that the Government guarantee scheme will not be able to be renewed by a number of the smaller finance companies who are unable to obtain the required credit rating and that may lead to difficulties for those companies.
- We are still of the belief that some of the finance companies in moratorium arrangements have not properly faced up to bad debts and impaired loans. Time will tell if we are correct in this regard or not, but we know for a fact that there are masses of development type properties in various parts of the country that, at worst cannot be sold or at best can only be sold at fire sale prices.
- Further the directors take the view that there will be no improvement in the finance company sector through at least to the end of next calendar year. Fortunately we are planning that the Cynotech Finance Group will show continual improvement through 2010, as it has in the past, but we are only a small participant in the finance sector.

For the reasons stated the Directors have decided to take an unashamedly conservative approach to liquidity management and to preserve resources to ensure that the Cynotech Group continues to progress in a measured way in the current operating environment.

The deliberations of Directors, when considering the above, centered on the need to protect the interests of our investors and shareholders and to ensure that we do not put our investors funds at risk.

The Group continues to invest in its trading companies to improve efficiencies and productive capacity. A small amount of new lending is being conducted through the Group's finance companies and this has had the result of at least ensuring that total receivables are showing small increases month by month.

The Directors have confirmed the results for the half year (unaudited) when a net profit of \$1.263 million was announced. The company continues with its impairment policy in respect of any loans which are over 90 days overdue and the Group's equity levels stand at a sound level of 45% of total assets. The Cynotech Group does not have public borrowings.

Summarised financials	June 2009 Mid year	June 2008 Mid year	Dec 2008 Year
Total assets (000)	31,721	31,614	31,039
Group total Equity (000)	14,168	13,058	13,057
Equity %	45%	41%	42%
Net profit after tax (000)	1,263	1,227	2,280
Returns to ordinary shareholders	2009		2008
Annual return cents per share	.75cps		.5 cps



Allan Hawkins
Chairman