



Cynotech Holdings Ltd

Cynotech Holdings Limited			
Unaudited Mar 2011 Preliminary Results announcement			
Reporting Period			
Reporting Period	12 Months Ended March 2011	15 Months Ended March 2010	% change
Shares on issue			
Ordinary shares	126,189,220	122,885,996	+ 3%
Convertible Preference shares	-	3,303,224	- 100%
Warrants	28,108,354	28,108,354	0%

Assets, Liabilities and Equity			
Total Assets	\$16,311,348	\$20,741,075	- 21%
Total Liability	\$14,841,362	\$15,132,179	- 2%
Total Equity	\$1,469,986	\$5,608,897	- 74%
Total Equity %	9%	40%	- 31%

	NZ\$	NZ\$	
Revenue from ordinary activities	\$6,769,344	\$10,156,236	- 33%
Profit before Taxation	-\$4,232,884	-\$7,283,928	- 42%
Net Profit after Tax. attributable to equity holders	-\$4,013,545	-\$6,608,903	- -39%

Dividend (DRP NA)	2011	2010	
Interim	NZ\$ 0.000	NZ\$ 0.000	NA
Final	NZ\$ 0.000	NZ\$ 0.000	NA
Total	NZ\$ 0.000	NZ\$ 0.000	NA

Record Date	N/A		
Dividend Payment Date	N/A		

Statements of Financial Position *as at 31 March 2011*

Cynotech Holdings Ltd

In thousands of NZD

	GROUP		COMPANY	
	12 Months 2011	15 Months 2010	12 Months 2011	15 Months 2010
Assets				
Cash and cash equivalents	414	466	28	96
Trade and other receivables	675	790	281	55
Finance receivables	3,212	4,288	-	-
Loan receivables - designated at fair value	7,682	8,794	-	-
Income tax refund	-	247	-	247
Inventories	247	440	-	-
Investment held for sale	-	68	-	68
Property and plant held for sale	1,017	1,132	-	-
Property, plant and equipment	2,040	1,973	316	154
Investment in associates	952	2,543	952	2,543
Investment in subsidiaries	-	-	11,288	11,288
Deferred tax asset	73	-	6	10
Total assets	16,312	20,741	12,871	14,461
Liabilities				
Bank Overdraft	99	250	-	-
Trade and other payables	1,282	1,220	299	279
Deposits	4,499	4,407	-	-
Interest bearing loans and borrowings	8,409	8,536	159	-
Intercompany loan owed to subsidiaries	-	-	11,190	9,984
Convertible preference shares	-	20	-	20
Capital Securities	552	552	552	552
Deferred tax liability	-	146	-	-
Total liabilities	14,841	15,131	12,200	10,835
Equity				
Ordinary Shares	18,240	17,579	18,240	17,579
Convertible preference shares	-	641	-	641
Capital Securities	1,137	1,137	1,137	1,137
Accumulated losses	(17,906)	(13,747)	(18,706)	(15,731)
Total equity	1,471	5,610	671	3,626
Total equity and liabilities	16,312	20,741	12,871	14,461

Statements of Comprehensive Income *for the 12 months ended 31 March 2011*

Cynotech Holdings Ltd

In thousands of NZD

	GROUP		COMPANY	
	12 Months 2011	15 Months 2010	12 Months 2011	15 Months 2010
Revenue				
Interest income - finance receivables	651	1,869	-	-
Interest income - Intercompany	-	-	571	1,751
Fees received	105	317	-	-
Gain on loan receivables - designated at fair value	1,591	1,660	-	-
Bank interest	2	10	2	9
Management fee and Group levy	-	91	851	1,370
Sales of goods	4,338	6,133	-	-
Rental Income	65	56	20	-
Other Income	17	21	16	-
Total operating revenue	6,769	10,157	1,460	3,130
Operating expenses				
Audit fees	130	246	130	246
Depreciation	182	205	77	75
Directors fees	44	59	44	59
Distribution costs	381	642	-	-
Employee remuneration	1,785	2,593	685	1,128
FX losses	-	9	-	9
Interest expense				
Deposits	513	633	-	4
Interest bearing loans and borrowings	740	1,411	10	10
Intercompany	-	-	359	452
Notional interest on compound instruments	-	29	-	29
Manufacturing costs	112	133	-	-
Office and administration	573	1,095	271	580
Credit and collection expenses	422	1,150	-	-
Other expenses	505	533	240	230
Properties held for sale impairment loss	115	327	-	-
Plant and equipment held for sale impairment loss	-	600	-	-
Plant and equipment impairment (reversal)/loss	-	(174)	-	-
Receivables impairment loss	313	944	-	-
Raw materials and consumables used	2,494	3,762	-	-
Rental and operating lease costs	494	553	273	278
Impairment of goodwill	-	1,532	-	-
Impairment of investment in and advances to associates and subs	1,829	782	1,829	3,437
Share of losses of associates (net of income tax)	369	1,123	369	-
Total operating expenses	11,001	18,187	4,287	6,537
(Loss)/profit before income tax	(4,232)	(8,030)	(2,827)	(3,407)
Income tax credit / (expense)	219	676	(2)	(20)
(Loss)/profit for the period from continuing operations	(4,013)	(7,354)	(2,829)	(3,427)
Discontinued operation				
Profit from discontinued operation net of income tax	-	745	-	-
(Loss)/profit for the period attributable to the shareholders of the Company	(4,013)	(6,609)	(2,829)	(3,427)
Total comprehensive income for the period attributable to shareholders of the Company	(4,013)	(6,609)	(2,829)	(3,427)
Basic (loss)/earnings per share from continuing operations (cps)	(2.98)	(6.21)		
Diluted (loss)/earnings per share from continuing operations(cps)	(2.93)	(6.05)		
Dividends per share - ordinary (annualised cps)	-	0.60		
Dividends per share - convertible preference (annualised cps)	0.0059	5.25		
Dividends per share - capital securities (annualised cps)	9.25	9.25		

Statements of Changes in Equity *for the 12 months ended 31 March 2011*

Cynotech Holdings Ltd

In thousands of NZD

GROUP	Ordinary shares	Conv. Pref. shares	Capital Securities	Accumulated losses	Total equity
Balance at 1st January 2009	14,540	2,964	-	(4,447)	13,057
Total comprehensive income for the period					
Loss for the period attributable to the shareholders	-	-	-	(6,609)	(6,609)
Total comprehensive income for the period	-	-	-	(6,609)	(6,609)
Contributions by and distributions to owners					
Warrants converted to ordinary shares	10	-	-	-	10
Conv. Pref. Shares converted to ordinary shares	3,101	(2,323)	-	-	778
Bonus issue - capital securities	-	-	1,164	(1,637)	(473)
Capital securities issued	-	-	106	-	106
Share issue cost	(72)	-	-	-	(72)
Dividends paid - ordinary shares	-	-	-	(920)	(920)
Dividends paid - convertible pref. shares	-	-	-	(134)	(134)
Dividends paid - capital securities	-	-	(133)	-	(133)
Total contributions by and distributions to owners	3,039	(2,323)	1,137	(2,691)	(838)
Balance at 31st March 2010	17,579	641	1,137	(13,747)	5,610
Balance at 1st April 2010	17,579	641	1,137	(13,747)	5,610
Total comprehensive income for the period					
Loss for the period attributable to the shareholders	-	-	-	(4,013)	(4,013)
Total comprehensive income for the period	-	-	-	(4,013)	(4,013)
Contributions by and distributions to owners					
Conv. Pref. Shares Liability	-	20	-	-	20
Conv. Pref. Shares converted to ordinary shares	661	(661)	-	-	-
Dividends paid - convertible pref. shares	-	-	-	(21)	(21)
Dividends paid - capital securities	-	-	-	(125)	(125)
Total contributions by and distributions to owners	661	(641)	-	(146)	(126)
Balance at 31st March 2011	18,240	-	1,137	(17,906)	1,471

Statements of Cash Flows *for the 12 months ended 31 March 2011*



<i>In thousands of NZD</i>	GROUP		COMPANY	
	12 Months 2011	15 Months 2010	12 Months 2011	15 Months 2010
Net cash from/(used in) operating activities				
Cash was provided from:				
Receipts from sale of goods and services	4,958	7,895	-	-
Fees received	105	408	761	1,362
Repayments from finance and loan receivables	3,428	7,322	-	-
Interest income received	688	2,848	214	1,757
Tax refund	247	-	247	-
Cash was applied to:				
Payments to suppliers and employees	(7,052)	(11,814)	(1,669)	(2,455)
Advance to associates	(607)	(2,315)	(607)	(2,315)
Net advances to finance and loan receivables	-	-	-	-
Tax paid	-	(586)	-	(586)
Interest expense paid	(1,252)	(2,073)	(10)	(482)
Net cash flows used in operating activities	515	1,685	(1,064)	(2,719)
Cash flows from/(used in) investing activities				
Cash was provided from:				
Net sale of property, plant and equipment	-	-	-	-
Proceeds from disposal of subsidiary	-	674	-	-
Cash was applied to:				
Investment in subsidiaries	-	-	-	(4,500)
Investment(decrease) in related party	-	(80)	-	(68)
Purchase of property, plant and equipment	(235)	(392)	(225)	(70)
Net cash flows used in investing activities	(235)	202	(225)	(4,638)
Cash flows from/(used in) financing activities				
Cash was provided from:				
Proceeds from deposits	93	-	-	-
Group loans and advances	-	-	1,208	8,585
Increase in interest bearing loans	-	347	-	-
Proceeds from issue of capital securities	-	168	159	168
Cash was applied to:				
Repayment(increase of interest bearing loans)	(128)	(1,393)	-	-
Convertible preference share dividend	(21)	(134)	(21)	(134)
Capital securities dividend	(125)	(133)	(125)	(133)
Equity raising costs	-	(72)	-	(72)
Dividends paid	-	(920)	-	(920)
Net cash flows from financing activities	(181)	(2,137)	1,221	7,494
Net increase in cash and cash equivalents	99	(250)	(68)	137
Cash and cash equivalents balances at beginning of the period	216	466	96	(41)
Cash and cash equivalents at end of period	315	216	28	96
Presented as;				
Cash and cash equivalents	414	466	28	96
Bank Overdraft	(99)	(250)	-	-
Net Cash and cash equivalents at end of period	315	216	28	96

Dividends and Distributions

Ordinary shares	2011	Date	Rate	2010	Date	Rate
Interim	NZ\$ 0.000	N/A		NZ\$ 0.000	N/A	NA
Final	NZ\$ 0.000	N/A		NZ\$ 0.000	N/A	NA
Total	NZ\$ 0.000			NZ\$ 0.000		NA

Record Date	N/A
Dividend Payment Date	N/A
Dividend Re-Investment Plan	CHL does not have a DRP

Convertible Preference shares	2011	Date	Rate	2010	Date	Rate
Quarterly - Feb	NZ\$ 0.00189	Mar '10	3.75%	NZ\$ 0.0048	Mar '09	9.25%
Quarterly - May	NZ\$ 0.00189	May '10	3.75%	NZ\$ 0.0027	May '09	5.25%
Quarterly - Aug	NZ\$ 0.00189	Aug '10	3.75%	NZ\$ 0.0019	Aug '09	3.75%
Quarterly - Nov	NZ\$ 0.00224	Dec '10	4.50%	NZ\$ 0.0019	Nov '09	3.75%
Quarterly - Feb	N/A	N/A	N/A	NZ\$ 0.0019	Mar '10	3.75%
Final	NZ\$ 0.00052	Dec '10	4.50%	N/A	N/A	N/A

Cynotech Capital Securities	2011	Date	Rate	2010	Date	Rate
Quarterly - Jun part period	NZ\$ 0.023	Jun '10	9.25%	NZ\$ 0.0041	Jun '09	9.25%
Quarterly - Sept	NZ\$ 0.023	Sept '10	9.25%	NZ\$ 0.023	Sept '09	9.25%
Quarterly - Dec	NZ\$ 0.023	Dec '10	9.25%	NZ\$ 0.023	Dec '09	9.25%
Quarterly - Mar	NZ\$ 0.023	Dec '11	9.25%	NZ\$ 0.023	Mar '10	9.25%

Name of Associates	% Holding
Seating Systems Ltd	31%

Commentary
Cynotech Holdings Limited
Preliminary results for year ended 31st March 2011 - Unaudited Currently being audited

The net result for the CHL Group for the year to 31st March 2011 and after impairments and tax is a net reported loss of \$4,013,545.

The major negative charge against Group profit is the total of impairment provisions made against the intercompany loans and investment in Seating Systems Ltd. The total amount of Group investments and loans impaired in this financial year is \$1,829,302.

The results are likely to be subject to similar qualification as were included in last years report.

Group total assets

Total Group Assets are \$16,312 million compared to last year total assets of of \$20,741 million.

The significant Year End provisions and accounting considerations are:

- Fair value loans are valued using a Discounted Cash Flow model as required by IFRS.
- Seating Systems Ltd has been treated as an associate company and we have created a significant impairment provision.
- Plant held for sale at Snowdon was written down to zero last year.
- There is no goodwill arising on the consolidation of subsidiaries into the Group.
- Property held for sale has been written down to the latest market valuation.

Last year the Directors impaired certain assets and this process has continued this year as we take care to ensure that the carrying value of all assets in the Group reflects current economic conditions in New Zealand and also takes account of the current earning capacity of the Group's assets.

As per last year the financial accounts and the notes to the accounts disclose a mismatch between the contractual maturities of deposits and other term loans when compared to the timing of the projected cash inflows from the assets of the Group. The Directors have addressed this mismatch and have concluded that it is a manageable mismatch given historical factors and relationships. As at the 1st of July 2011 the Group will have no bank debt

In addition shareholders are aware that the CHL Group is in a phase where emphasis is being directed to the reduction of assets and the repayment of debt.

Dividend

No Dividend is being recommended by Directors for the period.

AR Hawkins

