

29th February 2008

Preliminary Annual Result from Cynotech Holdings Limited.

Cynotech Holdings Limited has announced an annual audited net profit after tax of \$1,806,109 for the year to 31st December 2007. This compares to the net profit after tax for the 2006 year of \$1,071,306 (after a prior period adjustment)

Total assets of the Group have increased to \$26,024,850 against the level of \$19,701,367 at December 2006.

Group equity now stands at \$11,551,611 a satisfactory 70 % increase from the December 2006 total of \$6,805,419.

It has been an unusual year for the Cynotech Group and we have had to be particularly vigilant to avoid any involvement in the woes affecting many other finance companies. We were fortunate not to have a prospectus or borrowings from the public. The Group has been funded to date from equity and from deposits from friends of the Company.

Even though we have not had any difficulties arising from the aberrations in the finance sector, we have nevertheless been constrained and unable to grow at the levels we had budgeted for the 2007 year.

We have however taken advantage of market conditions to acquire loan receivables from other finance companies and in particular all of the \$4 million funds which were raised by Cynotech through the convertible preference share issue in December were invested in Finance Receivables before the end of January 2008 at a satisfactory margin over the post tax cost of funds.

Our profit for December 2007 has been constrained as we have taken a deliberate and conservative approach to this years reporting which we believe is correct given potential for further industry wide problems and economic difficulties in other related sectors, notably in the small to medium sized property development area.

In particular in the Cynotech Finance Group we have made a full provision for bad debts for all loan receivables which are in excess of 90 days overdue. In addition an impairment provision has been made against the value of a small property investment which is being held for resale. This impairment provision is to cover us for any diminution in value which may have occurred because of overall market conditions.

The charge against profit in the year for these items was:

Bad debts provisions	\$544,581
Impairment of property values	\$131,400
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Total charge against net profit after tax for this year	\$675,981

The Group has also had a difficult year in our manufacturing business. The New Zealand manufacturing sector is under pressure. The fast moving consumer group which is a significant portion of our market is heavily focussed on price, throughput and small margins. We have made significant changes and improved internal efficiency and cut costs in order to be able to supply competitively priced product but we have to do more.

The satellite phone business was previously outside the group, but due to the retained management arrangements of the business, the group has assumed “control” of the business as defined by NZIAS 27 and NZSIC-12. By the application of current accounting standards including IFRS the prior year financial statements have been adjusted to reflect this, and the 2007 results for Satellite phone business are included in the YE December 2007 Group results.

This year all prior year losses are used, and we are provisioning for Tax payments in 2008.

An unchanged dividend on ordinary shares and convertible notes of \$0.005 cents per share will be paid on 11th April 2008 to those shareholders on the register at 5pm on 4th April 2008. This is a 10% increase on last year due to the 1:10 bonus issue on which the Dividend is paid. There are no foreign sourced Dividends.

Cynotech operates a Dividend Re-Investment Plan, and the last date for electing payment under the DRP is 5pm on 4th April, 2008.

There have been no changes in entities over which control has been gained or lost other than the satellite phone business referred to above.

There are no associates or joint venture entities to report.

Attached

- Income statement
- Balance sheet
- Statement of changes in Equity
- Cash flow statement

- Ends –

AR Hawkins
Chairman

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