

27<sup>th</sup> April 2005

Dear Shareholder,

This year's Annual General Meeting is to be held on Thursday 12<sup>th</sup> May. It is being held at the Institute of Chartered Accountants Centre, 27-33 Ohinerau Street, Remuera, Auckland at 11:00am, we look forward to seeing you there.

Enclosed in this data package

- Notice of Annual General Meeting incorporating resolutions which will be on the agenda seeking shareholder approval in respect of
  - Conversion of convertible notes
  - Purchase of Merlin Foods Ltd and approval of the borrowings for the purchase
  - New placement of shares and warrants
- Independent Accountant's report prepared by Deloitte in respect of the conversion of the convertible notes
- Proxy Form

We ask that you consider the information carefully. If you are unable to attend the annual meeting you can forward your proxy form to the Company to ensure that your views are taken into account.

We have previously advised shareholders that you will receive preferred status in the allocation of the new shares and warrants. We should have the prospectus/investment statement available immediately after the AGM and we will be looking then for an early indication as to the level of new shares and warrants that you may wish to take up.

Already a number of shareholders have indicated their level of support and we will need to make the shareholder allocations before we can finalise the number of shares and warrants that may be left over for public subscription.

Proceeds from the placement will be used to pay the non-bank funded portion of the Merlin Foods purchase (subject to shareholder approval) and to provide further funds for the expansion of the Cynotech Group's finance activities.

Immediately following the passing of the resolutions at the AGM, the bonus issue of warrants to existing shareholders will be confirmed on the basis of a bonus issue of one warrant for every two shares already held.

If you have any questions please do not hesitate to contact me via the contact details on this letter or direct [allan@cynotech.co.nz](mailto:allan@cynotech.co.nz).

Yours faithfully,

Allan Hawkins  
Chairman