

NZAX release 29th July 2005

CYNOTECH GROUP RELEASES HALF YEAR RESULTS TO 30th June 2005.

The Directors of Cynotech Holdings Ltd announce a net surplus of \$441,552 (unaudited) for the six month period to the end of June 2005. This compares to the loss of \$978,982 for the last half year to June 2004 and the annual loss of \$1,250,193 for the year to December 2004.

The surplus for the 6 month period comprises

Net operating profit for the half year	57,849
Less share placement costs	-115,954
Plus extraordinary gain from the sale of assets	<u>499,657</u>
Net surplus for the half year	<u>441,552</u>

All Divisions and Subsidiaries have contributed positively to the result in this period and are expected to contribute at an increasing rate in the second half of the financial year to 31st December.

The purchase of Merlin Foods Ltd was completed on 18th May 2005 and the results of Merlin have been consolidated into the Group as from that date.

During the period under review Cynotech Holdings Ltd successfully placed 20,000,000 new shares and raised new equity funds of \$3,500,000. The issue closed oversubscribed.

In addition the Company issued 34,130,404 warrants entitling the holders to take up new shares at 25 cents per share in either 2006 or 2007.

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