

Statement of Comprehensive Income *for the 15 months ended 31st March 2010*

Cynotech Holdings Ltd

	GROUP		COMPANY	
	15 mths 2010	12 mths 2008	15 mths 2010	12 mths 2008
Revenue	\$'000	\$'000	\$'000	\$'000
Interest income - finance receivables	2,838	2,852	1,751	-
Fees received	317	715	-	9
Gain on loan receivables - designated at fair value	3,437	6,672	-	-
Gain on recognition of loan book	-	806	-	-
Gain on sale of assets	646	-	-	-
Convertible Preference Share Interest	-	123	-	123
Bank interest	10	29	9	24
FX Gains	-	-	-	-
Management fee and Group levy	91	94	1,370	1,791
Sales of goods	6,545	5,126	-	-
Sales of services	870	592	-	-
Rental Income	56	48	-	-
Total operating revenue	14,810	17,057	3,130	1,947
Operating expenses				
Audit fees	246	131	246	131
Depreciation	237	207	75	64
Directors fees	59	34	59	34
Distribution costs	642	822	-	-
Employee remuneration	2,284	2,068	1,128	727
FX losses	48	8	-	-
Interest expense				
Deposits	1,844	454	4	28
Interest bearing loans and borrowings	212	1,134	10	-
Intercompany	-	-	452	210
Manufacturing costs	133	53	-	-
Office and administration	2,921	1,554	681	327
Other expenses	530	488	185	179
Investment Writedown	2,160	-	2,160	-
Plant & equipment impairment loss	387	231	-	-
Property held for resale impairment loss	326	162	-	-
Receivables impairment loss	946	2,308	-	-
Raw materials and consumables used	4,472	3,607	-	-
Rental and operating lease costs	553	365	278	152
Share of losses of associates (net of income tax)	511	159	-	159
Total operating expenses	18,511	13,785	5,278	2,011
Profit before taxation	(3,701)	3,272	(2,148)	(64)
Income tax (expense) / credit	957	(992)	935	19
Profit after tax attributable to shareholders of the Company	(2,744)	2,280	(1,213)	(45)
Basic earnings per share (cps)	(2.24)	2.33		
Diluted earnings per share (cps)	(1.99)	1.84		
NTA per share (cps)	8.16	12.52		
NTA (diluted) per share (cps)	7.95	10.35		

Statement of Financial Position *as at 31 March 2010*

Cynotech Holdings Ltd

	GROUP		COMPANY	
	15 Months 2010	12 Months 2008	15 Months 2010	12 Months 2008
Assets	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	466	716	96	99
Trade and other receivables	858	1,105	123	45
Advances to associates	3,857	1,542	3,857	1,542
Finance receivables	4,472	10,809	-	-
Loan receivables - designated at fair value	11,300	9,851	-	-
Income tax payable / (refund)	-	-	-	300
Inventories	440	540	-	-
Property and plant held for sale	1,132	2,058	-	-
Property, plant and equipment	1,989	1,638	154	160
Investment in associates	(548)	591	(37)	591
Investment in subsidiaries	-	-	11,288	8,320
Deferred tax asset	1,342	657	1,320	10
Goodwill	-	1,532	-	-
Total assets	25,308	31,039	16,801	11,068
Liabilities				
Bank Overdraft	-	250	-	-
Trade and other payables	1,221	1,179	366	220
Deposits	4,407	4,060	-	140
Interest bearing loans and borrowings	8,786	9,929	-	-
Income tax payable	1,290	1,766	1,289	19
Intercompany loan owed to subsidiaries	-	-	9,838	2,000
Deferred tax liability	(426)	-	(426)	-
Convertible preference shares	-	798	-	798
Capital Securities	1,804	-	1,804	-
Total liabilities	17,082	17,982	12,871	3,177
Equity				
Issued capital	17,720	14,540	17,720	14,540
Convertible preference shares	661	2,964	661	2,964
Accumulated losses	(10,155)	(4,447)	(14,451)	(9,613)
Total equity	8,226	13,057	3,930	7,891
Total equity and liabilities	25,308	31,039	16,801	11,068

Statement of Changes in Equity *for the 15 months ended 31 March 2010*

in thousands of NZD

GROUP

Cynotech Holdings Ltd

	Ordinary shares	Conv. Pref. shares	Conv. notes	Retained earnings	Total equity
Balance at 1st January 2008	13,369	2,948	250	-5,678	10,889
Total comprehensive income for the period					0
Profit/ or (loss)				2,279	2,279
Other comprehensive income					0
Impairment of property held for resale					0
Impairment of plant and equipment held for resale					0
Total comprehensive income for the period	0	0	0	2,279	2,279
Contributions by and distributions to owners					
Ordinary shares issued	1,189				1,189
Convertible preference shares issued		16			16
Conv. Pref. Shares converted to ordinary shares					0
Convertible notes converted to ordinary shares			-250		-250
Share issue cost				-18	-18
Dividends paid - ordinary shares				-1,048	-1,048
Dividends paid - convertible pref. Shares					0
Dividends paid - capital securities					0
Total contributions by and distributions to owners	1,189	16	-250	-1,066	-111
Balance at 31st December 2008	14,558	2,964	0	-4,465	13,057
Balance at 1st January 2009	14,558	2,964	0	-4,465	13,057
Total comprehensive income for the period					0
Profit/ or (loss)				-2,744	-2,744
Other comprehensive income					0
Impairment of property held for resale					0
Impairment of plant and equipment held for resale					0
Total comprehensive income for the period	0	0	0	-2,744	-2,744
Contributions by and distributions to owners					
Ordinary shares issued	3,180				3,180
Conv. Pref. Shares converted to ordinary shares		-2,303			-2,303
Bonus issue - capital securities				-1,637	-1,637
Share issue cost				-140	-140
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	3,180	-2,303	0	-2,964	-2,087
Balance at 31st March 2010	17,738	661	0	-10,173	8,226

Cynotech Holdings Ltd

Dividends and Distributions

Ordinary shares	2010	Date	2008	Date
Interim	NZ\$ 0.000	N/A	NZ\$ 0.0050	NA
Final	NZ\$ 0.000	N/A	NZ\$ 0.0075	Apr '09
Total	NZ\$ 0.000		NZ\$ 0.0125	NA

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

Convertible Preference shares	2010	Date	Rate	2008	Date
Quarterly - Feb	NZ\$ 0.0048	Mar '09	9.25%		
Quarterly - May	NZ\$ 0.0027	May '09	5.25%		
Quarterly - Aug	NZ\$ 0.0019	Aug '09	3.75%		
Quarterly - Nov	NZ\$ 0.0019	Nov '09	3.75%		
Quarterly - Feb	NZ\$ 0.0019	Mar '10	3.75%		

Cynotech Capital Securities	2010	Date	Rate	2008	Date
Quarterly - Jun part period	NZ\$ 0.0041	Jun '09	9.25%	N/A	
Quarterly - Sept	NZ\$ 0.023	Sept '09	9.25%	N/A	
Quarterly - Dec	NZ\$ 0.023	Dec '09	9.25%	N/A	
Quarterly - Mar	NZ\$ 0.023	Mar '10	9.25%	N/A	

Name of Associates	% Holding
Seating Systems Ltd	31%
Findata Ltd	23%

Commentary

The Directors have taken a very conservative view of the results for this period and have reviewed the holding value of all Group assets to ensure the current values are realistic

The following impairments and Provisions have been made: \$ '000

Group	Investment in Snowdon	1,532
	Investment in Findata	628
Snowdon Ltd	Plant write-down	387
Cynotech Corporation Ltd	Property held for sale	327
Cynotech Finance Group Ltd	Impairment of Fair Value loans	2,604
	Receivables impairment	946
		<u>\$6,424</u>

This provisions have been made due to valuations we have had undertaken, and market assessments of value in subsidiary and an associate business. We have also re-assessed the collectability of some Fair Value loans, and have written down the book value of some loans pending repayment arrangements being made or repayments being re-instated.

Overall in terms of our trends in performance Group Sales have increased slightly. It is the write down in capital investments that has been undertaken affecting the annual result, yet despite this our overall equity percentage has increased marginally to 40%. This has been achieved as a consequence of re-paying \$1.4 million of group borrowings, particularly to banks.

These financial statements are unaudited.

There has been a major change in shareholding at Year End, with Cynotech Securities Group Ltd achieving a 78% shareholding of Ordinary shares of CHL on balance date. Since that time the focus has been to drive for increased efficiencies, reduction in costs, and improving the Groups result in terms of the results of its subsidiaries.

AR Hawkins

