MEDIA TECHNOLOGY GROUP

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ANNUAL REPORT 2008

www.mediatechnology.co.nz

Contents

Chairman's Report

In December 2007 the Group restructured, with the divestment of its Australian subsidiary, Media Technology Pty Limited, to enable the Group to re-focus on the New Zealand market. Chris Due, Murray Willis and Paul Dennis were elected as directors at a special meeting on 5th December 2007.

The results for the year ended 31 March 2008 include 8 months of trading for the Australian business and the profit on sale of that discontinued business.

For the 12 months ended 31 March 2008 the Group's revenue was $12.5 million, being $4.8 million from the continuing NZ business for the 12 months (compared to $5.6 million for the same business the previous year) and $7.7m revenue for 8 months from the Australian business.

The net profit after tax of $701,000 for the Group for the year ended 31 March 2008 (previous year deficit of $585,000) includes $811,000 profit on sale of the Australian business and is after depreciation of $138,000 and finance costs of $208,000.

Restructuring has removed significant corporate costs, associated with the former Group CEO's office, and the NZ business operating costs have been further streamlined to achieve greater efficiency in line with the lower revenue.

For the second half of the year to March 2008 the NZ operations produced an EBITDA of $199,000 on revenue of $2.5 million, a significant improvement over the first half (loss of $85,000) and over same period last year.

Since balance date the Group purchased the assets and business of Geerlings Offset Print Limited, for $1.1million, following approval of the transaction by a special general meeting of shareholders on 15 May. The consideration included the issue of 6,666,667 ordinary shares at an issue price of 3 cents per share, with the balance of the purchase price payable in cash. Additional finance of $700,000, secured against the printing assets acquired and vendor finance of $270,000 payable over 18 months meant the Group did not need to use any of its existing working capital or finance facilities to settle the acquisition.

This acquisition demonstrates, as a first step, re-focusing the Group to be a fully integrated digital media and print business within the New Zealand market. It will strengthen the Group's earnings and cash flow from substituting its $1 million current level of print business, previously outsourced, to the internal integrated printing operation, as well as providing an opportunity for revenue growth.

The Group's financial position also benefited from an injection of capital of $900,000 ($400,000 in cash and $500,000 in settlement of shareholder loans) in December 2007 in conjunction with the sale of the Australian business.

The financial statements and comparatives have been prepared in accordance with the International Financial Reporting Standards (NZ IFRS). Goodwill under NZ IFRS is calculated at $800,000 and is subject to an annual impairment test. Goodwill of $300,000 associated with the Australian subsidiary was eliminated with the sale of that subsidiary in December 2007.

Chris Due,

Chairman

Corporate Governance

The objective of the Group is to enhance shareholder value. The Board considers there is a strong link between good corporate governance policies and practices and the achievement of this objective. The board has adopted a corporate governance policy, which is available on the Group's web site at www.mediatechnology.co.nz

The directors are responsible for reviewing and maintaining the corporate governance principles of the Group and consider that they do not materially differ from the principles set out in the NZX Corporate Governance Best Practice Code.

Board of Directors

The business and affairs of the Group are managed directly by the Board of Directors or by the Chief Executive under the direction of the Board. In particular the board:

- establishes the long term goals of the Group and strategic plans to achieve those goals;
- reviews and adopts the annual budgets for the financial performance of the Group and monitors results on a monthly basis;
- ensures preparation of the annual and half-yearly financial statements;
- manages risk by ensuring that the Group has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- works with management to create shareholder value.

The board consists of two non-executive directors and one executive director who is the Chief Executive.

The board meets regularly on a formally scheduled basis. All available information relating to items to be discussed at a meeting of the board is provided to each non-conflicted director prior to that meeting.

One third, or the whole number nearest one third, of the directors retire by rotation at each Annual General Meeting. The directors to retire are those who have been longest in office since the last election. Directors retiring by rotation may, if eligible, stand for re-election. Paul Dennis is an executive director and is not required to retire and seek re-election. A director appointed since the previous Annual General Meeting holds office only until the next Annual General Meeting but is eligible for re-election at that meeting. Under the rotation policy Murray Willis offers himself for re-election at the next Annual General Meeting.

Each director has the right to seek independent legal and other professional advice, at the Group's expense with the prior approval of the chairman, concerning any aspect of the Group's operations or undertakings to assist in fulfilling their duties and responsibilities as directors.

The board has two standing committees, namely audit and remuneration. Other committees are formed for specific purposes and disbanded as required.

Audit committee

The current members of the committee are:

- Chris Due (from 10 December 2007, previously Allan Morton)
- Murray Willis (from 10 December 2007 as a director, but previously in his capacity as an independent financial advisor)

The audit committee provides a forum for the effective communication between the board and external auditors. The committee reviews the annual and half-yearly financial statements prior to their approval by the board, the effectiveness of internal control and management information systems and the efficiency and effectiveness of the audit functions.

The committee generally invites the Group's accountant and the auditors to attend audit committee meetings. The committee also meets with and receives regular reports from the auditors concerning any matters that arise in connection with the performance of their respective roles, including the adequacy of internal controls.

Remuneration Committee

The current members of the remuneration committee, both of whom are non executive directors, are:

- Chris Due - from 10 December 2007 (previously Mr Ron Ackroyd)
- Murray Willis - from 10 December 2007 (previously Mrs Bridget Daldy)

The committee reviews the remuneration packages of all directors and the senior management team annually and makes recommendations to the board. The packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses) and share options, are reviewed with due regard to performance and other relevant factors.

In order to attract and retain executives of sufficient calibre to facilitate the efficient and effective management of the Group's operations, the committee seeks assistance from external advisers in connection with the structure of remuneration packages.

Nomination Committee

The board as a whole undertakes the role of nomination committee given the small size of the board. The board reviews the composition of the board annually to ensure that the board comprises a majority of non-executive directors, with an appropriate mix of skills and experience.

The terms and conditions of the appointment of directors are set out in a formal letter of appointment that deals with the following matters:

- duration of appointment; role of the board; timing and location of board meetings, and expected time commitment; remuneration including timing of reviews; committee involvement; board and individual evaluation processes;
- outside interests including other directorships; dealing in company shares;
- induction and development processes; access to independent professional advice; availability of liability insurance; and confidentiality of company information.

Code of Ethics

As part of the board's commitment to the highest standards of behaviour and accountability, the Group adopts a code of ethics to guide executives, management and employees in carrying out their duties and responsibilities. The code covers such matters as:

- responsibilities to shareholders;
- relations with customers and suppliers;
- product / services quality;
- protection of Group assets;
- employment practices; and
- responsibilities to the community.

An interests' register is maintained for the Group in which the particulars of certain transactions and matters involving the directors must be recorded. The interests' register is available for inspection at its registered office. When a director has declared an interest in a particular entity, as a shareholder or director, the declaration serves as notice that the director may benefit from any transaction between the Company and the identified entity.

The Board has adopted a specific policy for directors, senior staff and other insiders for trading in the Company's securities. Compliance with this policy is actively managed and a director must declare to the Board any interest in a transaction with the Company, any relationship that might compromise his or her ability to act independently from management and any conflicts of interest that are potentially detrimental to the Group. While a director has inside information on the Group he or she must not trade in, or advise others to trade in, the securities of the Company.

Directors' Responsibility Statement

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2008 and their financial performance and cash flows for the period ended on that date.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting principles, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider they have taken adequate steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

The directors have pleasure in presenting the financial statements, set out on pages 7 to 36 of Media Technology Group Limited for the period ended 31 March 2008.

The Board of Directors of Media Technology Group Limited authorised these financial statements for issue on 24 June 2008

For and on behalf of the Board

Chris Due,

Chairman

BDO Spicers
Chartered Accountants & Advisers

AUDIT REPORT
TO THE SHAREHOLDERS OF
MEDIA TECHNOLOGY GROUP LIMITED

We have audited the financial statements on pages 7 to 36. The financial statements provide information about the past financial performance and financial position of the Company and Group as at 31 March 2008. This information is stated in accordance with the accounting policies described in Note 1 to the financial statements.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2008 and the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company and Group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm also provided taxation services to the company and group. The firm has no other relationship with, or interests in, the company or group.

Unqualified Opinion

We have obtained all of the information and explanations we have required.

In our opinion;

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements on pages 7 to 36;
    - comply with generally accepted accounting practice in New Zealand; and
    - give a true and fair view of the financial position of the Company and Group as at 31 March 2008 and the results of operations and cash flows for the year ended on that date.

Our audit was completed on 24 June 2008 and our unqualified opinion is expressed as at that date.

BDO Spicers Auckland

BDO SPICERS AUCKLAND

Income Statement
for the year ended 31 March 2008

	Notes	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Continuing operations					
Operating revenue		4,784	5,571	-	-
Cost of sales		(2,792)	(3,340)	-	-
Gross Profit		1,992	2,231	-	-
Other operating income	**3**	18	5	-	-
Expenses	**4**				
- Distribution		(49)	(94)	-	-
- Finance		(193)	(14)	-	(1)
- Sales & marketing		(892)	(1,395)	-	-
- Administrative		(878)	(1,468)	(799)	(173)
- Other		(71)	(69)	-	-
Operating loss before taxation		(73)	(804)	(799)	(174)
Income tax expense/(benefit)	**5**	(8)	-	-	-
Operating loss after taxation from continuing operations		(65)	(804)	(799)	(174)
Discontinued operations					
Operating (loss)/profit after taxation from discontinued operations	**28**	(45)	219	-	-
Profit on sale of Australian business	**28**	811	-	-	-
Net profit/(loss) for the period attributable to shareholders of the company		701	(585)	(799)	(174)
Earnings per share					
Basic earnings/(loss) per share (cents)	**22**	0.86	(0.67)		
Diluted earnings/(loss) per share (cents)	**22**	0.86	(0.67)		
Continuing operations					
Basic loss per share (cents)	**22**	(0.08)	(0.92)		
Diluted loss per share (cents)	**22**	(0.08)	(0.92)		

The accompanying notes on pages 11 to 36 form part of these financial statements

Statement of Changes in Equity
for the year ended 31 March 2008

	Notes	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Equity at beginning of the year		(1,495)	(880)	(14)	160
Movement in foreign currency translation reserve	**7**	209	(30)	-	-
Total income & expenses recognised directly in equity		209	(30)	-	-
Net profit/(loss)	**8**	701	(585)	(799)	(174)
Total recognised income and expenses for the year		910	(615)	(799)	(174)
Contributions from owners					
Issue of shares & options	**6**	918	-	918	-
Cancellation of shares	**6**	(120)	-	(120)	-
		798	-	798	-
Equity at end of the year	**6, 7, 8**	213	(1,495)	(15)	(14)

The accompanying notes on pages 11 to 36 form part of these financial statements

Balance Sheet
as at 31 March 2008

	Notes	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Equity					
Share capital	**6**	5,920	5,140	19,403	18,623
Share options reserve		18	-	18	-
Foreign currency translation reserve	**7**	-	(209)	-	-
Accumulated loss	**8**	(5,725)	(6,426)	(19,436)	(18,637)
Total equity		213	(1,495)	(15)	(14)
Term Liabilities					
Borrowings	**10**	142	950	-	-
Current liabilities					
Payables and accruals	**9**	713	3,369	19	19
Borrowings	**10**	693	1,559	-	-
Total current liabilities		1,406	4,928	19	19
Total liabilities		1,548	5,878	19	19
Total equity and liabilities		1,761	4,383	4	5
Assets					
Non-current assets					
Deferred tax asset	**5**	8	-	-	-
Investments	**14**	-	-	-	-
Property plant and equipment	**16**	239	545	-	-
Goodwill	**17**	800	1,100	-	-
Total non-current assets		1,047	1,645	-	-
Current assets					
Cash and bank balances	**11**	13	117	4	4
Accounts receivable	**12**	582	2,259	-	1
Inventory	**13**	119	362	-	-
Total current assets		714	2,738	4	5
Total assets		1,761	4,383	4	5

For and on behalf of the Board

C P Due
Director
24 June 2008

M J Willis
Director
24 June 2008

The accompanying notes on pages 11 to 36 form part of these financial statements.

Statements of Cash Flows
for the year ended 31 March 2008

	Notes	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Operating activities					
Cash was provided from:					
Receipts from customers		12,340	18,477	1	-
Cash was applied to:					
Payments to suppliers		(10,104)	(13,937)	(1)	(1)
Payments to employees		(2,239)	(3,736)	-	-
Interest paid		(208)	(269)	-	-
Rent paid		(462)	(679)	-	-
Tax paid		(41)	-	-	-
Net cash applied to operating activities	**18**	(714)	(144)	-	(1)
Investing activities					
Cash was provided from:					
Sale of property, plant and equipment		-	24	-	-
Sale of Australian business	**28**	(176)	-	-	-
Cash was applied to:					
Purchase of property, plant and equipment		(524)	(53)	-	-
Advances to subsidiaries		-	-	(400)	-
Net cash applied to investing activities		(700)	(29)	(400)	-
Financing activities					
Cash was provided from:					
Issue of ordinary shares		400	-	400	-
Proceeds from borrowings		832	-	-	-
Advances from Australian business		137	-	-	-
Cash was applied to:					
Repayment of borrowings		(59)	(148)	-	-
Net cash provided from financing activities		1,310	(148)	400	-
Net increase/(decrease) in cash and cash equivalents held		(104)	(321)	-	(1)
Cash at beginning of year		117	438	4	5
Cash and cash equivalents at end of year		13	117	4	4
Composition of cash and cash equivalents:					
Cash and bank balances		13	117	4	4

The accompanying notes on pages 11 to 36 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March 2008

1. STATEMENT OF ACCOUNTING POLICIES

Introduction

Media Technology Group Limited is a company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange and is the ultimate parent of the Company.

The principal activities of the group are the provision of digital media, replication, design, packaging and on-line fulfilment services.

Financial statements for Media Technology Group Limited (the "Company") and consolidated financial statements are presented. The consolidated financial statements comprise the Company and its subsidiaries (the "Group").

Media Technology Group Limited is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of the Company and Group have been prepared in accordance with the Financial Reporting Act 1993.

The following principal accounting policies have been applied in the preparation of the financial statements.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for Media Technology Group Limited as an individual entity and the Group consisting of Media Technology Group Limited and its subsidiaries.

1.1 Basis of preparation

This general purpose financial report has been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS's), and its interpretations adopted by the Accounting Standards Review Board (ASRB).

Compliance with IFRS

New Zealand Accounting Standards include New Zealand equivalents to International Financial Reporting Standards. Compliance with NZ IFRS ensures that the consolidated financial statements and notes of Media Technology Group Limited comply with International Financial Reporting Standards (IFRS's). The parent entity financial statements and notes also comply with IFRS's. The Group has elected to apply the relief from the retrospective application prior to the date of transition contained in NZ IFRS 3 *Business Combinations: Business combinations arising before the adoption of NZ IFRS*.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income & expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The preparation of financial statements in conformity with NZ IFRS also requires management to exercise its judgment in the process of applying the Company's and Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 Basis of consolidation

Reverse Acquisition

The consolidated financial statements have been prepared using reverse acquisition accounting. Under reverse acquisition accounting:

(a) The assets and liabilities of the legal subsidiary are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts.

(b) The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary immediately before the business combination.

(c) The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of the legal subsidiary, immediately before the business combination, the cost of the combination determined by reference to the fair value of the acquiree or the acquirer whichever is more clearly evident. However, the equity structure appearing in the consolidated financial statements (ie the number and type of equity instruments issued) reflects the equity structure of the legal parent, including the equity instruments issued by the legal parent to effect the combination.

(d) Comparative information presented in the consolidated financial statements is that of the legal subsidiary

As set out in note 17, goodwill amounting to $1,100,000 arose on the difference between the fair value of the net assets of Media Technology Group Limited at the date of acquisition and the fair value of the portion of Digital Disc Holdings Limited shares deemed to be issued to Media Technology Group shareholders to complete the acquisition. $300,000 of that goodwill was attributed to the Australian business which was sold during the year reducing the carrying value of goodwill to $800,000.

In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by legal subsidiary Digital Disc Holdings Limited (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Media Technology Group Limited (the acquiree for accounting purposes).

Subsequent Acquisitions

All subsequent acquisitions of subsidiaries are accounted for using the purchase method.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the polices adopted by the Group.

Business Combinations

The purchase method of accounting is used to account for all acquisitions (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the asset given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 17). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under the comparable terms and conditions.

1.3 Revenue

Goods Sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract for sale. Transfer usually occurs when the goods are received by the customer.

Notes to the Financial Statements
for the year ended 31 March 2008

1.4 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

1.5 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost , net of their residual values, over their estimated useful lives, as follows:

Category	Estimated useful life (years)
Plant and equipment	5 - 11
Leased plant and equipment	5 - 11
Office furniture and fittings	3 - 20
Software	4
Leasehold improvements	10 – 20

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

1.6 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services with a particular economic environment and it is subject to risks and returns that are different from those of segments operating in other economic environments.

1.7 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities use the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Zealand dollars, which is Media Technology Group Limited's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Group Companies

The results and financial position of all of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate of the date of that balance sheet;
- income and expenses for each income statement are translated at the average exchange rate for the month. All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss in sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.8 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements
for the year ended 31 March 2008

1.9 Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax liabilities are recognised for temporary differences at the tax rates expected to apply when the liabilities are settled based on those tax rates that are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. In addition, no deferred tax is recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilised. The deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount of tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1.10 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's & Group's balance sheets when the Company or Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, and any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and financial liabilities are only offset if there is a currently legally enforceable right of offset and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings

Subsequently, borrowings are recognised at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed.

Trade Receivables

Trade receivables are measured at amortised cost, less impairment losses.

The collection of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid at balance date. The amounts are unsecured and are usually paid within 30 days of recognition. These are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the balance sheet.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

1.11 Inventories

Inventories are recognised at the lower of cost, determined on a first-in first-out basis and net realisable value. The cost of work in progress and finished goods includes the cost of direct material, direct labour, and a proportion of manufacturing overhead, based on normal capacity of the facilities expended in putting the inventories in their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

1.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.13 Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1.14 Dividends

A liability is raised for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

1.15 Earnings Per Share

Basic earnings or loss per share

Basic earnings or loss per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings or loss per share

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1.16 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leases property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element on the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is treated in the same manner as owned items of property plant & equipment (see note 1.5) and is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

1.17 Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1.18 Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

1.19 Finance Income and Expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through the profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprises interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at their fair value through profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

1.20 Discontinued Operations

A discontinued operation is a component of the Group's business that represents a major line of business or geographical area of operations that has been disposed of. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

1.21 Share-based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

1.22 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of employee stock options is measured using a Block Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash generated units have been determined based on value-in-use calculations. These calculations require the use of assumptions on the forecast profitability and cash flows of the various parts of the Group to which goodwill had been assigned. The outcome of these assessments is detailed in note 17.

ii. Income taxes

The Group is subject to income taxes in New Zealand and Australia where it had foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liability for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

iii. Deferred taxes

The Directors are of the view there is a reasonable probability that the tax losses will be utilised in the foreseeable future. The deferred tax benefit of those losses has therefore been recognised in the Balance Sheet. See note 5.

Notes to the Financial Statements
for the year ended 31 March 2008

	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
3. OTHER OPERATING REVENUE				
Foreign currency gain	18	5	-	-
4. EXPENSES				
The following are included in the results from continuing and discontinued operations:				
Auditors Remuneration				
- Audit fees	77	43	-	-
- Tax services	7	-	-	-
Bad debts	18	(7)	-	-
Depreciation	138	191	-	-
Directors' fees	4	38	-	-
Equity settled share based payment transactions	18	-	-	-
Interest	208	67	-	352
Loss on sale of property plant & equipment	-	210	-	-
Rental and operating leases	512	779	-	-
Restructuring costs	-	750	-	-
Wages & salaries	2,314	3,489	-	-
Write down Intercompany receivable	-	-	798	173
5. INCOME TAX				
Income tax Expense				
Deferred tax	(8)	-	-	-
	=====	=====	=====	=====
Reconciliation of income tax expense to prima facie tax payable				
Operating income/(deficit) before tax:	692	(585)	(799)	(174)
	=====	=====	=====	=====
Taxation expense/(benefit) at the rate of:				
33% on New Zealand income/(deficit)	(228)	(275)	263	(57)
30% on Australian income/(deficit)	-	75	-	-
Taxation effect of permanent differences:				
Non-deductible expenses	(6)	14	(263)	57
Non-taxable income	268	-	-	-
Taxation effect of timing differences not recognised		-	-	-
Tax losses not available due to shareholding change	(42)			
Tax losses not brought to account		186	-	-
	----------	----------	----------	----------
Income tax expense/(benefit)	(8)	-	-	-
	=====	=====	=====	=====

The Group has tax losses in the New Zealand companies of $28,000 (2007: $1,427,000) and Australian companies of nil (2007: $701,000) available to be carried forward to reduce future income tax liabilities in the New Zealand. The Australian tax losses went when the Australian business was sold in December 2007. The New Zealand tax losses have been accumulated since 5 December 2007. Tax losses accumulated prior to that were lost due to the significant change in shareholding at that time. Utilisation of the tax losses is subject to compliance with income tax legislation and future operating results.

Notes to the Financial Statements
for the year ended 31 March 2008

6 SHARE CAPITAL AND OTHER EQUITY INTRUMENTS

Issued and paid up capital

All shares issued are ordinary shares and rank equally with one vote attached to each fully paid share.

	GROUP		PARENT	
	2008	2007	2008	2007
	$000s	$000s	$000s	$000s
Balance at beginning of period	5,140	5,860	18,623	19,343
Issue of shares to others	900	-	900	-
Cancellation of shares	(120)	-	(120)	-
	5,920	5,860	19,403	19,343
Less shares held by Digital Disc Employee Share Trust	-	(720)	-	(720)
Balance at end of period	5,920	5,140	19,403	18,623

Movement in Ordinary Share Capital

Legal Parent

	Number of shares	Issue Price	$000s
Balance 31 March 2006	87,531,485		18,623
Movements during the year	-		-
Balance 31 March 2007	87,531,485		18,623
58,001,905 shares repurchased at 0 cents each & cancelled on 10/12/07	(58,001,905)	-	-
6,000,000 shares repurchased at 2 cents each & cancelled on 10/12/07	(6,000,000)	-	(120)
37,500,000 shares issued at 2 cents each on 10/12/07	37,500,000	$0.02	750
7,500,000 shares issued at 2 cents each on 13/12/07	7,500,000	$0.02	150
Balance 31 March 2008	68,529,580		19,403

Group

The reconciliation below shows the composition of Group share capital.

	Group $000s
Balance 31 March 2006	5,140
Movements during the year	-
Balance 31 March 2007	5,140
58,001,905 shares repurchased at 0 cents each & cancelled on 10/12/07	-
6,000,000 shares repurchased at 2 cents each & cancelled on 10/12/07	(120)
37,500,000 shares issued at 2 cents each on 10/12/07	750
7,500,000 shares issued at 2 cents each on 13/12/07	150
Balance 31 March 2008	5,920

Each fully paid ordinary share carries the right to one vote and the right to dividends

In accordance with the resolution of the shareholders, the company purchased and cancelled 6,000,000 of its shares from the trustee of the Digital Disc Employee Share Trust on 10 December 2008

Share Options Reserve

As at balance date, executives and directors have options over 1,700,000 ordinary shares (2007; nil) all of which expire in June 2010. See note 29.

Share options do not carry rights to dividends or vote.

	GROUP		PARENT	
	2008 $000s	**2007 $000s**	**2008 $000s**	**2007 $000s**
Balance at beginning of year	-	-	-	-
Share based payment	18	-	18	-
Balance at end of year	18	-	18	-

The employee equity-settled benefit arises on the grant of the options. Amounts are transferred into issued capital when the options are exercised.

7. FOREIGN CURRENCY TRANSLATION RESERVE

Balance at beginning of period	(209)	(179)	-	-
Gain realised on sale of subsidiary	209	-	-	-
Translation of foreign subsidiary	-	(30)	-	-
Balance at end of period	-	(209)	-	-

8. ACCUMULATED DEFICIT

Balance at beginning of year	(6,426)	(5,841)	(18,637)	(18,463)
Profit/(loss) for period	701	(585)	(799)	(174)
Balance at end of year	(5,725)	(6,426)	(19,436)	(18,637)

9. PAYABLES AND ACCRUALS

Trade payables	499	2,708	-	-
Employee entitlements and arrears	114	348	-	-
GST payable	13	98	-	-
Sundry payables and accruals	87	136	19	19
Taxation	-	79	-	-
	713	3,369	19	19

Trade payables are on normal trade terms and interest free.

10. BORROWINGS

Current

Unsecured shareholder loan - weighted average interest rate 12% pa (2007: 12%).	-	50	-	-
Secured loan – weighted average interest rate 15.6% pa (2007: 14.54%).	685	1,299	-	-
Secured shareholders loans – weighted average interest rate 12.00% pa (2007: 12%)	-	210	-	-
Unsecured shareholders loans – weighted average interest rate 12.00% pa (2007: 12%)	8	-	-	-
	693	1,559	-	-

Notes to the Financial Statements
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Non-current

	GROUP		PARENT	
	2008	2007	2008	2007
	$000s	$000s	$000s	$000s
Secured loan – weighted average interest rate 16.31% pa (2007: 15.81% pa)	142	350	-	-
Secured shareholders loans – weighted average interest rate 12.00% pa (2007: 12%)	-	600	-	-
	142	950	-	-

Secured loans

The secured loans comprise:

- A trade finance facility granted to Media Technology Ltd with a limit of $750,000. It is subject to annual review. It is secured by registered first Security Deed over Digital Disc Holdings Limited, Media Technology Limited and Media Technology Group Limited, a cross deed of guarantee and indemnity against all trading companies in the Group and personal guarantees of C Due.
- In the prior year, a debtor finance facility granted to Media Technology Pty Limited with a limit of A$1,500,000 secured by a first registered debenture charge over Media Technology Pty Limited and SAM Holdings (Aust) Pty Limited, personal guarantees of A & S Morton and corporate guarantees of Software Images Pty Limited and SAM (Holdings) Pty Limited. This was removed from the Group balance sheet when the Australian business was sold in December 2007.

Secured shareholders loans

The secured shareholders loans in the prior year were secured by registered second Security Deed over Digital Disc Holdings Limited.

Terms & debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	2008					2007				
	Effective interest rate	Total $000's	6 months or less $000's	7 – 12 months $000's	12+ months	Effective interest rate	Total $000's	6 months or less $000's	7 – 12 months $000's	12+ months
Secured Loan	16.31%	286	69	75	142	15.1%	886	536	-	350
Secured Loan	14.95%	542	527	15	-	10.35%	763	763	-	-
Secured shareholder loan	12%	-	-	-	-	12%	810	-	210	600
Unsecured shareholder loan	12%	8	-	8	-	12%	50	50	-	-

	GROUP		PARENT	
	2008	2007	2008	2007
	$000s	$000s	$000s	$000s

11. CASH AND BANK BALANCES

Cash at bank	13	117	4	4

12. ACCOUNTS RECEIVABLE

Trade receivables	544	2,186	-	-
Less impairment allowance (see note 24 (v))	(22)	(100)	-	-
Other receivables	1	10	-	1
Deposits and prepayments	59	163	-	-
	582	2,259	-	1

Trade payables are subject to normal trade terms and interest free.

Notes to the Financial Statements
for the year ended 31 March 2008

	GROUP		PARENT	
	2008	2007	2008	2007
	$000s	$000s	$000s	$000s
13. INVENTORIES				
Raw materials	119	362	-	-
	====	====	====	====
14. INVESTMENTS				
Investment in subsidiaries				
Cost	-	-	5,642	5,642
Less impairment	-	-	(5,642)	(5,642)
	--------	--------	---------	---------
	-	-	-	-
	====	====	====	====

15. INVESTMENT IN SUBSIDIARIES

The Parent's investments in subsidiaries are stated at cost less impairment. All subsidiaries have 31 March balance dates. Other details are:

Name of entity	Principal activities	Incorporated	Group Interest		Value of Investment	
			2008	2007	2008	2007
Digital Disc Holdings Limited	NZ holding company	NZ	100%	100%	-	-
Media Technology Limited	Digital media, replication, design, packaging and on-line fulfilment	NZ	100%	100%	-	
Media Technology Pty Limited	Digital media, replication, design, packaging and on-line fulfilment	Australia	-	100%	-	-
Software Images Pty Limited	Australian holding company	Australia	-	100%	-	-
Digital Disc Trustee Limited	Trustee of employee share ownership plan	NZ	100%	100%	-	-
Software Images Limited	Not trading	NZ	100%	100%	-	-
					-------	-------
					-	-
					====	====

During the year the Group sold its Australian business including Media Technology Pty Limited & Software Images Pty Limited. For details see note 29, on discontinued operations.

16. PROPERTY PLANT AND EQUIPMENT

Group

	Plant and equipment	Office furniture and fittings	Leasehold alterations	Software	Total
	$000's	$000's	$000's	$000's	000's
At 1 April 2006					
Cost	4,268	333	618	282	5,501
Accumulated depreciation	(3,797)	(251)	(272)	(242)	(4,562)
Carrying value	471	82	346	40	939
Year ended 31 March 2007					
Opening carrying value	471	82	346	40	939
Additions	47	3	3	-	53
Disposals	(71)	(14)	(171)	(1)	(257)
Depreciation charge	(119)	(12)	(24)	(35)	(190)
Closing carrying value	328	59	154	4	545
At 31 March 2007					
Cost	3,606	224	385	283	4,498
Accumulated depreciation	(3,278)	(165)	(231)	(279)	(3,953)
Carrying value	328	59	154	4	545
Year ended 31 March 2008					
Opening carrying value	328	59	154	4	545
Additions	116	20	9	384	529
Disposals	(250)	(30)	(59)	(358)	(697)
Depreciation charge	(79)	(15)	(24)	(20)	(138)
Closing carrying value	115	34	80	10	239
At 31 March 2008					
Cost	2,665	166	303	165	3,299
Accumulated depreciation	(2,550)	(132)	(223)	(155)	(3,060)
Carrying value	115	34	80	10	239

A trade finance facility granted to Media Technology Ltd with a limit of $750,000 is secured by registered first Security Deed over all the assets of Digital Disc Holdings Limited, Media Technology Limited and Media Technology Group Limited. See note 10.

Notes to the Financial Statements
for the year ended 31 March 2008

17. GOODWILL

	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Goodwill				
Cost at beginning of year	1,100	1,100	-	-
Impairment charged at beginning of year	-	-	-	-
Carrying value at beginning of year	1,100	1,100	-	-
Additions	-	-	-	-
Disposals	(300)	-	-	-
Impairment charge	-	-	-	-
Cost at end of year	800	1,100	-	-
Impairment as at end of year	-	-	-	-
Closing carrying value at end of year	800	1,100	-	-

Goodwill arose on the reverse acquisition of Media Technology Group Limited by Digital Disc Holdings Limited. $300,000 of the total was attributable to the investment in Media Technology Pty Limited which was sold during the year.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGU) which are considered to be the New Zealand and Australian trading subsidiaries. The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
New Zealand – Media Technology Limited	800	800	-	-
Australia – Media Technology Pty Limited	-	300	-	-
	800	1,100	-	-

The recoverable amount of the CGUs is based on the value in use.

Value in use was calculated using discounted cash flow projections based on financial budgets covering the year to 31 March 2009. The discounted cash flow projections are based on the following:

i. The key assumptions adopted in the 2009 budget included:
   - Sales achieved at prior year levels adjusted for changes in specific significant customers.
   - Improved margins are a reflection of projected cost savings from improved productivity and changes in product mix.

ii. Cash flows from 1 April 2008 to 2013 were extrapolated using an estimated growth rate of 5% per annum. A terminal value for years after this was determined using a multiple of 5 times the 2013 projected EBITDA. The Directors believe these growth rates do not exceed the long term average growth rate for the industry.

iii. Gross Margin improvement of 0.3% over 2008.

iv. Discount rate of 20%. The discount rate used is pre-tax and reflects specific risks relating to the business.

Impact of Possible Changes in Key Assumptions

Based on the discounted cash flows the recoverable amount of goodwill and related fixed assets of the New Zealand trading subsidiary is $1,480,000 which exceeds their carrying value of $1,047,000 by $433,000.

The Directors have considered sensitivities to the cash flow assumptions adopted for the purposes of goodwill impairment as follows:

- If growth rates beyond 2009 were nil, no impairment would result.
- If the pre tax discount rate used was 30% then no impairment would result.
- If the forecast 2009 gross margin fell to the actual level of 2008, no impairment would result.

18. RECONCILIATION OF OPERATING CASH FLOWS

	Note	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Reported operating surplus/(deficit) after tax		701	(585)	(799)	(174)
Add non - cash items and investment activities:					
- Depreciation		138	191	-	-
- Write down of intercompany receivable		(8)	-	798	173
- Unrealised foreign exchange loss		-	-	-	-
- Loss on disposal of property plant & equipment		-	210	-	-
- Non cash cost of employee benefit		18	-	-	-
- Deferred tax benefit		(8)	-	-	-
- Gain on Sale Of Australian business	**28**	(910)	-	-	-
		(770)	401	(1)	173
Add/(Less) movements in working capital:					
- Receivables prepayments and deposits		(166)	1,442	1	-
- Inventory		34	56	-	-
- Creditors, accruals and taxation		(513)	(1,458)	-	-
		(645)	40	1	-
Net cash flow from operating activities		(714)	(144)	-	(1)

19. IMPUTATION CREDIT ACCOUNT

	GROUP 2008	GROUP 2007	PARENT 2008	PARENT 2007
Balance at beginning of year	586	586	-	-
Income tax paid	41	-	-	-
Imputation credits lost when shareholding changed substantially	(586)	-	-	-
Tax options cancelled	-	-	-	-
Imputation credits in subsidiaries acquired during the period	-	-	-	-
Balance at end of year	41	586	-	-
At balance date the imputation credits available to the shareholders of the Company were:				
- Through direct shareholding in the Parent	-	-	-	-
- Through indirect interests in subsidiaries	41	586	-	-
	41	586	-	-

Notes to the Financial Statements
for the year ended 31 March 2008

	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s

20. COMMITMENTS

The following amounts have been committed to, but not recognised in the financial statements.

	GROUP 2008 $000s	GROUP 2007 $000s	PARENT 2008 $000s	PARENT 2007 $000s
Non-cancellable operating lease commitments:				
Within one year	345	347	-	-
One to five years	206	536	-	-
Total operating lease commitments	551	883	-	-

The Group leases premises, plant and equipment. Operating leases held over premises give the Group the right to renew the lease subject to a re-determination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of plant and equipment held under operating leases.

At 31 March 2008 neither the Group nor the Parent had material outstanding capital expenditure commitments (2007: nil).

21. CONTINGENT LIABILITIES

The Parent has given a bond in favour of New Zealand Exchange Limited for $15,000 (2007: $75,000).

No company in the Group is involved in any litigation, accordingly there are no claims outstanding, and there are no contingent liabilities at period end (2007: nil).

22. EARNINGS PER SHARE

The profit for the period represented a return per share as shown below based on weighted average ordinary shares on issue during the period. There are no dilutive instruments on issue at year end (2007 : nil).

	GROUP 2008	GROUP 2007
Weighted average ordinary shares issued	78,030,533	87,531,485
- Basic earnings per share (cents)	0.86	(0.67)
- Diluted earnings per share (cents)	0.86	(0.67)
Continuing Operations		
- Basic earnings per share (cents)	(0.08)	(0.92)
- Diluted earnings per share (cents)	(0.08)	(0.92)

23. FINANCIAL INSTRUMENTS

Business risks are controlled within tolerance levels and targets set by senior management and approved by the Board. The underlying risk framework and operational control environment consists of:

- Skilled and competent staff with well-defined roles and responsibilities organised appropriately to control the Group's key activities.
- Guidance for all staff on expected standards of behaviour that is fundamental to the Group culture and values as provided in the Code of Ethics.
- Clear formal policy and procedures covering all key areas of risk.
- Clearly defined responsibilities and appropriate levels of delegated authority (and complementary escalation processes).
- Timely, complete and accurate financial and operational management information. Continuous adherence to sound risk management practices.

Management is responsible for the development of a control framework, the monitoring and administration of risk, and the active promotion of a management culture that accords a high value to disciplined and effective risk management. Each business manager is responsible for managing risk associated with his/her respective business activities including:

Notes to the Financial Statements
for the year ended 31 March 2008

- continuous identification and assessment of the particular risks to which each unit is exposed;
- implementation of appropriate procedures to control the risks; and
- monitoring their effectiveness and administration, including reporting.

The Group is subject to a number of financial risks which arise as a result of its debt portfolio and investment activities. The Parent does not have any material exposure to risks associated with financial instruments other than through its subsidiaries.

(i) Interest rate risk

Interest rates on borrowings ranged from 12% to 16.31% p.a. (2007: 12% to 15.1% p.a.).

The Group manages interest rate risk through a combination of fixed an variable rate instruments and continually monitoring its' expense.

At balance date the interest rate profile of the Group's interest-bearing financial instruments was:

	2008 $000s	2007 $000s
Fixed rate instruments		
Financial liabilities	294	1,210
Variable rate instruments		
Financial liabilities	541	1,299

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates a reasonable market movement would not have a material affect on equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	Profit or loss		Equity	
	100 bp increase $000s	100 bp decrease $000s	100 bp increase $000s	100 bp decrease $000s
31 March 2008				
Variable rate instruments	(10)	10	(10)	10
31 March 2007				
Variable rate instruments	(19)	19	(19)	19

(ii) Credit risk

In the normal course of business the Group incurs credit risk from transactions. The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The Group does not require any collateral or security to support financial instruments. The directors consider there are no significant concentrations of credit risk, beyond the Group's exposure to accounts receivable.

Maximum exposures to credit risk at balance date are the carrying amounts of financial assets:

	2008 $000s	2007 $000s
Bank balances	13	117
Accounts receivables excludes deposits and repayments	523	2,152

The maximum exposure to credit risk for receivables at balance date by geographic region was:

	2008 $000s	2007 $000s
New Zealand	523	589
Australia	-	1,563

The above maximum exposures are net of any recognised impairment losses on these financial instruments.

The Group's most significant customer accounts for $85,690 (2007: $48,850) of the trade receivables

Concentrations of credit risk

The Group's largest customer accounts for 16% (2007: 21%) of total sales and 16% (2007: 21%) of trade receivables at balance date. 100% (2007: 56%) of the group's balance date cash was with one bank. The group does not have any other significant concentrations of credit risk.

(iii) Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2008		2007	
	NZD $000s	AUD $000s	NZD $000s	AUD $000s
Bank balances	13	-	51	58
Receivables	582	-	696	1,381
Borrowings	(835)	-	(1,745)	(673)
Payables	(713)		(1,651)	(1,900)
Gross balance sheet exposure	(953)	-	(2,649)	(1,134)
Estimated forecast sales	5,073	-	4,990	8,820
Estimated forecast purchases	(4,360)	-	(4,750)	(6,550)
Gross exposure	713	-	180	2,270
Net exposure	-	-	(1,471)	370

With the sale of the Australian business there is now negligible exposure to currency risk except insofar as movements in the NZD exchange rate affects the NZ economy at large.

(iv) Liquidity risk

Liquidity risk represents the Group's ability to meet its financial obligations on time. For the most part the Group generates sufficient cash flows from its operating activities to make timely payments. It does however maintain committed credit lines to cover any shortfalls. The Group has total credit facilities including trade finance and current and term loans of $1,043,000 (2007: $3,719,000). Of this $835,000 (2007: 2,509,000) has been borrowed by the Group.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 March 2008

	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	5+ years
Secured bank loans	(827)	(952)	(67)	(722)	(163)	-	-
Shareholder loan	(8)	(12)	-	-	-	(12)	
Payables	(586)	(586)	(543)	(43)	-	-	-
	(1,421)	(1,550)	(610)	(765)	(163)	(12)	-

Notes to the Financial Statements
for the year ended 31 March 2008

31 March 2007

	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	5+ years
Secured bank loans	1,649	(1,916)	(104)	(1,462)	(187)	(163)-	-
Shareholder loan	810	(813)	-	(800)	-	(13)	-
Payables	(2,973)	(2,973)	(2,881)	(92)	-	-	-
	(5,432)	(5,702)	(2,985)	(2,354)	(187)	(176)	-

(v) Impairment losses

The ageing of receivables at balance date was:

	Group Gross $000s	Group Impairment $000s
0 – 60 days	487	-
Past due 61 – 90 days	19	-
Past due 91 – 120	5	-
More than 120 days	33	22
	544	22

The movement during the year in the allowance for impairment in respect of receivables was:

	Group 2008 $000s	Group 2007 $000s
Balance as at beginning of year	133	133
Impairment loss removed with sale of Australian business	(80)	(33)
Impairment loss recognised	(31)	-
Balance at end of year	22	100

Based on historical default rates the Group believes that no impairment allowance is necessary in respect of receivables not past due by up to 90 days.

(vi) Fair values

There is no significant difference between the fair values and the carrying amounts of financial assets and liabilities in the balance sheet as at balance date.

(vii) Capital management

The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to create a strong capital base so as to maintain investor creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

24. SEGMENT INFORMATION

The Group operated in New Zealand and Australia in the provision of digital media, replication, design, packaging and on-line fulfilment services. During the period it sold its Australian business and ceased operating in Australia.

Industry Segments

The Group operates solely in the Digital Media industry.

Geographic Segments

	New Zealand		Australia		Unallocated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Revenue								
Total sales	4,784	5,679	7,847	11,562	-	-	12,631	17,241
Intersegment	-	(100)	(106)	(8)	-	-	(106)	(108)
Sales to external customers	4,784	5,579	7,741	11,554	-	-	12,525	17,133
Result								
Profit/(Loss) before taxation	(73)	(804)	(45)	219		-	(118)	(585)
Profit on sale of Australian business	-	-	-	-	811	-	811	-
Net profit/(Loss) for the period	(73)	(804)	(45)	219	811	-	683	(585)
Other information								
Assets	1,753	1,089	-	2,194	808	1,100	1,761	4.383
Liabilities	1,548	2,869	-	2,930	-	79	1,548	5,878
Purchase of property, plant & equipment	54	36	475	17	-	-	529	53
Depreciation	65	69	73	122	-	-	138	191

25. RELATED PARTY INFORMATION

General

All members of the Group are considered to be related parties of Media Technology Group Limited. This includes the subsidiaries identified in Notes 15.

Sale of Australian Business

During the year the Group sold its Australian business to SAM Holdings Pty Limited, a company indirectly owned and controlled by A L Morton & S D Seddon. See note 28.

Shareholder loans

Digital Disc Holdings Limited had loans from SAM Holdings (Aust) Pty Limited and Cadre Investments Limited, companies which are owned directly or indirectly by directors and shareholders of the Parent. As at 31 March 2008 the balances of the loans were SAM Holdings (Aust) Pty Limited, nil (2007: $352,280) and Cadre Investments Limited $7,510 (2007: $507,510). The reduction of the loan arose from the issue of shares at 2 cents. See note 6. The interest rate on these loans is 12%.

Other related parties

Murray Willis, director of the company from 10 December 2007 provides accounting and consulting services to the group. Fees for these services total $67,685 for the year ended 31 March 2008. Payment is due on normal commercial term and $3,000 was outstanding at 31 March 2008. The Parent received no dividends from subsidiaries as set out in Note 3 (2007: nil).

Other transactions with key management personnel

Directors of the Company control 71% of the voting shares in the Company

Key management personnel and director transactions

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers in the form of share options (see note 29).

Loan to subsidiaries

The parent had advanced $798,000 to Media Technology Limited. This loan has been impaired in the parents' financial statements as the subsidiary has negative equity. The loan is repayable on demand and is interest free.

Notes to the Financial Statements
for the year ended 31 March 2008

Key management personnel compensation comprised:

	GROUP		PARENT	
	2008	2007	2008	2007
	$000s	$000s	$000s	$000s
Short term employee benefits	565	449	-	-
Share-based payments	13	-	-	-
	-------	-------	-------	-------
	578	449	-	-
	====	====	====	====

Directors' remuneration

During the period, the Board approved the following remuneration, including all share option benefits, for the directors:

	2008		2007	
	Fees	Remuneration	Fees	Remuneration
	$000s	$000s	$000s	$000s
Directors of Media Technology Group Limited				
R F Ackroyd[1]	2	-	2	-
B M Daldy[1]	2	-	2	-
P G Dennis[2]	-	83	-	-
C P Due[2 & 3]	-	-	24	-
S Gilmor[3]	-	-	10	-
A L Morton[1]	-	205	-	308
M J Willis[2]	-	21	-	-

[1] Resigned 10 December 2007 [2] Appointed 10 December 2007 [3] Resigned 28 September 2006

26. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

On 3 April 2008 the Group entered into an agreement for the purchase of the offset printing business of Geerlings Offset Print Limited. All conditions have subsequently been satisfied and the transaction was completed following a Special Meeting of the shareholders on 15 May 2008.

The projected impact of the purchase on the financial position of the Group is to increase assets by $1,066,000. The purchase was funded follows;

	$000s
Cash	100
Issue of 6,666,667 shares at 3 cents	200
Borrowings	766

Fair value of consideration	1,066
	=====

27. GOING CONCERN

After consideration and making appropriate inquiries, the Directors have a reasonable expectation that the Group has and will have sufficient resources to continue its operations for the foreseeable future. This conclusion is based on

- the restructuring of the Group which occurred during the year;
- the presumption that, based on discussions to date with Lock Finance, the facility provided by them will roll over when it comes up for review; and
- the positive impact on cash flows and profit from the acquisition detailed in subsequent events above .

These factors reflect in the improved performance and cash flows for the Group for the following year.

The Directors have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date of signing these financial statements and to circumstances which they know will occur after that date which could affect the validity of the going concern assumption.

Notes to the Financial Statements
for the year ended 31 March 2008

28. DISCONTINUED OPERATIONS

In December 2007 the Group sold its entire Australian operations. The business was not a discontinued operation or classified as held for sale as at 31 March 2007 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

	2008 $000's	2007 $000's
Results of discontinued operation		
Revenue	7,741	11,562
Expenses	7,786	11,343
Operating surplus/(deficit) before taxation	(45)	219
Income tax expense	-	-
Operating surplus/(deficit) after taxation	(45)	219
Gain on sale of discontinued operation	811	-
Income tax on gain on sale	-	-
Net surplus for the period	766	219
Basic earnings per share (cents)	0.94	0.25
Diluted earnings per share (cents)	0.94	0.25
Cash flows from/used in) discontinued operations		
Net cash used in operations	(205)	(1,007)
Net cash from investing activities	(176)	7
Net cash from financing activities	-	785
Net cash from/(used in) discontinued operation	(381)	(215)
Effect of disposal on the financial position of the Group		
Property plant & equipment	(699)	
Goodwill	(300)	
Inventory	(209)	
Accounts receivable	(1,978)	
Cash & bank balances	(222)	
Borrowings	1,597	
Payables & accruals	1,923	
Net Assets & liabilities	112	
Consideration received, satisfied in cash		
Cash disposed of	(222)	
Cash received	46	
Net cash flow	(176)	

	2008 $000's	2007 $000's
Sale of Australian business		
Carrying value of assets sold	(112)	
Consideration received	798	

Surplus of consideration over carrying value	910	
Costs of sale	(99)	

Gain on sale	811	
	====	

29. Share-based payments

On 10 December 2007, the Group established a share option programme that entitles directors and senior employees to purchases shares in the Company. In accordance with the terms of issue of the options, holders are entitled to acquire shares at the price determined at the time the options were issued. The terms and conditions of the grants are as follows. All options are to be settled by the physical delivery of shares.

Grant date/personnel entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to key management on 10 December 2007	500,000	Any time between 31 December 2007 and 1 June 2010	Until 1 June 2010
Option grant to key management on 10 December 2007	700,000	Any time between 1 June 2008 and 1 June 2010	Until 1 June 2010
Option grant to director on 10 December 2007	500,000	Any time between 1 June 2008 and 1 June 2010	Until 1 June 2010

	1,700,000		
	======		

The number and weighted average exercise price of share options is as follows:

	2008		2007	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April 2007	-	-	-	-
Granted during the period	4 cents	1,700,000	-	-
		------------		---------
Issued as at 31 March 2008	4 cents	1,700,000	-	-
		======		---------

The options outstanding as at 31 March 2008 have an exercise price of 4 cents and a weighted average contractual life of 2.1 years

Notes to the Financial Statements
for the year ended 31 March 2008

The fair value of services received in return for the share options granted is based on the fair value of share options granted, measured using a block scholes model with the following inputs:

	Key management personnel		**Non-executive Director**	
	2008	**2007**	**2008**	**2007**
Fair value at grant date	3.85 cents	-	3.85 cents	-
Exercise price	4 cents	-	4 cents	-
Expected volatility	30%		30%	-
Option life (expected weighted average)	2.3 years		2 years	-
Expected dividends	-	-		-
Risk free interest rate	7.37%	--	7.37%	-
Share price at balance date	2.5 cents		2.5 cents	
Share price range during the year	2.5 – 7 cents		2.5 – 7 cents	

Employee expenses

	2008 $000's	**2007 $000's**
Share options granted during the period	18	-

Expected volatility is estimated by considering historic average share price volatility.

Notes to the Financial Statements
for the year ended 31 March 2008

30. New standards adopted and interpretations not yet adopted

At the date of authorisation of the financial statements of the Group and Parent for the year ended 31 March 2008, the following Standards and Interpretations were in issue but not yet effective:

	Standard/Interpretation	Effective date
Omnibus Amendments	Omnibus Amendments (2007-01)	Annual periods commencing on or after 1 January 2008*
NZ IAS 1	Presentation of Financial Statements	Annual periods commencing on or after 1 January 2009*
NZ IAS 23	Borrowing Costs	Annual periods commencing on or after 1 January 2009*
NZ IAS 27	Consolidated and Separate Financial Statements	Annual periods commencing on or after 1 July 2009*
NZ IAS 32	Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation.	Annual periods commencing on or after 1 January 2009*
NZ IFRS 2	Share-based Payment – Amendments re Vesting Conditions and Cancellations	Annual periods commencing on or after 1 January 2009*
NZ IFRS 3	Business Combinations	Annual periods commencing on or after 1 July 2009*
NZ IFRS 4	Proposed Amendments to New Zealand Equivalent to International Financial Reporting Standard 4 Insurance Contracts - The Scope of Insurance Activities and Differential Reporting Concessions	Annual periods commencing on or after 1 January 2009*
NZ IFRS 8	Operating Segments	Annual periods commencing on or after 1 January 2009*
NZ IFRIC 12	Service Concession Arrangements	Annual periods commencing on or after 1 January 2008*
NZ IFRIC 13	Customer Loyalty Programmes	Annual periods commencing on or after 1 July 2008*
NZ IFRIC 14	NZ IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods commencing on or after 1 January 2008*

These new standards are not expected to have a material impact on the Group's financial statements.

Additional Information

1. SHAREHOLDER STATISTICS

Spread of security holdings at 30 April 2008

	Shareholders		Ordinary Shares	
	Number	%	Number	%
1 - 4,999	2,501	95.83	1,175,323	1.72
5,000 - 9,999	47	1.80	311,300	0.45
10,000 - 49,999	45	1.72	850,992	1.24
50,000 - 99,999	6	0.23	375,403	0.55
100,000 - 499,999	8	0.31	1,558,656	2.27
500,000 - 999,999	-	-	-	-
1,000,000 plus	3	0.11	64,257,906	93.77
	2,610	100	68,529,580	100

Domicile of Shareholders at 30 April 2008

	Number of shareholders	Percentage of shareholders	Number of shares
New Zealand	2,485	95.2	68,308,222
Overseas	125	4.8	221,358
	2,610	100	68,529,580

2. MAJOR SHAREHOLDERS

The top twenty holders of ordinary issued fully paid shares at 30 April 2008 were:

Name		Number of shares held	Percentage of issued shares
1.	Cadre Investments Limited	48,200,998	70.34
2.	Hamish Edward Elliot Brown	10,640,241	15.53
3.	Software Images Holdings Limited	5,416,667	7.90
4.	Godan Investments	430,015	0.63
5.	Custodial Nominee Company Limited	309,425	0.45
6.	Philip John Norman, Wendy Joy Norman & Murray Gordon Wells	234,029	0.34
7.	Carl Nicholas Bann	180,000	0.26
8.	Laddara Pty Limited	105,187	0.15
9.	Sean Anthony Dennehy	100,000	0.15
10.	Nicklas William Patrick Willemse	100,000	0.15
11.	Laurence George Coon	100,000	0.15
12.	Mark Butcher	99,717	0.15
13.	Meryn Peter Davies	60,000	0.09
14.	Dino Focus	58,709	0.09
15.	Layne Robert Kerr	53,966	0.08
16.	Portfolio Custodian Limited	53,011	0.08
17.	ASB Nominees Limiterd	50,000	0.07
18.	John Peter Nooijen	42,500	0.06
19.	Moon Ha Hwang	41,460	0.06
20.	Donn Christopher Baker	40,000	0.06
		66,315,925	96.79

Additional Information

3. INTERESTS' REGISTER

Each company in the Group is required to maintain an interests' register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests' registers for Media Technology Group Limited and its subsidiaries are available for inspection at its registered office. When a director has declared an interest in a particular entity, as a shareholder or director, the declaration serves as notice that the director may benefit from any transaction between the Company and the identified entity.

Entries in the Interests' Register
The following entries were recorded in the interests register:

a. Pursuant to the authority in the Parent company's constitution, the company has indemnified A L Morton, B M Daldey, R F Ackroyd, C P Due, P G Dennis & M J Willis for liability as directors and officers.
b. Interests associated with C P Due acquired 37,500,000 additional shares taking their total holding to 48,631,513.
c. P G Dennis & M J Willis were issued options to acquire respectively 1,000,000 & 500,000 shares at 4 cents.
d. Interests associated with A L Morton purchased the Australian business. See note 28.
e. Digital Disc Holdings Limited had loans from SAM Holdings (Aust) Pty Limited and Cadre Investments Limited, companies which are owned directly or indirectly by directors and shareholders of the Parent.

Directors' loans
There were no loans to directors.

Information used by Directors
No member of the Board of Media Technology Group Limited or any subsidiary, issued a notice requesting to use information received in their capacity as directors which would not otherwise have been available to them.

Directors' Shareholdings

Details of directors' shareholdings as at 31 March 2008 are set out below:

		Beneficially	Associated Persons
C P Due	Shares	-	48,631,763

No existing directors sold shares during the period.

Directors' and Officers' indemnification and insurance
Media Technology Group Limited indemnifies all current directors and officers of the Group against all liabilities (other than to the Company or a subsidiary) which arise out of the performance of their normal duties as directors or officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of the insurance during the financial period was $15,590 (2007: $23,046) plus GST.

4. DIRECTORS' DISCLOSURES

The Boards of the Group's subsidiaries are comprised of members from the Board of the Parent. Where appropriate for jurisdictional or operational issues, outside directors may be introduced. No director of any subsidiary company received any director's fees or other benefits as a director.

Company	Directors
Digital Disc Holdings Limited	C P Due, P G Dennis, M J Willis
Media Technology Limited	C P Due, P G Dennis, M J Willis
Digital Disc Trustee Limited	C P Due, P G Dennis, M J Willis
Software Images Limited	C P Due, P G Dennis, M J Willis

Additional Information

6. NEW ZEALAND STOCK EXCHANGE WAIVERS

The Company has not sought any waivers during the year.

7. EXECUTIVE REMUNERATION

During the period employees, including executive directors, within the Group received remuneration, termination payments and benefits which exceeded $100,000 as follows:

Number of employees	Band
2	$100,000 – 110,000
1	$200,000 - 205,000
1	$280,000 – 290,000

8. SUBSTANTIAL SECURITY HOLDERS

Details of the latest Substantial Security Holders in terms of Section 25 of the Securities Amendment Act 1988 which have been provided are as follows:

	Shares	**Interest**
Hamish Edward Elliot Brown	10,640,241	15.53
CP Due	48,631,763	70.96
Software Images Holdings Limited	5,416,667	7.90%

Additional Information

Directory

Business Office	Board of Directors
PO Box 47 254 Ponsonby Auckland Ph +64 9 376 8846 Fax +64 9 378 9494 www.mediatechnology.co.nz	Chris Due – Non executive chairman (from 10 December 2007) Paul Dennis – Executive director (from 10 December 2007) Murray Willis - Non executive director (from 10 December 2007) Allan Morton – Executive chairman (resigned 10 December 2007) Ronald Ackroyd - Non executive director (resigned 10 December 2007) Bridget Daldy - Non executive director (resigned 10 December 2007)

Share Register:	**Registered Office**:
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