

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

MEDIA TECHNOLOGY GROUP LIMITED

for the year ended 31 March 2010

Preliminary full year report on consolidated results (including the results for the previous corresponding year in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	GROUP	
	2010	2009
	12 months	12 months
	Unaudited	Audited
	\$000s	\$000s
Operating revenue	5,946	4,897
Cost of sales	(3,539)	(2,817)
Gross Profit	<u>2,407</u>	<u>2,080</u>
Expenses		
- Distribution	(7)	(27)
- Finance	(399)	(358)
- Sales & marketing	(1,185)	(951)
- Administration	(799)	(844)
- Depreciation amortisation & impairment	(163)	(980)
Operating loss before taxation	<u>(146)</u>	<u>(1,080)</u>
Taxation	-	8
Operating loss after taxation	<u>(146)</u>	<u>(1,088)</u>
Other comprehensive income	-	-
Income tax on other comprehensive income	-	-
Total comprehensive income for the year attributable to shareholders of the company	<u>(146)</u>	<u>(1,088)</u>
Basic (loss)/earnings per share (cents)	(0.19)	(1.45)
Basic (loss)/earnings per share continuing operations (cents)	(0.19)	(1.45)
Dividends per share	-	-

Expenses included in the Statement of Comprehensive Income

Audit fees	36	31
Bad debts	6	4
Depreciation	159	179
Directors' fees	12	12
Goodwill impairment	-	800
Interest	318	289
KiwiSaver contributions	10	8
Rental and operating leases	295	281
Wages & salaries	2,040	1,705
Software amortisation	6	1

Consolidated Statement of Changes in Equity
for the year ended 31 March 2010

	GROUP			
	Share capital	Accum- mulated loss	Share options	Total equity
	\$000s			
Balance at beginning of the year - Audited	5,920	(5,725)	18	213
Changes in equity for the year				
Shares issued	250		-	250
Comprehensive income		(1,088)	-	(1,088)
Balance 31 March 2009	<u>6,170</u>	<u>(6,813)</u>	<u>18</u>	<u>(625)</u>
Changes in equity for the year - Unaudited				
Comprehensive income		(146)		(146)
Balance 31 March 2010	<u>6,170</u>	<u>(6,959)</u>	<u>18</u>	<u>(771)</u>

Consolidated Statement of Financial Position as at 31 March 2010

	GROUP	
	2010	2009
	\$000s	\$000s
	Unaudited	Audited
Equity		
Share capital	6,170	6,170
Share options reserve	18	18
Accumulated deficit	(6,959)	(6,813)
Total equity	<u>(771)</u>	<u>(625)</u>
Current liabilities		
Payables and accruals	1,060	884
Borrowings	1,023	1,104
Total current liabilities	<u>2,083</u>	<u>1,988</u>
Term Liabilities		
Borrowings	955	890
Total liabilities	<u>3,038</u>	<u>2,878</u>
Total equity and liabilities	<u>2,267</u>	<u>2,253</u>
Assets		
Current assets		
Cash and bank balances	7	13
Accounts receivable	791	641
Inventory	159	147
Total current assets	<u>957</u>	<u>801</u>
Non-current assets		
Property plant and equipment	1,148	1,284
Intangibles	162	168
Total non-current assets	<u>1,310</u>	<u>1,452</u>
Total assets	<u>2,267</u>	<u>2,253</u>
Net tangible assets per share (\$'s)	(0.01)	(0.01)

Consolidated Statement of Cash Flows for the year ended 31 March 2010

	GROUP	
	2010	2009
	12 months	12 months
	Unaudited	Audited
	\$000s	\$000s
Operating activities		
<i>Cash was provided from:</i>		
Receipts from customers	5,783	4,857
<i>Cash was applied to:</i>		
Payments to suppliers & employees	(5,436)	(4,513)
Interest paid	(317)	(289)
Net cash applied to operating activities	<u>30</u>	<u>55</u>
Investing activities		
<i>Cash was provided from:</i>		
Sale of property, plant and equipment	-	5
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	(23)	(1,239)
Purchase of business	-	(50)
Net cash provided from/(applied to) investing activities	<u>(23)</u>	<u>(1,284)</u>
Financing activities		
<i>Cash was provided from:</i>		
Proceeds from borrowing	159	1,279
<i>Cash was applied to:</i>		
Repayment of borrowings	(172)	(50)
Net cash provided from financing activities	<u>(13)</u>	<u>1,229</u>
Net increase/(decrease) in cash held	(6)	-
Cash & cash equivalents at beginning of year	13	13
Cash & cash equivalents at end of year	<u>7</u>	<u>13</u>
Composition of cash & cash equivalents:		
Cash and bank balances	<u>7</u>	<u>13</u>

Comments of Directors

Changes in accounting policies

There have been no changes in accounting policies since the previous period

Critical judgements in applying accounting policies

The Directors have prepared the financial statements on the going concern basis as they believe the group will continue in operation for the foreseeable future; at least 1 year from the date of signing these financial statements.

The value of goodwill arising on the purchase of the design business was determined by reference to the most probable amount of consideration payable for the business pursuant to the earn-out provisions in the purchase & sale agreement.

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash generating 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.

Results

The group operates in the Digital Media, Print and Marketing Services industries.

Revenue of \$5,946,000 for the 12 months ended 31 March 2010 is an increase of 12.2.% over the previous year (\$4,897,000 million) and in line with the \$5.5million forecast in the September 2009 half year report. Revenue includes Design and Marketing Services revenue of \$1,341,000 from the Exposure By Design business acquired in December 2008 (\$439,000 for the 4 months included in the March 2009 year). The group acquired a number of new customers, particularly in its print activity whilst retaining its core customers across the business. However, in the current climate, the group has not yet been able to build on the Exposure by Design business to the extent it expected and is planning some specific changes in its profile, people expertise, and products to improve this in the coming year, which will also enable it to better capitalise on improving market conditions.

The net deficit for the year was \$146,000 compared to a previous year deficit of \$288,000 (prior to goodwill impairment of \$800,000 in the 2009 year). The second 6 months yielded a surplus of \$92,000 compared to a deficit of \$238,000 for the first 6 months. EBITDA for the year to March 2010 was \$336,000 (\$191,000 for the previous year). The results for the year to March 2010 include depreciation of \$159,000 and finance costs of \$318,000. The group repaid \$172,000 in debt principal during the year but required additional support by way of an increase of \$100,000 in unsecured loans from its major shareholder to facilitate this.

In September 2009 the Directors reviewed the amount of consideration payable to the Vendor of the Exposure By Design business under the earn out provisions of the purchase agreement and reduced the effective purchase price and goodwill attributed to the acquisition by \$79,000 (being the present value of the reduction in the consideration payable at future dates). This reduction in goodwill and corresponding liability was recognised in the September 2009 financial statements. There is no impact on the Statement of Comprehensive Income. The Directors have undertaken a further review of the adjusted Goodwill of \$157,000 and are of the view that no further impairment of the goodwill is required as at March 2010.

This full year report was approved by resolution of the Board of Directors dated 14 June 2010.



14 June 2010

MEDIA TECHNOLOGY GROUP LIMITED

Segmental Results

For the year ending 31 March 2010

The group operates in New Zealand only.

Industry Segments

	Digital Media		Print		Marketing		Unallocated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue										
Sales to customers outside the group	3,792	4,008	813	450	1,341	439	-	-	5,946	4,897
Intersegment	-	-	682	645	870	6	(1,552)	(651)	-	-
Sales to external customers	<u>3,792</u>	<u>4,008</u>	<u>1,495</u>	<u>1,095</u>	<u>2,211</u>	<u>445</u>	<u>(1,552)</u>	<u>(651)</u>	<u>5,946</u>	<u>4,897</u>
Result (6 months)										
Profit/(loss)	77	4	193	236	94	13	(192)	(1,044)	172	(791)
Interest	-	-	-	-	-	-	318	289	318	289
Income tax expense	-	-	-	-	-	-	-	8	-	8
Net profit for the period	<u>77</u>	<u>4</u>	<u>193</u>	<u>236</u>	<u>94</u>	<u>13</u>	<u>(510)</u>	<u>(1,341)</u>	<u>(146)</u>	<u>(1,088)</u>
Assets	833	802	1,046	1,066	351	372	37	13	2,267	2,253
Liabilities	298	216	726	891	247	269	1,767	1,502	3,038	2,878
Purchase of property plant & equipment	17	87	-	1,113	6	38	-	-	23	1,238
Purchase of business	-	-	-	-	-	157	-	-	-	157
Depreciation	54	9	99	112	6	3	-	55	159	179
Goodwill impairment	-	-	-	-	-	-	-	800	-	800
Software amortisation	-	-	-	-	-	-	6	1	6	1