

# MEDIA TECHNOLOGY

DIGITAL MEDIA SOLUTIONS, REPLICATION, DESIGN PACKAGING AND e-FULFILMENT

## **MEDIA TECHNOLOGY GROUP LIMITED** **Chairman's Address to AGM 8 September 2009**

As previously reported, the Company acquired a printing business in April 2008 and a specialist design and marketing services business, Exposure By Design (EBD) in December 2008, as part of our strategy to diversify revenue.

As it turns out, our timing was not great and it has been more difficult than anticipated to achieve the growth expected from these new businesses in the current climate.

They did however help to deliver revenue of \$4.9 million, a small increase over that of the 2008 year, a feat not to be underestimated in the current conditions. This included winning a number of new customers whilst retaining all major existing customers (although in many cases their order levels have been lower) which is a reflection of our strong customer retention record and our reputation for superior service. All business is very competitive, however, putting pressure on margins.

The company did achieve a positive EBITDA for the year to March 2009 of \$191,000 and we are still forecasting a positive EBITDA for the year to March 2010, albeit it that we are not yet able to achieve the growth we wanted with a higher EBITDA contribution.

High finance costs of \$290,000 resulted in a net cash deficit of approximately \$100,000 for the year. This and principle debt repayments required additional funding facilities which were provided by the Company's primary lenders, Lock Finance, together with additional loans of \$150,000 from the largest shareholder, Cadre Investments. Cadre has since provided further assistance and some principal repayments have been re-negotiated with our lenders to assist cash flow.

Goodwill of \$800,000, associated with the business valuation at the time the Company listed in 2004, was also written off at March 2009 as a result of an impairment review under the NZ IFRS. This resulted in an overall book deficit of just over \$1million.

In the current market the Company is focused on customer retention and maintaining tight cost control. We will continue to seek new customers in Print and Design Services which should pay off when market conditions improve.

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The primary objective for the Company over the next 12 months is to achieve a cash contribution sufficient to meet the debt reduction goals, which will then enable the Company to restructure its core finance more cost effectively.

There are positive signs in the market in the last few weeks; a lift in customer enquiries and the potential for our major customers to resume higher order levels.

Chris Due,  
Chairman