

**PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT**

**Media Technology Group Limited**

(Name of Listed Issuer)

**For Half Year Ended**

30-Sep-04

(referred to in this report as the "current period")

Preliminary half year report on consolidated results (including the results for the previous corresponding full 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 [see Note [X] attached] and is based on **unaudited** financial statements. If the report is based on audited financial statements, any qualification made by the auditor is to be attached.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

<b>*Consolidated Statement Financial Performance</b>			
1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Current Half Year	*Up/Down %	Previous period (8 months)
	\$NZ'000		\$NZ'000
<b>1.1 OPERATING REVENUE</b>			
(a) Trading Revenue	9,863	194.3%	3,351
(b) Other Revenue			
(c) Total Operating Revenue	9,863	194.3%	3,351
<b>1.2 OPERATING (DEFICIT) BEFORE TAXATION</b>	(131)	(94.7%)	(2,476)
(a) Less taxation on operating result	206		19
<b>1.3 OPERATING (DEFICIT) AFTER TAX</b>	(337)	(86.5%)	(2,495)
(a) Extraordinary Items after Tax [detail in Item 3]			
(b) Unrealised net change in value of investment properties			
<b>1.4 NET (DEFICIT) FOR THE PERIOD</b>	(337)	(86.5%)	(2,495)
(a) Net *Surplus (Deficit) attributable to minority interests			
<b>1.5 NET (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	(337)	(86.5%)	(2,495)

<b>*Consolidated Statement of Financial Performance</b>		
2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ 8 months	Current Half Year	Previous period (8 months)
	\$NZ'000	\$NZ'000
<b>2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>		
(a) Interest revenue included in Item 1.1(b)		1
(b) # Unusual items for separate disclosure (gain/loss) (detail - Item 3)		190
(c) Equity earnings (gain/loss) (detail - Item 16)		
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	147	63
(e) Leasing and renting expenses	380	130
(f) Depreciation	215	72
(g) Diminution in the value of assets (other than depreciation)		
(h) Amortisation of goodwill	342	114
(i) Amortisation of other intangible assets		
(j) Impairment of goodwill		2,243
(k) Impairment of other intangible assets		



5 EARNINGS PER SECURITY	Earnings Per Security	
	Current	Previous
	Half Year	period (8 months)
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share	\$NZ'000	\$NZ'000
(a) Basic EPS (cents/share)	(0.4)	(8.9)
(b) Diluted EPS (if materially different from (a))	(0.4)	(8.9)

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII))	
(a) Name of subsidiary or group of subsidiaries	.....
(b) Percentage of ownership acquired	.....
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	.....
(d) Date from which such contribution has been calculated	.....

7 MATERIAL DISPOSALS OF SUBSIDIARIES (See Note (VII) attached)	
(a) Name of subsidiary or group of subsidiaries	nil
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(c) Date from which such contribution has been calculated	.....
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding full year	.....
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary	\$

## 8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the period in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the report for the period:

**SEGMENTS** See attached schedule

### Industry

- Operating revenue:
  - \* Sales to customers outside the group
  - \* Intersegment sales
  - \* Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

### Geographical

- Operating revenue:
  - \* Sales to customers outside the group
  - \* Intersegment sales
  - \* Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

(Note (VIII) attached has particular relevance for the preparation

			<b>Consolidated Statement of Financial Position</b>		
			At end of current half year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
<b>9 CURRENT ASSETS:</b>					
(a)	Cash		312	370	
(b)	Trade receivables		2,986	2,677	
(c)	Investments				
(d)	Inventories		423	410	
(e)	Other assets, current				
<b>TOTAL CURRENT ASSETS</b>			<b>3,721</b>	<b>3,457</b>	
<b>9.1 NON-CURRENT ASSETS</b>					
(a)	Trade receivables				
(b)	Investments				
(c)	Inventories				
(d)	Property, plant and equipment		1,357	1,500	
(e)	Goodwill		6,361	6,732	
(f)	Deferred Taxation Assets				
(g)	Other Intangible Assets				
(h)	Other assets, non current				
<b>9.2 TOTAL NON-CURRENT ASSETS</b>			<b>7,718</b>	<b>8,232</b>	
<b>9.3 TOTAL ASSETS</b>			<b>11,439</b>	<b>11,689</b>	
<b>9.4 CURRENT LIABILITIES</b>					
(a)	Trade Creditors		3,971	3,886	
(b)	Income in advance, current				
(c)	Secured loans		2,454	2,410	
(d)	Unsecured loans				
(e)	Provisions, current				
(f)	Other liabilities, current				
<b>TOTAL CURRENT LIABILITIES</b>			<b>6,425</b>	<b>6,296</b>	
<b>9.5 NON-CURRENT LIABILITIES</b>					
(a)	Accounts payable, non-current				
(b)	Secured loans				
(c)	Unsecured loans				
(d)	Provisions, non-current				
(e)	Deferred Taxation Liability, non-current				
(f)	Other liabilities, non-current				
<b>9.6 TOTAL NON-CURRENT LIABILITIES</b>					
<b>9.7 TOTAL LIABILITIES</b>			<b>6,425</b>	<b>6,296</b>	
<b>9.8 NET ASSETS</b>			<b>5,014</b>	<b>5,393</b>	
<b>9.9 SHAREHOLDERS' EQUITY</b>					
(a)	Share capital (optional)		17,371	17,371	
(b)	Reserves (optional)	(i) Revaluation reserve	(216)	(174)	
		(ii) Other reserves			
(c)	Retained Surplus (accumulated Deficit) (optional)		(12,141)	(11,804)	
<b>9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>			<b>5,014</b>	<b>5,393</b>	
(a)	Minority equity interests in subsidiaries				
<b>9.11 TOTAL SHAREHOLDERS' EQUITY</b>			<b>5,014</b>	<b>5,393</b>	
(a)	Returns on Assets (%) (EBIT divided by Total Assets)		0.1%	0.5%	
(b)	Return on Equity (%) (Net Income divided by Shareholders' Equity)		-7%		
(c)	Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)		128%	117%	

		<b>Consolidated Statement of cash flows for period</b>	
		Current Half Year	Previous period (8 months)
		\$NZ'000	\$NZ'000
<b>10 CASH FLOWS RELATING TO OPERATING ACTIVITIES</b>			
(See Note (IX) attached )			
(a)	Receipts from customers	9,980	2,850
(b)	Interest received		1
(c)	Dividends received		
(d)	Payments to suppliers and employees	(9,597)	(3,176)
(e)	Interest paid	(147)	(78)
(f)	Income taxes paid	(249)	
(g)	Other cash flows relating to operating activities		(90)
	<b>NET OPERATING FLOWS</b>	<b>(13)</b>	<b>(493)</b>
<b>11 CASH FLOWS RELATING TO INVESTING ACTIVITIES</b>			
(See Note (IX) attached )			
(a)	Cash proceeds from sale of property, plant and equipment		
(b)	Cash proceeds from sale of equity investments		
(c)	Loans repaid by other entities		30
(d)	Cash paid for purchases of property, plant and equipment	(89)	(66)
(e)	Interest paid - capitalised		
(f)	Cash paid for purchases of equity investments		
(g)	Loans to other entities		
(h)	Other cash flows relating to operating activities		
	<b>NET INVESTING CASH FLOWS</b>	<b>(89)</b>	<b>(36)</b>
<b>12 CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>			
(See Note (IX) attached )			
(a)	Cash proceeds from issue of shares, options, etc.		650
(b)	Borrowings	44	165
(c)	Repayment of borrowings		(93)
(d)	Dividends paid		
(e)	Other cash flows relating to operating activities		
	<b>NET FINANCING CASH FLOWS</b>	<b>44</b>	<b>722</b>
<b>13 NET INCREASE (DECREASE IN CASH HELD)</b>		<b>(58)</b>	<b>193</b>
(See Note (IX) attached )			
(a)	Cash at beginning of period	370	(101)
(b)	Cash acquired with acquisition of Subsidiaries		278
	Foreign exchange gain on conversion of cash balances		
(c)	<b>CASH AT END OF PERIOD</b>	<b>312</b>	<b>370</b>
<b>14 NON-CASH FINANCING AND INVESTING ACTIVITIES</b>			
Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:			

<b>15 RECONCILIATION OF CASH</b>		Current Half Year	Previous period (8 months)
For the purposes of the above Statement of cash flows, cash includes:		\$NZ'000	\$NZ'000
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:			
Cash on hand and at bank		312	370
Deposits at call			
Bank overdraft			
Other (provide details eg Term Deposits)			
<b>Total = Cash at End of Period (Item 13(c) above)</b>		<b>312</b>	<b>370</b>

<b>16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES</b>	
Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).	

<b>16.1 GROUP SHARE OF RESULTS OF ASSOCIATES</b>	<b>Equity Earnings</b>	
	Current Half Year	Previous period (8 months)
	\$NZ'000	\$NZ'000
(a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX	n/a	n/a
(b) Less tax		
(c) OPERATING *SURPLUS (DEFICIT) AFTER TAX		
(i) Extraordinary items		
(d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX		

<b>16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES</b>	
(a) The group has a material (from group's viewpoint) interest in the following corporations:	

Name	Percentage of ordinary shares held at end of Period		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Period	Previous Corresponding Full Year	Current Half Year	Previous period (8 months)
			\$NZ'000	\$NZ'000
<b>Equity Accounted Associates</b>			<i>Equity Accounted in current year</i>	
	nil	nil	n/a	n/z
<b>Other Material Interests</b>			<i>Not Equity Accounted in current year</i>	
	nil	nil	n/a	n/a

(b) Investments in Associates	Current Half Year	Previous period (8 months)
	\$NZ'000	\$NZ'000
Carrying value of investments in associates beginning of period	n/a	n/a
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus		
- Reserves		
Net goodwill amortisation and impairment adjustments in the period		
Less Dividends received in the period		
Equity carrying value of investments at the end of period		
Amount of goodwill included in carrying value at end of that period		

## 17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of Securities	Issued	Quoted	Cents	Paid-Up Value (If not fully paid)
<b>PREFERENCE SHARES:</b>				
# (Description)	nil			
Issued during current *half year/full year	nil			
<b>ORDINARY SHARES:</b>				
Beginning of period	85,031,485	85,031,485		
Issued during current period				
<b>CONVERTIBLE NOTES</b>				
# (Description)	nil			
Issued during current *half year/full year				
<b>OPTIONS:</b>				
	Issued	Quoted	Exercise Price	Expiry Date
	nil			
Issued during current *half year/full year				
<b>DEBENTURES - Totals only:</b>				
	nil	\$		
<b>UNSECURED NOTES - Totals only:</b>				
	nil	\$		
<b>OTHER SECURITIES</b>				
	nil	\$	\$	

# Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

## 18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- Material factors affecting the revenues and expenses of the group for the current period  
*Nil*
- Significant trends or events since end of current period  
*Nil*
- Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed  
*Nil*
- Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain  
*Goodwill arising on the acquisition of the Digital Disc Holdings Group is being written off over 10 years. The charge to the current periods earnings arising from that is \$342,352.*
- Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty  
*Overall, revenues achieved during the first Half Year were marginally below the Company's forecast. A shortfall was incurred in Australia where strong competition, particularly in NSW, continues to challenge the Company. The New Zealand business performed well during the first Half Year and over-achieved against its budget, which partially offset the shortfall in Australia.*  
  
*The budget shortfall in Australia, and the associated product mix issues, negatively impacted margins in the Australian business giving rise to a lower than expected EBITDA for the period. Management is currently according priority attention to addressing these revenue and margin issues in Australia.*  
  
*Looking forward, The Directors anticipate the Company is likely to achieve revenues of approximately \$20 million for the year ended 31 March 2005. EBITDA is expected to be around \$1.3 million. This EBITDA forecast is approximately \$350,000 lower than the EBITDA forecast announced at the Company's AGM on 30.9.04.*
- Other comments  
*Following the acquisition of the DDH Group, the Company changed its balance date to 31 March. Accordingly the results for the half year are for 6 months whereas the comparative results are for the previous 8 months.*

