

2004 Annual Report

Chairman's Letter

On 20 January 2004, Strathmore Group Limited gained the approval of its shareholders to acquire Digital Disc Holdings Limited (DDH), a New Zealand holding company which owns New Zealand and Australian based businesses providing digital media solutions, including CD and DVD replication, design, packaging and online fulfilment services to the business to business market. Following completion of the acquisition, the Company changed its name to Media Technology Group Limited (MTG).

Prior to the acquisition of DDH, the Company had disposed of all investment assets associated with its past activities as a technology venture capital firm. Today, MTG has a singular focus on the digital media and online fulfilment markets in New Zealand and Australia and the Company is led in its pursuit of a trans-Tasman leadership position by Mr Allan Morton, the founder of DDH and the leader of the team responsible for successfully building the business over the last fourteen years.

Following the acquisition of DDH, the Company changed its balance date from 31 July to 31 March. The consolidated financial statements for MTG therefore include the trading activities of Strathmore Group Limited for the eight month period from 1 August 2003 to 31 March 2004 and the trading results of the DDH Group for the two month period from 1 February 2004 to 31 March 2004. All comparative results are for Strathmore Group's previous twelve months trading.

The financial statements have been prepared on a going concern basis, whereas in the previous period they were prepared on a realisation basis. The effect of this change on the Company's results and financial position is immaterial.

The Company's operating deficit after tax for the eight months ended 31 March 2004 was \$2,495,000. Revenues for the period were \$3,351,000, of which \$3,010,000 was generated from the Company's digital media and online fulfilment activities in the months of February and March 2004. The operating deficit included a write-down in the value of Goodwill in the DDH Group's accounts at the time of acquisition by the Company amounting to \$2,243,490. The Directors considered that it was prudent to write down the value of Goodwill by this sum.

Immediately following the completion of the acquisition of DDH, Mr Nigel Spratt and Mr Ken Wikeley resigned as Directors of the Company to be replaced by Mr Allan Morton and Mr Chris Due, both Directors of DDH. Shortly thereafter, Mr Scott Gilmour joined the Board as the Company's fourth Director. Mr Gilmour has significant international experience as a technology industry executive and is also an experienced investor. His appointment will strengthen the Board.

MTG is the established market leader in its field in New Zealand and now has a strong and growing presence in New South Wales, Victoria and Queensland. The opportunities for growth in Australia are substantial and MTG is particularly well positioned to capture these.

The Company has a clear vision of where it wants to be in five year's time, it has strategies in place to realise its vision and, most importantly, it has the leadership and management team to ensure that the execution of these strategies will steadily improve shareholder value.

Following the transition in business activities arising from the acquisition of DDH, MTG is performing well in the first quarter of the 2005 fiscal year and the Directors are confident that the Company will continue to perform well during the remainder of the year.



Phil Norman
Chairman

Chief Executive's Report

As the founder of Digital Disc Group, becoming a publicly listed company as a result of the acquisition by Media Technology Group Limited (MTG) in January 2004 was a very important step for me and the MTG team. While we did not set out with this in mind when Digital Disc was established back in 1989, or when we built New Zealand's first CD manufacturing plant in 1998, by 2003 it made sense to take the next growth step. And it was a step we were ready to take. We had built a solid market presence in New Zealand and Australia with a well developed suite of products and services. In addition, the Company possessed a first class management team committed to growth and innovation, and the relationships with our increasing number of clients and suppliers were very strong.

Looking back on fifteen years of sustained growth, I believe our success can be attributed in part to a prevailing ethic of trust, respect and accountability. We focus on our people, our business partnerships and creating sales 'possibilities' that generate consistent growth.

Today, MTG differentiates itself by wrapping highly valued services around the production and distribution of physical digital media (CD's and DVD's). A significant portion of the Company's revenue is derived from services such as CD/DVD-on-demand, product design and packaging, and most significantly, online fulfilment.

Our People

MTG has grown from a company with one part-time employee replicating computer floppy disks into a business which now employs over 100 people operating in a trans-Tasman market.

This growth has relied on our ability to attract and retain people who are able to think beyond what we do now. The rapid pace of change in the past decade has seen the Company embrace new technologies such as CD-Audio, CD-ROM, various formats of DVD and other memory devices.

Although our core business has moved well beyond the mass replication of floppy diskettes, the market principles that drive what we do remain the same. Our people are trained and rewarded on their ability to reliably and consistently deliver innovative information distribution solutions based around physical media and the Internet.

Our Partnerships

MTG's customers include major financial institutions, technology companies, entertainment giants and blue-chip corporates. We are also endorsed and acknowledged suppliers to national and state government agencies in both New Zealand and Australia.

At MTG, we regard our customers and suppliers as 'partners' and we do our best to help them grow their businesses. As a result, we have developed loyal, trusting and long-standing relationships with these partners because we continually strive to improve our offerings in a way that assists them to achieve their business goals.

By maintaining open communications with our 'partners' we are able to meet their changing needs with new products and services that add demonstrable value on both sides of the value chain. While this approach generates responsibilities for MTG, it also provides significant strategic and business benefits for all parties. As a result, many of our services are mission critical components of our partners' businesses:

- *Microsoft New Zealand* has been a 'partner' for twelve years. In 1992, we supported *Microsoft's* customers with locally produced software updates on diskette. Today we provide online warehousing services and CD-ROM's.
- *Wilcom* is a global leader in embroidery software. MTG handles *Wilcom's* core software manufacturing, printing, packaging and distribution requirements and recently was instrumental in re-engineering this customer's operations processes using the Company's online fulfilment portal.
- *Lexis Nexis* (formerly *Butterworths*) is a global publisher for professionals and a long-term CD-ROM, assembly and distribution customer of MTG. When *Lexis Nexis* needed to deliver personalised software to its customers, MTG was able to satisfy this requirement with an innovative CD-on-demand solution.

- Our supplier support for *Navman* began more than a decade ago and during that time MTG has consistently upgraded its CD-ROM production and packaging services to meet the needs of *Navman's* rapidly growing global business.

Our Possibilities

We are developing and deploying leading edge technologies that enhance the capability of CD's and DVD's with online integration. These exciting developments offer end users a seamless experience that delivers bulk digital content, such as video and graphics, with relevant up to date offers and information.

New physical media formats are already available to support the non-stop growth of digital content. In the past year, we have seen the arrival of new digital cameras which generate huge data storage and distribution opportunities for MTG and its partners. We also foresee technologies associated with personal navigation devices, PDA's and smarter mobile phones which will trigger new product and service innovations for the Company.

To learn more about MTG, its people, partnerships and product offerings, I invite you to visit our Web site at www.mediatechnology.co.nz



Allan Morton
Chief Executive

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 2004 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 6 to 23, of Media Technology Group Limited for the period ended 31 March 2004.

The Board of Directors of Media Technology Group Limited authorised these financial statements for issue on 28 May 2004.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Phil Norman', written in a cursive style.

Phil Norman
Chairman

**Auditors' Report
to the shareholders of Media Technology Group Limited
(formerly Strathmore Group Limited)**

We have audited the financial statements on pages 6 to 23. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the period ended 31 March 2004 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 9 to 12.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2004 and their financial performance and cash flows for the period ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

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:

- (a) the significant estimates and judgments made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give 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.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors.

Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 6 to 23:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 31 March 2004 and their financial performance and cash flows for the period ended on that date.

Our audit was completed on 28 May 2004 and our unqualified opinion is expressed as at that date.



**Statements of Financial Performance
for the period ended 31 March 2004**

	Notes	GROUP		PARENT	
		2004	2003	2004	2003
		8 months \$000s	12 months \$000s	8 months \$000s	12 months \$000s
Operating revenue	1	3,351	1,349	174	-
Operating deficit before taxation	2	(2,476)	(3,803)	(525)	(3,240)
Income tax	3	(19)	-	-	-
Operating deficit after taxation		(2,495)	(3,803)	(525)	(3,240)
Net deficit for the period		(2,495)	(3,803)	(525)	(3,240)
Comprising:					
Operating deficit from continuing activities		(2,685)	(3,803)	(150)	(3,240)
Operating surplus/(deficit) from discontinued activities		190	-	(375)	-
		(2,495)	(3,803)	(525)	(3,240)

**Statements of Movements in Equity
for the period ended 31 March 2004**

	Notes	GROUP		PARENT	
		2004	2003	2004	2003
		8 months \$000s	12 months \$000s	8 months \$000s	12 months \$000s
Equity at beginning of the period		(849)	2,874	(286)	2,874
Net deficit		(2,495)	(3,803)	(525)	(3,240)
Movement in foreign currency translation reserve	5	(174)	-	-	-
Total recognised revenues and expenses		(2,669)	(3,803)	(525)	(3,240)
Issue of shares	4	8,911	80	8,911	80
Equity/(deficit) at end of the period		5,393	(849)	8,100	(286)

**Statements of Financial Position
as at 31 March 2004**

	Notes	GROUP		PARENT	
		2004 31 March \$000s	2003 31 July \$000s	2004 31 March \$000s	2003 31 July \$000s
Equity					
Share capital	4	17,371	8,460	18,373	9,462
Foreign currency translation reserve	5	(174)	-	-	-
Accumulated deficit	6	(11,804)	(9,309)	(10,273)	(9,748)
		-----	-----	-----	-----
Total equity/(deficit)		5,393	(849)	8,100	(286)
		=====	=====	=====	=====
Current liabilities					
Bank overdraft	7	-	105	-	-
Payables and accruals	8	3,886	670	101	107
Borrowings	9	2,410	140	-	140
Inter-company payables		-	-	168	99
		-----	-----	-----	-----
Total current liabilities		6,296	915	269	346
		-----	-----	-----	-----
Total liabilities		6,296	915	269	346
		=====	=====	=====	=====
Total equity and liabilities		11,689	66	8,369	60
		=====	=====	=====	=====
Assets					
Current assets					
Cash and bank balances	10	370	4	-	-
Accounts receivable	11	2,677	62	13	60
Inventory	12	410	-	-	-
		-----	-----	-----	-----
Total current assets		3,457	66	13	60
		-----	-----	-----	-----
Non-current assets					
Investments	13	-	-	8,356	-
Property plant and equipment	15	1,500	-	-	-
Intangibles	17	6,732	-	-	-
		-----	-----	-----	-----
Total non-current assets		8,232	-	8,356	-
		-----	-----	-----	-----
Total assets		11,689	66	8,369	60
		=====	=====	=====	=====

For and on behalf of the Board

Director



PJ Norman
28 May 2004

Director



CP Due
28 May 2004

**Statements of Cash Flows
for the period ended 31 March 2004**

	Notes	GROUP		PARENT	
		2004	2003	2004	2003
		8 months \$000s	12 months \$000s	8 months \$000s	12 months \$000s
Operating activities					
<i>Cash was provided from:</i>					
Receipts from customers		2,850	80	-	4
Interest received		1	-	-	-
<i>Cash was applied to:</i>					
Payments to suppliers		(2,532)	(267)	(81)	(136)
Payments to employees		(644)	-	-	-
Interest paid		(78)	(27)	-	(11)
Net GST paid		(92)	-	-	-
Net cash applied to operating activities	16	(495)	(214)	(81)	(143)
Investing activities					
<i>Cash was provided from:</i>					
Sale of investment		-	12	-	-
Repayments of advances by subsidiaries		-	-	18,460	23
Repayment of loan		30	70	30	40
<i>Cash was applied to:</i>					
Purchase of property, plant and equipment		(66)	-	-	-
Advances to subsidiaries		-	-	(532)	-
Purchase of shares		-	-	(18,457)	-
Net cash provided from/(applied to) investing activities		(36)	82	(499)	63
Financing activities					
<i>Cash was provided from:</i>					
Issue of ordinary shares		650	80	650	80
Proceeds from borrowing		165	-	-	-
<i>Cash was applied to:</i>					
Repayment of borrowings		(93)	-	(70)	-
Net cash provided from financing activities		722	80	580	80
Net increase/(decrease) in cash held		191	(52)		-
Cash at beginning of period		(101)	(49)	-	-
Cash acquired with acquisition of subsidiaries		278	-	-	-
Foreign exchange gain on conversion of cash balance		2	-	-	-
Cash at end of period		370	(101)	-	-
Composition of cash:					
Cash and bank balances		370	4	-	-
Bank overdraft		-	(105)	-	-
		370	(101)	-	-

Statement of accounting policies for the period ended 31 March 2004

A. ENTITIES REPORTING

The financial statements for the "Parent" or "Company" are for Media Technology Group Limited as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising Media Technology Group Limited and its subsidiaries.

Media Technology Group Limited was previously known as Strathmore Group Limited. The change of name occurred on 9 February 2004.

B. STATUTORY BASE

Media Technology Group Limited is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

C. MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis or as modified by specific accounting policies below.

During the prior period the financial statements of the Company and Group were prepared on the realisation basis. In the current period they have been prepared on the going concern basis. The directors are satisfied that this is appropriate based on having completed the restructure and the asset disposition programme announced by the Directors at the Company's Annual General Meeting held in January 2002.

D. ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

1. Group financial statements

The Group financial statements consolidate the financial statements of subsidiaries using the purchase method.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent. All material transactions between subsidiaries or between the Parent and subsidiaries are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of financial performance from the date of acquisition up to the date of disposal.

2. Revenue

Revenue comprises the amounts received and receivable for interest income, gross proceeds from sale of investments and goods and services supplied to customers in the ordinary course of business.

Interest and rental income are accounted for as earned.

3. Tax

Income tax

The tax expense recognised for the period is based on the accounting result, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only when there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.

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.

4. Foreign Currencies

Transactions

Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities arising from trading transactions in foreign currencies are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the statement of financial performance.

Foreign operations

Revenues and operations of independent foreign operations are translated to New Zealand dollars at the exchange rates in effect at the date of the transaction, or at rates approximating them. Assets and liabilities are converted to New Zealand dollars at the rate of exchange ruling at the balance date.

Exchange differences arising from the translation of independent foreign operations are recognised in the foreign currency translation reserve, together with unrealised gains and losses on foreign currency monetary liabilities that are identified as hedges against these operations.

5. Equity

Share issue costs

Costs associated with the issue of shares are recognised as a reduction in the amount collected.

6. Leased assets

Finance leases

Assets under finance leases are recognised as non-current assets in the statement of financial position. Leased assets are recognised initially at the lower of the present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment allocated between the liability and interest expense. Leased assets are depreciated on the same basis as equivalent property, plant and equipment.

Operating leases

Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable.

7. Investments

Investments in subsidiaries are stated at cost less any permanent diminution in value in the statement of financial position of the Parent.

8. Accounts receivable

Accounts receivable are carried at estimated realisable value after providing against debts where collection is doubtful.

9. 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.

10. Intangible assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable assets acquired at the time of the acquisition of a business or an equity interest in a subsidiary. Goodwill is amortised using the straight line method over the shorter of its estimated useful life or 10 years.

11. Property, plant and equipment

All property, plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the statement of financial performance and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a straight line or diminishing value basis on all tangible property, plant and equipment at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value, over their useful lives.

Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Major depreciation periods are:

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

12. Impairment

The directors assess the carrying value of each asset annually. Where there has been a permanent diminution in the estimated recoverable amount of the asset to less than its carrying amount, the asset is written down to its recoverable amount. The impairment loss is recognised in the statement of financial performance.

13. Employee entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognised when they accrue to employees.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

14. Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, bank overdrafts, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments that do not constitute hedges are stated at market value and any residual gain or loss is recognised in the statement of financial performance.

15. Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) operating activities include all transactions and other events that are not investing or financing activities;
- (b) investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of non-current investments;
- (c) financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities; and
- (d) cash is considered to be cash on hand, current accounts in banks net of bank overdrafts, bank call or short term deposits, and commercial bills.

16. Comparative Figures

As a result of the change of balance date, the comparative results are for the year ended 31 July 2003 while the current period results are for the 8 month period ended 31 March 2004.

Certain comparative figures in the financial statements have been reclassified where necessary, so that all information corresponds to the classification in the current period. The amounts reclassified are not significant.

17. Creditors' Compromise

On 30 April 2003, the Company entered into a compromise with its unsecured creditors under Part XIV of the Companies Act 1993. This imposed a moratorium of six months on unsecured creditors against taking any enforcement action against the Company. On 29 October 2003, the terms of the original compromise were varied such that creditors' agreed to a payment of 50 cents in the dollar payable on or before 30 January 2004, as full and final settlement of the debts outstanding. Under this arrangement all obligations to compromise creditors were settled by 30 January 2004. The gain resulting from the reduced amount paid to the compromise creditors is shown in the statement of financial performance.

E. CHANGES IN ACCOUNTING POLICIES

The financial statements of the Company and the Group have been prepared on the going concern basis in the current period. In the prior period they were prepared on the realisation basis. The change in the basis of preparation has not resulted in a material impact on the financial statements.

There have been no other changes in accounting policies and all other policies have been applied on a basis consistent with those used in the prior year.

F. CHANGES OF BALANCE DATE

The balance date was changed from 31 July to 31 March following the acquisition of the Digital Disk Holdings Group. The comparative results are therefore for the year ended 31 July 2003 while the current period results are for the 8 month period ended 31 March 2004.

Entity	Previous balance date	New balance date
Media Technology Group Limited (previously Strathmore Group Limited)	31 July	31 March
Strathmore Administration Company Limited	31 July	31 March

**Notes to the financial statements
for the period ended 31 March 2004**

	GROUP		PARENT	
	2004 8 months \$000s	2003 12 months \$000s	2004 8 months \$000s	2003 12 months \$000s
1. OPERATING REVENUE				
<u>Continuing activities</u>				
Sales	3,009	-	-	-
Interest received	1	-	-	-
Gross sales of investments	-	1,280	-	-
Other income	-	69	-	-
	-----	-----	-----	-----
Total operating revenue from continuing activities	3,010	1,349	-	-
	-----	-----	-----	-----
<u>Discontinued activities</u>				
Unusual item - Gain on creditors' compromise ¹	341	-	174	-
	-----	-----	-----	-----
Total operating revenue from discontinued activities	341	-	174	-
	-----	-----	-----	-----
Total operating revenue	3,351	1,349	174	-
	=====	=====	=====	=====

1. The gain on the creditors' compromise is the amount by which the indebtedness to creditors' was reduced as a result of the formal compromise.

2. OPERATING EXPENSES

Operating expenses include:

Continuing activities

Amortisation of goodwill	114	-	-	-
Audit fees paid or payable to principal auditors	50	25	50	25
Bad debts	2	90	-	90
Depreciation				
- office furniture and fittings	5	-	-	-
- plant and equipment	45	-	-	-
- leased plant and equipment	13	-	-	-
- leasehold improvements	5	-	-	-
- software	4	-	-	-
Directors' fees	27	40	27	40
Foreign currency exchange losses	26	-	-	-
Interest and financing costs				
- borrowings and other	61	119	-	11
- finance leases	2	-	-	-
Loss on sale of investments	-	3,061	-	-
Rental and operating leases	130	79	-	-
Write-off of goodwill ¹	2,243	-	-	-
Increase/(decrease) in provision for write down of inter-company receivables	-	-	-	2,997

Discontinued activities

Bad debts	30	-	30	-
Increase/(decrease) in provision for write down of investments ²	-	-	18,285	-
Increase/(decrease) in provision for write down of inter-company receivables ²	-	-	(17,856)	-

1. The written down value of the Goodwill on the acquisition of the Australian entities by Digital Disc Holding Limited has been written off at year end. The directors considered this was prudent. This resulted in a write off of \$2,243,490.

2. The write down of investments and the reversal of the provision against inter-company receivables in the parent result from the disposal of subsidiary companies which had held investments made by the Group when it previously invested as a venture capital company. The net effect of the movement in these provisions is a loss of \$429,134 for the parent.

	GROUP		PARENT	
	2004 8 months \$000s	2003 12 months \$000s	2004 8 months \$000s	2003 12 months \$000s
3. INCOME TAX				
<u>Continuing activities</u>				
Operating deficit before tax:	(2,666)	(3,803)	(150)	(3,240)
Permanent differences:				
Non-deductible provisions for receivables	-	-	-	2,997
Movement in non-deductible loan write down	-	90	-	90
Inter-company eliminations	38	-	-	-
Non-deductible goodwill written off	2,243	499	-	-
Non-deductible legal expenses	50	-	-	-
Non-deductible loss on sale of investments	-	3,061	-	-
Other permanent differences	194	-	16	-
Tax losses and timing differences not brought to account	141	153	134	153
	-----	-----	-----	-----
Surplus subject to tax	-	-	-	-
	-----	-----	-----	-----
Tax at 33%	-	-	-	-
	-----	-----	-----	-----
Income tax recognised in statement of financial performance in relation to continuing activities	-	-	-	-
	=====	=====	=====	=====
<u>Discontinued activities</u>				
Operating surplus/(deficit) before tax:	190	-	(375)	-
Permanent differences:				
Provisions made for loss on investments	17,721	-	18,285	-
Non-deductible loan write down	(17,856)	-	(17,856)	-
Tax losses and timing differences not brought to account	2	-	(54)	-
	-----	-----	-----	-----
Surplus subject to tax	57	-	-	-
	-----	-----	-----	-----
Tax at 33%	19	-	-	-
	-----	-----	-----	-----
Income tax recognised in statement of financial performance in relation to discontinued activities	19	-	-	-
	=====	=====	=====	=====
Total tax recognised in the statements of financial performance	19	-	-	-
Comprising				
- Estimated current period tax assessment	19	-	-	-

The Group has tax losses in the Australian companies of \$1,518,670 (2003: n/a) available to be carried forward to reduce future income tax liabilities in the Australian companies. Utilisation of these losses is subject to compliance with income tax legislation and future operating results. The Group has not recognised net deferred tax assets since realisation is not virtually certain.

4. SHARE CAPITAL

Issued and paid up capital – ordinary shares

	GROUP		PARENT	
	2004	2003	2004	2003
	31 March	31 July	31 March	31 July
	\$000s	\$000s	\$000s	\$000s
Balance at beginning of period	8,460	8,380	9,462	9,382
Issue of shares to Digital Disc Employee Share Trust	720	-	720	-
Issue of shares to others	8,911	80	8,911	80
	-----	-----	-----	-----
	18,091	-	19,093	-
Less shares held by Digital Disc Employee Share Trust	(720)	-	(720)	-
Balance at end of period	17,371	8,460	18,373	9,462
	=====	=====	=====	=====

Share issue details and rights

Ordinary shares issued

As at 31 March 2004, there were 85,031,485 ordinary shares issued and fully paid up (2003: 191,091,339) including 6,000,000 shares held by the Digital Disc Employee Share Trust. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

Consolidation of issued shares

In January 2004 the shares were consolidated to one new ordinary share for every 40 existing ordinary shares, reducing the number of shares on issue to 4,777,283.

Issue of shares

After the consolidation of shares in January 2004, 72,236,438 shares were issued in consideration for the purchase of Digital Disc Holdings Limited, 600,000 shares were issued to discharge a debt of \$72,000 owed to Mr P Norman and 5,416,667 shares were issued for \$650,000 in cash. In March 2004, 2,001,097 shares were issued to the Digital Disc Employee Share Trust at 12 cents per share.

5. FOREIGN CURRENCY TRANSLATION RESERVE

Balance at beginning of period	-	-	-	-
Movement for period	(174)	-	-	-
	-----	-----	-----	-----
Balance at end of period	(174)	-	-	-
	=====	=====	=====	=====

6. ACCUMULATED DEFICIT

Balance at beginning of period	(9,309)	(5,506)	(9,748)	(6,508)
Net deficit for period	(2,495)	(3,803)	(525)	(3,240)
	-----	-----	-----	-----
Balance at end of period	(11,804)	(9,309)	(10,273)	(9,748)
	=====	=====	=====	=====

7. BANK OVERDRAFT

Bank overdraft	-	105	-	-
	=====	=====	=====	=====

The bank overdraft was unsecured. The interest rate during the period was 13.10% pa (2003: 13.45%).

	GROUP		PARENT	
	2004	2003	2004	2003
	31 March	31 July	31 March	31 July
	\$000s	\$000s	\$000s	\$000s
8. PAYABLES AND ACCRUALS				
Trade payables	2,656	420	16	-
Balance of consideration for investments	-	135	-	-
Employee entitlements and arrears	197	2	-	-
GST payable	50	-	-	-
Sundry payables and accruals	508	113	85	107
Taxation	475	-	-	-
	-----	-----	-----	-----
	3,886	670	101	107
	=====	=====	=====	=====

In April 2003 the Company entered into a compromise with its unsecured creditors under Part XIV of the Companies Act 1993. The compromise imposed a moratorium of six months on unsecured creditors against taking any enforcement action against the Company. This was subsequently extended to 31 January 2004.

9. BORROWINGS

Current

Unsecured loans – weighted average interest rate 10.0% pa (2003: 7.7% pa)	-	140	-	140
Secured loan – weighted average interest rate 12.98% pa (2003: n/a)	1,689	-	-	-
Secured shareholders loans – weighted average interest rate 12.00% pa (2003: n/a)	721	-	-	-
	-----	-----	-----	-----
	2,410	140	-	140
	=====	=====	=====	=====

Unsecured loans

The unsecured loan as at 31 July 2003 (\$140,000) was included in the compromise with creditors. Accordingly the lender was paid \$76,987 in January 2004 being 50% of the interest and principal outstanding in full and final settlement of the indebtedness.

Secured loans

The secured loan is a trade finance facility with a limit of NZ\$1,750,000. It commenced June 2003 and is subject to annual review. It is secured by registered first Security Deed over Digital Disc Holdings Limited and Software Images Limited, and registered first debenture over Media Technology Pty Limited and personal guarantees of A & S Morton and C Due.

Secured shareholders loans

The secured shareholders loans are secured by registered second Security Deed over Digital Disc Holdings Limited.

10. CASH AND BANK BALANCES

Cash on hand and at bank	370	4	-	-
	=====	=====	=====	=====

11. ACCOUNTS RECEIVABLE

Trade receivables	2,439	2	-	-
GST receivable	19	-	-	-
Other receivables	1	-	13	-
Deposits and prepayments	218	-	-	-
Advance to Global Online Systems Limited	-	60	-	60
	-----	-----	-----	-----
	2,677	62	13	60
	=====	=====	=====	=====

MEDIA TECHNOLOGY GROUP LIMITED Formerly Strathmore Group Limited

	GROUP		PARENT	
	2004	2003	2004	2003
	31 March	31 July	31 March	31 July
	\$000s	\$000s	\$000s	\$000s
12. INVENTORIES				
Raw materials	367	-	-	-
Work in progress	13	-	-	-
Finished goods	30	-	-	-
	-----	-----	-----	-----
	410	-	-	-
	=====	=====	=====	=====

13. INVESTMENTS

	CARRYING VALUES				FAIR VALUES			
	GROUP		PARENT		GROUP		PARENT	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current								
Shares in unlisted companies	-	-	8,356	-	-	-	8,356	--
	-----	-----	-----	-----	-----	-----	-----	-----
Total current	-	-	8,356	-	-	-	8,356	-
	-----	-----	-----	-----	-----	-----	-----	-----
Non-current								
Shares in unlisted companies	-	7,337	-	-	-	-	-	-
Provision for write-down	-	(7,337)	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
Total non-current	-	-	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
	-	-	8,356	-	-	-	8,356	-
	=====	=====	=====	=====	=====	=====	=====	=====

14. INVESTMENT IN SUBSIDIARIES

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

Name of entity	Principal activities	Incorporated	Group Interest	
			2004	2003
Digital Disc Holdings Limited	NZ holding company	NZ	100%	-
Software Images Limited	Digital media, replication, design, packaging and on-line fulfilment	NZ	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%	-
Strathmore Administration Company Limited (in liquidation)	Corporate services	NZ	100%	100%
Strathmore Investments Limited	Not trading	NZ	-	100%
Strathmore (Europe) Investments SA (in liquidation)	Not trading	Belgium	-	100%
Morecredit Limited	Not trading	NZ	-	100%
Inspar Investments Limited	Not trading	NZ	-	100%
FGD Limited	Not trading	NZ	-	100%
FGD USA Limited	Not trading	NZ	-	100%
Impdol Limited	Not trading	NZ	-	100%
Sysgen Investments Limited	Not trading	NZ	-	100%
Antipodes IT Limited	Not trading	NZ	-	100%
ST Investments Limited	Not trading	NZ	-	100%

MEDIA TECHNOLOGY GROUP LIMITED Formerly Strathmore Group Limited

On 20 January 2004, the Company acquired 100% of the shares of Digital Disc Holdings Limited and its wholly owned subsidiary companies Software Images Limited, Software Images Pty Limited and Media Technology Pty Limited, issuing shares as consideration. The Digital Disc Group operates in the business of digital media (magnetic/CD/DVD), replication, design, packaging and on-line fulfilment services to corporate, entertainment, government and IT clients. From 1 February 2004 the operating results of the Digital Disc Group have been included in the consolidated financial statements. The Group did not acquire any subsidiaries in 2003.

Details of the acquisition are as follows:

	2004
	\$000s
Consideration	
Shares issued	8,668
Less treasury stock acquired	(480)

	8,188
Net assets acquired:	
Current assets	3,595
Property, plant and equipment	1,505
Intangibles	2,243
Current liabilities	(5,521)

Total net assets acquired	1,822
Goodwill	6,846

Total consideration	8,668
	=====

On 2 February and 3 March 2004 the following non-trading subsidiary companies were amalgamated into Strathmore Administration Company Limited: Strathmore Investments Limited, ST Investments Limited, FGD Limited, FGD USA Limited, Morecredit Limited, Antipodes IT Limited, Impdol Limited, Inspar Investments Limited, Sysgen Investments Limited. Strathmore Administration Company Limited ceased trading after the completion of the creditors' compromise and was placed in voluntary liquidation by its members on 16 March 2004.

15. PROPERTY PLANT AND EQUIPMENT

	2004			2003		
	Cost	Acc	Book	Cost	Acc	Book
	\$000's	depn	value	\$000's	depn	value
		\$000s	\$000s		\$000s	\$000s
Group						
Plant and equipment						
At cost	3,766	3,049	717	-	-	-
Capitalised finance lease assets	376	211	165	-	-	-
	-----	-----	-----	-----	-----	-----
	4,142	3,260	882	-	-	-
Office furniture and fittings at cost	301	199	102	-	-	-
Leasehold alterations at cost	610	209	401	-	-	-
Software at cost	279	164	115	-	-	-
	-----	-----	-----	-----	-----	-----
	5,332	3,832	1,500	-	-	-
	=====	=====	=====	=====	=====	=====
Parent	-	-	-	-	-	-

16. RECONCILIATION OF OPERATING CASH FLOWS

	GROUP		PARENT	
	2004 8 months \$000s	2003 12 months \$000s	2004 8 months \$000s	2003 12 months \$000s
<u>Reported operating deficit after tax</u>	(2,495)	(3,803)	(525)	(3,240)
Add non - cash items and investment activities:				
- (Gain)/Loss on disposal of investments	-	3,061	-	-
- Depreciation and amortisation	186	-	-	-
- Increase/(decrease) in provisions on subsidiary advances	-	-	(17,856)	2,997
- Increase/(Decrease) in provision against carrying value of investments	-	-	18,285	-
- Write-off of goodwill	2,243	-	-	-
- Accrued interest and other financing fees	-	92	-	-
- Write-down of advance to 3rd party	30	90	30	90
- Unrealised foreign exchange loss	3	-	-	-
- Other non-cash items	29	-	-	--
	2,491	3,243	459	3,087
Add/(Less) movements in working capital:				
- Receivables prepayments and deposits	(529)	11	-	4
- Inventory	(98)	-	-	-
- Creditors, accruals and taxation	136	335	(15)	6
	(491)	346	(15)	10
Net cash flow from operating activities	(495)	(214)	(81)	(143)

	GROUP		PARENT	
	2004 31 March \$000s	2003 31 July \$000s	2004 31 March \$000s	2003 31 July \$000s

17. INTANGIBLES

Goodwill

Balance at beginning of period	-	-	-	-
Arising on acquisition of Digital Disc Holdings Limited	9,089	-	-	-
Goodwill in Digital Disc Holdings Group written off	(2,243)	-	-	-
Goodwill (gross)	6,846	-	-	-
Amortised during the period	(114)	-	-	-
Total intangibles	6,732	-	-	-

Goodwill is being amortised over 10 years.

	GROUP		PARENT	
	2004 \$000s 31 March	2003 \$000s 31 July	2004 \$000s 31 March	2003 \$000s 31 July
18. IMPUTATION CREDIT ACCOUNT				
Balance at beginning of period	-	-	-	-
Income tax payments during the period	-	-	-	-
Imputation credits in subsidiaries acquired during the period	328	-	-	-
	-----	-----	-----	-----
Balance at end of period	328	-	-	-
	=====	=====	=====	=====
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	328	-	-	-
	-----	-----	-----	-----
	328	-	-	-
	=====	=====	=====	=====

19. COMMITMENTS

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

Non-cancellable operating lease commitments:				
Within one year	641	-	-	-
One to two years	387	-	-	-
Two to five years	176	-	-	-
	-----	-----	-----	-----
Total operating lease commitments	1,204	-	-	-
	=====	=====	=====	=====

The Group leases premises, plant and equipment. Operating leases held over premises give the Group the right to renew the lease subject to a redetermination 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 2004 neither the Group nor the Parent had material outstanding capital expenditure commitments (2003: nil).

20. CONTINGENT GAINS AND LOSSES

The Parent has given a bond in favour of New Zealand Exchange Limited for \$75,000 (2003: \$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 (2003: nil).

21. EARNINGS PER SHARE

The deficit for the period represented a return of -8.87 cents per share (2003: -2.07 cents per share) based on weighted average ordinary shares on issue during the period of 28,129,941 (2003: 183,851,821).

22. FINANCIAL INSTRUMENTS

(a) The Group is subject to a number of financial risks which arise as a result of its debt portfolio and investment activities.

(i) Interest rate risk

Interest rates on secured borrowings ranged from 12% to 14.75% p.a. (2003: 0% to 18% p.a.).

(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 registered banks.

(iii) Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The foreign currency in which the Group primarily transacts is Australian dollars. The Group does not use forward foreign exchange contracts to hedge its exposures to foreign currency risks.

(b) Fair Values

The carrying value of receivables, creditors, borrowings, cash at bank and bank call deposits is their approximate fair value. Listed shares are valued at market prices. Unlisted shares are valued by the directors based on the lesser of:

- (i) the cost price, less any amortisation of goodwill; or
- (ii) fair values after taking into account financial and other factors.

Fair value of investments are disclosed in Note 13.

23. EMPLOYEE SHARE OWNERSHIP PLAN

Digital Disc Holdings Limited had an employee share ownership plan (ESOP) in existence when it was acquired by Media Technology Group Limited which has been continued. Pursuant to the purchase agreement, the Digital Disc Employee Share Trust, which holds the shares until the full purchase price is paid by the employees, acquired 3,998,903 Media Technology Group Limited shares in exchange for the shares it held in Digital Disc Holdings Limited. Subsequently a further 2,001,097 ordinary shares in the Company were issued to the Trustees of the Digital Disc Employees Share Trust at 12 cents per share.

The directors have absolute discretion to determine which employees may participate in the ESOP and the price they pay for the shares allocated to them.

The Digital Disc Employee Share Trust has a non-beneficial interest in all shares allocated to employees, and a beneficial interest in shares which have not been allocated. Dividends paid on shares held by the Digital Disc Employee Share Trust are used to service the ESOP's debt. Until employees have paid the full purchase price, all dividends on the shares are beneficially received by the Digital Disc Employee Share Trust. The trustee of the Digital Disc Employee Share Trust is appointed by the directors of the Company. The shares held by the Digital Disc Employee Share Trust carry the same voting rights as other issued ordinary shares. Any shares held by the Trust which are not allocated to an employee may be repurchased by the Company or otherwise dealt with in such manner as the Trustees and the Company determine.

24. SEGMENT INFORMATION

The Group operates in New Zealand and Australia in the provision of digital media, replication, design, packaging and on-line fulfilment services. During the period it ceased providing venture capital services to information technology, telephony and Internet companies. In the previous period, the Group operated only in New Zealand providing venture capital services to information technology, telephony and Internet companies.

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Industry Segments

	Digital Media		Venture Capital		Unallocated		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Assets								
Segment	11,689	-	-	66	-	-	11,689	66
Intersegment	-	-	-	-	-	-	-	-
Consolidated	11,689	-	-	66	-	-	11,689	66
Revenue								
Segment	3,010	-	341	1,349	-	-	3,351	1,349
Intersegment	-	-	-	-	-	-	-	-
Consolidated	3,010	-	341	1,349	-	-	3,351	1,349
Result								
Segment	(292)	-	(728)	(742)	(137)	-	(1,157)	(742)
Unusual items								
- Gain on creditors' compromise	-	-	341	-	-	-	341	-
- Loss on sale of Investments	-	-	-	(3,061)	-	-	-	(3,061)
- Write off Goodwill	(2,243)	-	-	-	-	-	(2,243)	-
Net segment result	(2,535)	-	(387)	(3,803)	(137)	-	(3,059)	(3,803)
Intersegment eliminations	-	-	564	-	-	-	564	-
Consolidated surplus/(deficit)	(2,535)	-	177	(3,803)	(137)	-	(2,495)	(3,803)

Geographic Segments

	New Zealand		Australia		Unallocated		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Assets								
Segment	6,345	66	7,597	-	-	-	13,942	66
Intersegment	(10)	-	(2,243)	-	-	-	(2,253)	-
Consolidated	6,335	66	5,354	-	-	-	11,689	66
Revenue								
Segment	1,813	1,349	1,665	-	-	-	3,478	1,349
Intersegment	(119)	-	(8)	-	-	-	(127)	-
Consolidated	1,694	1,349	1,657	-	-	-	3,351	1,349
Result								
Segment	(2,482)	(742)	(212)	-	2,106	-	(588)	(742)
Unusual items								
- Gain on creditors' compromise	341	-	-	-	-	-	341	-
- Loss on sale of Investments	-	(3,061)	-	-	-	-	-	(3,061)
- Write off Goodwill	-	-	-	-	(2,243)	-	(2,243)	-
Net segment result	(2,141)	(3,803)	(212)	-	(137)	-	(2,490)	(3,803)
Intersegment eliminations	(3)	-	(2)	-	-	-	(5)	-
Consolidated deficit	(2,144)	(3,803)	(214)	-	(137)	-	(2,495)	(3,803)

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 13 and 14.

Shareholder loans

Digital Disc Holdings Limited had loans from SAM Holdings (Aust) Pty Limited and Cadre Investments Limited, both of which are directly or indirectly shareholders of the Parent. As at 31 March 2004 the balances of the loans were SAM Holdings (Aust) Pty Limited, \$238,198 (2003: n/a) and Cadre Investments Limited \$482,894 (2003: n/a). The interest rate on these loans is 12%.

Related party transactions and balances

The Parent had an unsecured loan from Cullen Capital Limited. At 31 July 2003 the balance of the loan was \$140,000 which was settled in full pursuant to an arrangement made with Cullen Capital Limited on the same terms as with the compromise creditors'.

Other related parties

The Parent received no dividends from subsidiaries as set out in Note 1 (2003: nil).

During the period \$30,000 owed by Global Online Systems Limited was written off (2003: \$90,000).

26. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

As at the date of the signing of these financial statements there were no significant events which had occurred after balance date.

Additional Information

1. PRINCIPAL ACTIVITIES

On 20 January 2004 the Company acquired the Digital Disc Holdings Group and changed its focus to the provision of digital media, replication, design, packaging and on-line fulfilment services.

2. CORPORATE GOVERNANCE

Company's Objective

The objective of the Company is to enhance shareholder value. The Board considers that there is a strong link between good corporate governance policies and practices and the achievement of this objective. In particular, the Board considers that the performance for its shareholders will depend on the quality of its strategic vision and excellence of its execution.

Constitution

Media Technology Group Limited formerly Strathmore Group Limited was incorporated in 1984 and is registered under the Companies Act 1993. The rights of shareholders are contained, or referred to, in the Constitution which is available to all shareholders.

Stock Exchange Listing

The Company is listed on, and its ordinary shares are quoted on, the New Zealand Stock Exchange.

Management of the Company

The business and affairs of the Company are managed by or under the direction or supervision of the Board of Directors. The Board exercises all of the powers of the Company not reserved to the shareholders.

Board of Directors

The Board is appointed by and accountable to all shareholders.

The Board is responsible for directing the Company and enhancing its value for shareholders. In particular, the Board establishes the strategic business and financial plans and guides and monitors the business and affairs of the Company against those approved plans. The Board currently comprises four directors, three of whom, including the Chairman, are non-executive directors. Responsibility for the operation and administration of the Company is that of the Board.

Board members are entitled to seek independent professional advice to assist in meeting their responsibilities. The cost of this advice is met by the Company upon approval in advance by the Chairman.

The Board meets at least bi-monthly.

Directors

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. Mr Due and Mr Gilmour will retire and will be proposed for re-election at the Annual General Meeting.

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.

A director may appoint any person who is not already a director and who is approved in writing by a majority of the directors, to be his or her alternate.

While a director has inside information on the Company he or she must not trade in, or tip others to trade in, the securities of the Company. The Board has adopted a specific policy for directors, staff and other insiders for trading in the Company's securities. Furthermore, 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 Company.

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.

3. SHAREHOLDER STATISTICS

Spread of security holdings (at 18 May 2004)

	Shareholders		Ordinary Shares	
	Number	%	Number	%
1 - 4,999	2,707	96.20	1,324,452	1.6
5,000 - 9,999	51	1.80	322,141	0.4
10,000 - 49,999	44	1.56	804,309	0.9
50,000 - 99,999	3	0.11	161,720	0.2
100,000 - 499,999	3	0.11	635,202	0.7
500,000 - 999,999	1	0.04	600,000	0.7
1,000,000 plus	5	0.18	81,183,661	95.5
	-----	-----	-----	-----
	2,814	100	85,031,485	100
	=====	====	=====	====

Domicile of Shareholders (at 18 May 2004)

	Number of shareholders	Percentage of shareholders	Number of shares
New Zealand	2,715	96.5	26,851,316
Australia	55	2.0	58,138,302
Other	44	1.5	41,867
	-----	-----	-----
	2,814	100	85,031,485
	=====	=====	=====

4. MAJOR SHAREHOLDERS

The top twenty holders of ordinary issued fully paid shares at 18 May 2004 were:

Name	Number of shares held	Percentage of issued shares
1. SAM Holdings (Aust) Pty Limited	58,001,905	68.21
2. Cadre Investments Limited	10,700,998	12.58
3. Digital Disc Trustee Limited	6,000,000	7.05
4. Software Images Holdings Limited	5,416,667	6.37
5. Custodial Nominee Company Limited	1,064,091	1.25
6. Philip John Norman, Wendy Joy Norman & Murray Gordon Wells	600,000	0.70
7. Godan Investments	430,015	0.50
8. Laddara Pty Limited	105,187	0.12
9. Nicklas William Patrick Willemse	100,000	0.11
10. Dino Focus	58,709	0.06
11. Portfolio Custodian Limited	53,011	0.06
12. Lorne Anthony Crowley	50,000	0.05
13. John Peter Nooijen	42,500	0.05
14. Moon Ha Hwang	41,460	0.04
15. Philip John Norman	39,335	0.04
16. Castle Drive Securities Limited	36,264	0.04
17. Philip Gilbert Boyb Kirk	34,936	0.04
18. James Anthony Ingram	30,000	0.03
19. First NZ Capital Nominees	29,600	0.03
20. Matthew Charles Heazlewood	28,325	0.03
	-----	-----
	82,863,003	97.36
	=====	=====

5. 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. There are no independent directors on the subsidiary Boards. No director of any subsidiary company received any director's fees or other benefits as a director.

Company	Directors
Digital Disc Holdings Limited	AL Morton, CP Due
Software Images Limited	AL Morton, CP Due
Media Technology Pty Limited	AL Morton, CP Due
Software Images Pty Limited	AL Morton, CP Due
Digital Disc Trustee Limited	AL Morton, SD Morton, CP Due
Strathmore Administration Company Limited (in liquidation)	PJ Norman (appointed 26 January 2004) KD Wikeley (resigned 26 January 2004)

Entries in the Interests Register

The Parent and subsidiaries have recorded the following disclosures by directors during the period:

- Pursuant to the authority in the Parent's constitution during the period, the Parent has indemnified PJ Norman, CP Due, S Gilmour, KD Wikeley and N Spratt for liability as directors and officers.
- Interests associated with CP Due hold 11,131,763 ordinary shares.
- Interests associated with AL Morton hold 58,001,905 ordinary shares.
- Interests associated with PJ Norman hold 639,335 ordinary shares.
- Interests associated with S Gilmour hold 5,416,667 ordinary shares.
- CP Due is entitled to acquire 833,105 ordinary shares under the employee share ownership plan. This is the extension of an entitlement which existed prior to the acquisition of Digital Disc Group Limited by Media Technology Group Limited.
- AL Morton is entitled to acquire 1,666,209 ordinary shares under the employee share ownership plan. This is the extension of an entitlement which existed prior to the acquisition of Digital Disc Group Limited by Media Technology Group Limited.

Details of directors' shareholdings as at 31 March 2004 are set out below:

		Beneficially	Associated Persons
PJ Norman	Shares	39,335	600,000
AL Morton	Shares	-	58,001,905
CP Due	Shares	250	11,131,513
S Gilmour	Shares	-	5,416,667

No existing directors sold shares during the period. Shares were acquired by persons associated with CP Due and AL Morton pursuant to the acquisition of the Digital Disc Holdings Group. Persons associated with S Gilmour acquired 5,416,667 shares for cash and persons associated with PJ Norman acquired 600,000 in settlement of a debt owed to him by the Company.

Directors' remuneration

During the period, the Board approved the following remuneration, including all termination payments, for the directors:

	2004		2003	
	Fees \$000s	Remuneration \$000s	Fees \$000s	Remuneration \$000s
Directors of Media Technology Group Limited				
PJ Norman	28	64	28	-
CP Due*	-	10	-	-
AL Morton*	-	45	-	-
S Gilmour***	2	-	-	-
N Spratt**	7	-	8	-
KD Wikeley**	4	-	4	-

*Appointed 26 January 2004

** Resigned 26 January 2004

*** Appointed 11 February 2004

5. DIRECTORS' DISCLOSURES (continued)

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' 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 Company has indemnity insurance. The total cost of the insurance during the financial period was \$35,200 (2003: \$35,200) plus GST.

6. NEW ZEALAND STOCK EXCHANGE WAIVERS

During the period from 1 August 2003 to 31 March, the Company sought and obtained waivers to listing rules 9.2.1 and 5.2.3

7. EXECUTIVE REMUNERATION

During the period, no employees within the Group received remuneration, termination payments and benefits which exceeded \$100,000.

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
SAM Holdings (Aust) Pty Limited	58,001,905	68.21
CP Due	11,131,763	13.09
Digital Disc Trustee Limited	6,000,000	7.05
Software Images Holdings Limited	5,416,667	6.37

Directory

Business Office PO Box 47 254 Ponsonby Auckland Ph +64 9 376 8846 Fax +64 9 378 9494 www.mediatechnology.co.nz	Board of Directors Phil Norman - Chairman Chris Due - Non executive director (from 26 January 2004) Allan Morton - Managing director (from 26 January 2004) Scott Gilmour - Non executive director (from 11 February 2004) Ken Wikeley - Non-executive director (Resigned 26 January 2004) Nigel Spratt - Non-executive director (Resigned 26 January 2004)
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Share Register: Computershare Investor Services Limited Private Bag 92119 Auckland Ph +64 9 488 8700 Fax +64 9 488 8787	Registered Office: 17 Maidstone Street Ponsonby Auckland Ph +64 9 376 8846 Fax +64 9 378 9494 www.mediatechnology.co.nz
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Solicitors:

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