

Media Technology Group Limited

2004 Annual General Meeting

Chairman's Address

Annual Meeting of Shareholders of Media Technology Group Limited held at Heritage Hotel, 35 Hobson Street, Auckland, New Zealand, commencing at 2.30pm on Thursday 30 September 2004

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 has strengthened the Board.

MTG has today concluded its first half year of trading as a digital media services business and we will be announcing our financial results for for this period in approximately six weeks time. The Directors are conscious that as yet there is little information about MTG available in the public domain and to that end the Company's CEO, Mr Allan Morton, will be providing shareholders with an update on its operations following this address. All shareholders have also recently been mailed a Company profile on CD-ROM.

Looking forward for the remainder of fiscal 2004/05, the Directors anticipate that revenues for the year ended 31 March 2005 will be approximately \$20 million. Operating profit for the year is expected to be around \$1.0 million.

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.

On a personal note, I would like to conclude my remarks by thanking shareholders for their support during the Company's transition from venture capitalist to digital media services business. The Directors appreciate that you have been very patient and we will all be working diligently to restore shareholder value.

A handwritten signature in black ink, appearing to read "Phil Norman". The signature is written in a cursive, flowing style.

Phil Norman
Chairman