

MYKCO LIMITED
(formerly MYKRIS LIMITED)

ANNUAL REPORT
2016

**Mykco Limited
(formerly Mykris Limited)
Annual Report
For the year ended 31 March 2016**

Contents

Contents	1
Directors' Profiles	2
Directors' Report	3-4
Corporate Governance Statement	5-6
Independent Auditors' Report	7-8
Financial Statements:	
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-59
Shareholder and Statutory Information	60-63
Directory	64

Director Profiles

CHEW CHOO SOON, B Sc (Hons), Electrical Engineering
Non-Executive Chairman

Chew Choo Soon is the Executive Chairman, Chief Executive Officer and Co-founder of the Mykco Limited Group and is a Director of the Company since 21 December 2011. He graduated from the University of Malaya with a Bachelor of Science Honours Degree in Electrical Engineering in 1990.

He has more than twenty (20) years of experience in IT businesses and entrepreneurship. His career started in 1990, as a Systems Engineer in a local private limited company responsible for the installation and implementation of networking systems. In the following year, he was transferred to a joint venture company as Sales Executive and subsequently promoted to Vice President in 1995. He started MyKris Asia in 2000.

He has presented various workshops on wireless communication and business applications of ICT to members of the Association of Chinese Chamber of Commerce Malaysia (ACCCIM). He was appointed the Deputy Chairman for the ICT Committee in ACCCIM from 2006 to 2013. He is currently the Treasurer for Malaysia Internet Society which operates Malaysia Internet Exchange (MyIX) for Malaysian Internet service providers since 2012.

BRENT DOUGLAS KING, BCom, CA, CMA, RFA
Independent Non-Executive Director

Brent Douglas King is an Independent Non-Executive Director of the Mykco Limited since 30 September 2011. He was also the founder and Managing Director of the Dorchester Group of Companies for seventeen (17) years until he resigned in 2005. He holds a number of public and private directorships. He has more than twenty (20) years experience in financial, investment banking, underwriting, capital raising and accounting areas and has assisted a number of public and private companies.

HUEI MIN LIM, LLB (Hons)
Independent Non-Executive Director

Huei Min Lim (also known as Lyn Lim), is an Independent Non-Executive Director of the Mykco Limited since 21 December 2011. She is on the Boards of the New Zealand Shareholders Association, AUT University as a Council Member, Auckland Regional Amenities Funding Board and Foundation North as Deputy Chair and Trustee. She was a Council member of the then Auckland District Law Society and had been involved with various committees of Auckland District Law Society Inc. She was an Executive Member on the Boards of the NZ China Trade Association and the Hong Kong New Zealand Business Association.

She is a partner of Forest Harrison, a legal firm which she started in 2006 after being a partner of a national legal firm for 9 years. She specialises in corporate and governance issues, particularly in dispute resolution areas.

Directors' Report

The financial year to 31st March 2016 was significant in that it included the sale of the operating businesses of Mykco Ltd. The management of Mykco Ltd. had approached the Independent Directors (Ms. Lyn Lim and Mr. Brent King) and advised that they wished to return ownership to Malaysia, the country where the operating business was based. The Independent Directors spent considerable time ensuring that the best possible deal was negotiated for all shareholders.

The transaction was agreed and settled as follows:

Mykris International Sdn. Bhd (MIB) , the major shareholder of the Company entered an agreement where the Company agreed to sell its subsidiaries, Mykris Net (MSC) Sdn. Bhd. and Mykris Asia Sdn. Bhd. to MIB (by selling all its shares in the Subsidiaries to MIB);

The sale price to the Company, and the Purchase Price for MIB, was NZ\$12,904,020, satisfied by transferring back to the Company up to 80% of its shares and paying cash as follows:

- (a) \$8,806,136.25 was satisfied by the Company re-purchasing all MIB's 35,224,545 shares in the Company (56.7% of the Company's total shares on issue) at a price of \$0.25 cents per share;
- (b) \$3,617,883.75 was satisfied by MIB procuring third parties to transfer back to the Company 14,471,535 shares in the Company (23.3% of the Company's total shares on issue) which as between MIB and the Company was deemed to be transferred at a price of \$0.25 cents per share;
- (c) Payment of \$480,000 in cash,

Following the settlement of this transaction the company changed its name to Mykco Limited.

The Next Stage

Since this time the Directors have been in discussions with a number of parties who are interested in becoming part of a listed company.

After reviewing the market the Directors wanted to ensure that any investment would be

- Cash flow positive.
- Have a stable business
- Have competent management.

At the time of writing no contract has been completed however the Directors are hopeful of being able to announce a transaction in the near future.

Thanks and Appreciation.

The Directors have appreciated the support the shareholders have given to the company. It is always difficult time when major restructuring is occurring. Your Directors are working to reward this loyalty.

The Independent Directors would also like to express their thanks to the sensible and professional manner that Messrs. Chew, Chang and Siow handled the buyback process. This has allowed the company to look for new opportunities that can benefit all shareholders.

Shareholders

The Directors wish to thank all shareholders for their continued support and understanding, which has been crucial to the survival of Mykco.

A handwritten signature in black ink, appearing to read 'Chew Choo Soon', with a stylized flourish at the end.

**Chew Choo Soon
Chairman**

Corporate Governance Statement

The Board of Directors (“Board”) of Mykco Limited (“the Company”) recognises the need for strong corporate governance and best practices. The Board has established policy and guidelines to good corporate governance and is guided by a charter that documents its intention and general approach to the fulfilment of its governance responsibilities. It incorporates Governance and Nominations Committee Charter, Audit Committee, Confirmation of Ethics Policy and Securities Trading Policy and Guidelines.

The Board believes that the corporate governance structures and practices encourage the creation of value and interest for Mykco shareholders and other stakeholders whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

ROLE AND COMPOSITION OF THE BOARD

An experienced Board consisting of members with wide range of business, technical and financial background leads and controls of Mykco. The Board is responsible and accountable to shareholders and others stakeholders for Mykco’ performance and its compliance with applicable laws and standards. This brings insightful depth and diversity to the acute leadership and management of an eminent and evolutionary business.

The NZAX Listing Rules requires a minimum of Three (3). The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

The Board of Directors currently comprises three (3) Independent Non-Executive Directors (Chew Choo Soon, Brent Douglas King and Huei Min Lim).

The profiles of the Directors are presented on page 2 of this Annual Report.

BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board meetings are conducted in accordance with proper process. This enable the Board to peruse any board papers and review any issues to be deliberated at the Board meeting to enable Directors to make informed decisions.

A total of four (4) Board Meetings were held during the financial year under review and the Board attendance record is as follows: -

Board Members	Meetings Attended	
Chew Choo Soon (Chairman)	4	
Chang Wai Hoong	2	Resigned 3 November 2015
Siow Hock Lee	3	Resigned 3 November 2015
Brent Douglas King	4	
Huei Min Lim	4	

The Board is provided at all times with accurate information on all aspects of Mykco’s operations. The Board is kept informed of key risks to Mykco on a continuing basis. In addition, the Board meets whenever necessary to deal with specific matters needing attention between scheduled meetings.

CORPORATE GOVERNANCE STATEMENT *(continued)*

AUDIT COMMITTEE

The Mykco Audit Committee has been established to focus on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance.

The Audit Committee is accountable for ensuring the performance and independence of the external auditors and also makes recommendations to the Board.

The Audit Committee is comprised of the three (3) Non-Executive Directors, all of whom are independent, and is currently chaired by Brent Douglas King.

OTHER COMMITTEES

Due to the importance of nomination and remuneration matters the Board as a whole addresses these and consequently there is no separate Nomination or Remuneration Committee.

ETHICAL CONDUCT

Mykco has adopted a policy of business ethical conduct that is designed to formalise its commitment to high standards of ethical conduct and to provide all Directors and representatives with clear guidance on those standards. These are governed by its adopted charter on Confirmation of Ethics Policy and Securities Trading Policy and Guidelines that documents its intention and general approach to the fulfilment of its Directors and representatives' responsibilities.

SHAREHOLDER INFORMATION

Dialogue with Investors

The Company recognises the importance of accountability to shareholders. Timely releases of the financial results, press releases and announcements provide an overview of the Company's performance and operations to its shareholders.

The Annual Report of the Company is a key channel of communication with shareholders and investors, which highlights the business information and financial highlights of the Company, to facilitate shareholders' easy access to such key information.

Apart from the mandatory announcements of the Company's financial results and developments to New Zealand Alternative Exchange and Securities, Mykco also maintains a website, www.Mykco.co.nz for public access of the Company information, business activities and recent developments to all shareholders and other stakeholders, and for feedback.

Annual Meeting

The Annual Meeting (AM) remains the principal forum for dialogue with shareholders. At the Annual Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. The Chairman and Directors are in attendance to respond to shareholders' queries during the meeting.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mykco Limited

Report on the Financial Statements

We have audited the group financial statements of Mykco Limited on pages 9 to 59, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Opinion

In our opinion, the group financial statements on pages 9 to 59 present fairly, in all material respects, the financial position of Mykco Limited as at 31 March 2016, and the financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Crowe Horwath

Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
29 July 2016

MYKCO LIMITED (formerly known as Mykris Limited)
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2016

	Note	2016 NZ\$	2015 NZ\$
Operating revenue	5	7,405,277	8,349,158
Cost of sales		<u>(4,290,109)</u>	<u>(3,225,811)</u>
Gross profit		3,115,168	5,123,347
Other revenue	5	28,659	32,634
Selling and distribution expenses		528,156	915,570
Administration expenses		1,813,162	3,098,850
Loss on disposal of subsidiaries	16	2,391,513	-
Other expenses		<u>751,853</u>	<u>1,432,107</u>
		5,484,684	5,446,527
Operating loss before financing costs and taxation expense		(2,340,857)	(290,546)
Finance income		8,461	8,181
Finance expense		(6,595)	(6,394)
Net finance income		<u>1,866</u>	<u>1,787</u>
Net loss before income taxation benefit		<u>(2,338,991)</u>	<u>(288,759)</u>
Taxation benefit	7	130,251	438,339
Net profit / (loss) after income taxation benefit		<u>(2,208,740)</u>	<u>149,580</u>
Other comprehensive income			
Unrealised profit on investments		954	-
Movement in foreign currency translation reserve up to 28 September 2015		(118,369)	-
Movement in foreign currency translation reserve on disposal of subsidiaries		664,781	20,037
Other comprehensive income / (loss) for the period		<u>547,366</u>	<u>20,037</u>
Total comprehensive income / (loss) for the period		<u>(1,661,374)</u>	<u>169,617</u>
Earnings / (loss) per share:			
Basic earnings / (loss) per share (cents per share)	8	(5.36)	0.25
Diluted earnings / (loss) per share (cents per share)	8	(5.36)	0.25

The attached selected explanatory notes form an integral part of and are to be read in conjunction with these financial statements.



MYKCO LIMITED (formerly known as Mykris Limited)
Consolidated Statement of Changes in Equity
For the year ended 31 March 2016

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Treasury Stock	Total
Balance at 31 March 2014	15,000,000	123,808	(566,449)	-	14,557,359
Comprehensive income					
Net profit for the period	-	149,580	-	-	149,580
Other comprehensive income					
Movement in foreign currency translation reserve	-	-	20,037	-	20,037
Total comprehensive income	-	149,580	20,037	-	169,617
Balance at 31 March 2015	\$15,000,000	\$ 273,388	\$ (546,412)	\$ -	\$14,726,976
Comprehensive income					
Net profit / (loss) for the period	-	(2,208,740)	-	-	(2,208,740)
Other comprehensive income					
Unrealised profit on investments	-	954	-	-	954
Movement in foreign currency translation reserve up to 28 September 2015	-	-	(118,369)	-	(118,369)
Movement in foreign currency translation reserve on disposal of subsidiaries	-	-	664,781	-	664,781
Total comprehensive income	-	(2,207,786)	546,412	-	(1,661,374)
Transactions with owners					
Shares Issued	374,000	-	-	-	374,000
Shares returned for cancellation or held as treasury stock	(12,260,546)	-	-	(163,474)	(12,424,020)
Total transactions with owners	(11,886,546)	-	-	(163,474)	(12,050,020)
Balance at 31 March 2016	\$ 3,113,454	\$(1,934,398)	\$ -	\$(163,474)	\$ 1,015,582

The attached selected explanatory notes form an integral part of and are to be read in conjunction with these financial statements.



MYKCO LIMITED (formerly known as Mykris Limited)
Consolidated Statement of Financial Position
As at 31 March 2016

	Note	2016 NZ\$	2015 NZ\$
SHAREHOLDERS EQUITY			
Share capital	9	3,113,454	15,000,000
Retained earnings		(1,934,398)	273,388
Foreign currency translation reserve	11	-	(546,412)
Treasury Stock	10	(163,474)	-
Total shareholders equity		<u>\$1,015,582</u>	<u>\$14,726,976</u>
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	12	182,974	839,638
Trade receivables	13	-	1,555,312
Prepayments and other current assets	14	730,619	1,106,649
Taxation receivable	7	-	341
Deferred tax assets - current portion	7	-	32,066
Total current assets		<u>913,593</u>	<u>3,534,006</u>
NON-CURRENT ASSETS			
Property, plant and equipment	17	-	2,957,059
Intangible assets and goodwill	18	-	10,723,066
Investment properties	19	-	284,245
Listed Investments	20	141,237	-
Total non-current assets		<u>141,237</u>	<u>13,964,370</u>
Total assets		<u>1,054,830</u>	<u>17,498,376</u>
CURRENT LIABILITIES			
Trade and other payables	21	37,448	544,457
Deferred Income	22	-	374,118
Related party payables	24	1,800	193,569
Term borrowings - current portion	23	-	65,002
Deferred tax liabilities - current portion	7	-	249,552
Total current liabilities		<u>39,248</u>	<u>1,426,698</u>
Non-current liabilities			
Term borrowings - non current portion	23	-	75,882
Deferred tax liabilities - non current portion	7	-	1,268,820
Total non-current liabilities		<u>-</u>	<u>1,344,702</u>
Total liabilities		<u>39,248</u>	<u>2,771,400</u>
Net assets / (liabilities)		<u>\$1,015,582</u>	<u>\$14,726,976</u>
Net Tangible Assets per share (\$ per share)		0.08	0.07

For and on behalf of the Board, dated 29 July 2016

Chew Choo Soon
Director



Brent King
Director



The attached selected explanatory notes form an integral part of and are to be read in conjunction with these financial statements.



MYKCO LIMITED (formerly known as Mykris Limited)
Consolidated Statement of Cash Flows
For the year ended 31 March 2016

	<u>Note</u>	<u>2016</u> <u>NZ\$</u>	<u>2015</u> <u>NZ\$</u>
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Cash receipts from customers		4,980,273	7,868,609
Interest received		8,461	8,181
Other income received		8,768	19,897
<i>Cash was applied to:</i>			
Cash payments to suppliers and employees		(4,521,405)	(6,145,968)
Interest paid		(6,595)	(36,870)
Taxation paid		(21,230)	(6,394)
Net cash inflow from operating activities		<u>448,272</u>	<u>1,707,455</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment	17	34,369	13,677
Sale of subsidiaries	16	480,000	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	17	(130,226)	(2,073,657)
Purchase of computer software and development expenditure	18	(1,675)	(17,336)
Purchase of listed securities		(140,283)	-
investing activities		<u>242,185</u>	<u>(2,077,316)</u>
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Issue of shares	9	374,000	-
Related party receivables		13,552	-
New borrowings		657,885	117,446
<i>Cash was applied to:</i>			
Repayment of borrowings		(49,287)	(56,162)
Net cash flows from financing activities		<u>996,150</u>	<u>61,284</u>
Net increase / (decrease) in c		<u>1,686,607</u>	<u>(308,577)</u>
Cash and cash equivalents at the beginning of the period		<u>839,638</u>	<u>1,148,215</u>
Cash and cash equivalents disposed through sale of subsidiary	16	(2,343,271)	-
Cash and cash equivalents at end of the period		<u>\$ 182,974</u>	<u>\$ 839,638</u>

The attached selected explanatory notes form an integral part of and are to be read in conjunction with these financial statements.



MYKCO LIMITED (formerly known as Mykris Limited)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. REPORTING ENTITY

Mykco Limited (the "Company") is a company incorporated and domiciled in New Zealand and registered under the *Companies Act 1993*. The company is listed on the Alternative Market of the New Zealand Stock Exchange ("NZAX") and the addresses of its registered office and principal place of business are disclosed in the directory to the annual report. The Company is a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with the Companies Act 1993 and the Financial Reporting Act 2013.

The principal activity of the Group was that of a managed internet service provider until its operating subsidiaries were sold in September 2015. The Group is now a shell. The assets of the Group are held as cash, cash equivalents or listed securities where the returns are higher than interest on bank deposits.

These consolidated financial statements were authorised for issue by the directors on 29 July 2016.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Compliance with IFRS

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards ('IFRS').

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention.

Basis for consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS continued

Basis for consolidation continued

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with NZ IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

New and amended standards and interpretations

The accounting policies adopted are consistently applied with the following exceptions:

(i) New and amended standards adopted by the Group

No new standards, amendments and interpretations to existing standards are mandatory for the first time for the financial period ended 31 March 2016.

(ii) Early adopted new and amended standards

No new standards, amendments and interpretations to existing standards have been early adopted by the Group in preparing these financial statements

(iii) New standards, amendments and interpretations issued but not yet effective for the financial period ended 31 March 2015 and not early adopted by the Group

The following new standards, amendments and interpretations are issued but not yet effective for the Group's accounting periods beginning on or after 1 April 2015 or later periods. The Group has not early adopted them.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS continued

New and amended standards and interpretations continued

NZ IFRS 9 'Financial Instruments'

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

NZ IFRS 16 'Leases'

NZ IFRS 16: Leases replaces the current guidance in NZ IAS 17 Leases. The existing lease accounting rules require lessees and lessors to classify their leases as either finance or operating leases. A lessee is not required to recognise lease assets or liabilities for operating leases.

NZ IFRS 16 will require a lessee to recognise a lease liability reflecting future lease payments and a "right-of-use" for most lease contracts.

Under NZ IFRS 16, the accounting treatment for lessors is almost the same as under the current guidance NZ IAS 17. The Group currently does not have any leases that will be affected by this standard but intends to adopt NZ IFRS 16 effective from 1 April 2019 for any relevant leases.

There are a number of other new standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2015 and not early adopted by the Group in preparing these financial statements. These other new standards, amendments and interpretations are not applicable to the Group and not expected to have an impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Group up until the disposal of its operating subsidiaries in September 2015 was Malaysian Ringgit. The Group's financial statements are presented in New Zealand dollars (NZD), which is the Group's presentation currency. All financial information has been rounded to the nearest dollar.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(b) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group

The results and financial position of a Group entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(c) Goods and services tax

Mykco Limited, the parent Company is not registered for GST in New Zealand. Accordingly, all parent Company revenue and expense transactions are recorded inclusive of GST and all assets and liabilities are similarly stated inclusive of GST.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- *Sale of goods*
Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.
- *Services*
Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(d) Revenue continued

Unearned revenue is recorded on the statement of financial position as deferred income and subsequently recognised through the profit and loss when the services are rendered.

- *Interest income*

Interest income recognised in profit or loss as it accrues, using the effective interest method (also refer significant accounting policy (f) below).

- *Rental Income*

Rental income is recognised on an accrual basis.

(e) Expenses

Expenses are recognised as incurred in profit or loss on an accrual basis. The following specific recognition criteria must also be met before expenses are recognised:

- *Interest expense and borrowing costs*

Interest expense and borrowing costs are recognised in profit or loss as they accrue, using the effective interest method (also refer significant accounting policy (f) below).

(f) Interest income and interest expense

Interest income and interest expense are recognised in profit or loss as they accrue, using the effective interest

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

(g) Income tax

Income tax on net profit for the period comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised outside profit or loss (equity or other comprehensive income), in which case it is also recognised outside profit or loss.

Current income tax is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(g) Income tax continued

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities are recognised when tax deductions have exceeded accounting expenditure for temporary differences and depreciation.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

(h) Financial instruments

Basis of recognition and measurement

The Group classifies financial instruments into one of the following categories at initial recognition: financial assets or liabilities at fair value through profit or loss, available for sale, loans and receivables, held to maturity, and financial liabilities measured at amortised cost.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to the cash flows expire or if the Group transfers them without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the company's obligations specified in the contract are extinguished.

Financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(h) Financial instruments continued

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the financial asset acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

The Group has not classified any financial assets in this category.

(ii) Available for sale financial assets

Available for sale financial assets are non-derivatives, principally equity securities, which are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets unless management intends to dispose of the investment within 12 months of the balance date.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Assets in this category are measured at amortised cost using the effective interest method, less any impairment losses.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables and related party receivables.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

The Group has not classified any financial assets in this category.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a financial asset carried at amortised cost is uncollectible, it is written off against the allowance account. A financial asset carried at amortised cost is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Group will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. Subsequent recoveries of financial asset carried at amortised cost previously written off are credited against the allowance account.

In respect of available-for-sale debt instruments, the loss is reversed through profit or loss. In respect of available-for-sale equity instruments, impairment losses are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve.

Financial liabilities

(i) Financial liabilities at fair value through profit or loss

This category has two sub categories: financial liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial liability is classified in this category if acquired principally for the purpose of paying in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are either held for trading or are expected to be realised within 12 months of the reporting date.

The Group has not classified any financial liabilities in this category.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(ii) Other financial liabilities

This category includes all financial liabilities other than those designated as fair value through profit or loss. Subsequent to initial recognition liabilities in this category are measured at amortised cost using the effective interest method.

The Group's other financial liabilities comprise trade and other payables and related party payables.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts (if any) are shown in current liabilities on the statement of financial position.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the Group's impairment of financial assets accounting policy described above under the financial instruments accounting policy. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence of impairment.

(k) Investments in subsidiaries

Investments in subsidiary companies are valued at cost less impairment. The carrying amount of the investments in subsidiary companies is reviewed at each balance sheet date to determine if there is any evidence of impairment.

(l) Investments in equity securities

Investments in equity instruments (other than investments in subsidiaries) are valued at their fair value. Where investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

(m) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Employee benefits

Liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation plans

The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(p) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. All assets are depreciated over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Initial recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(p) Property, plant and equipment continued

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction and acquisition of the assets to the date that the assets are completed and ready for commercial use.

Subsequent costs

Subsequent costs are added to the carrying amount of an item of plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and

The depreciation rates used for each class of assets are:

<u>Class of property, plant and equipment</u>	<u>Depreciation Rate</u>
Freehold building	2.00%
Motor vehicles	20.00%
Furniture and fittings	10.00%
Office equipment	20.00%
Computer equipment	20.00%
Broadband equipment	20.0% - 33.33%
Data centre equipment	20.00%
Cabling	20.0% - 33.33%
Renovation	20.00%
Wireless equipment	20.0% - 33.33%
Infrastructure	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(q) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(q) Leases continued

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

When the leased asset is subject to a sale and lease back arrangement and the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. In this situation the arrangement is classified as a loan and is included within Finance Receivables.

(r) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill has been assessed to be an indefinite useful life intangible asset.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Trademarks, Licences and Computer software

Separately acquired trademarks and licences are shown at historical cost less accumulated amortisation and any impairment losses. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Customer lists

Customer lists are initially recorded at their purchase price and amortised on a straight line basis over their expected contractual life of 5 to 10 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(r) Intangible assets continued

Development expenditure

Development expenditure is recognised as an expense except that costs incurred and development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

(s) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 90 years to 95 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(t) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(t) Impairment of non-financial assets continued

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(u) Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(v) Statement of cash flows

The statement of cash flows has been prepared using the direct approach.

Cash and cash equivalents includes cash on hand, cash held at call with banks and other shortterm highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows from related party receivables and payables and borrowings have been netted to provide meaningful disclosure to better reflect the activities of party providing the funding.

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

- **Operating activities**

Operating activities include all transactions and other events that are not investing or financing activities;

- **Investing activities**

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and of investments. Investments can include securities not falling within the definition of cash; and

- **Financing activities**

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 (if any) in relation to the capital structure are included in financing activities.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES continued

(v) Statement of cash flows continued

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

(x) Comparative figures

Where applicable, certain comparative numbers have been restated in order to comply with the current period presentation of the financial report.

(y) Going concern

The Group financial statements have been prepared on a going concern basis. The Group is currently has no operating activities with assets held as cash, cash equivalents or listed securities where the returns are expected to be higher than interest on bank deposits. This enables the Company to consider the acquisition of other businesses.

The Directors are undertaking a review of its New Zealand investment options and intend to update on progress at the Company's Annual Meeting.

The Directors have determined the Company will not be liquidated in the foreseeable future

The directors have reached the conclusion that the going concern basis is appropriate having regard to the assets of the Company and to circumstances which they believe will occur after that date.

(Z) Changes in accounting policies

Other than the adoption of new and amended standards and interpretations as outlined in 'basis of preparation of financial report' at Note 2 (a), there were no other changes in accounting policies.

4. CRITICAL ACCOUNTING ESTIMATES

In the application of NZ IFRS, the Board of Directors and management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from the estimates, judgments and assumptions made by the Board of Directors and management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

4. CRITICAL ACCOUNTING ESTIMATES continued

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is outlined below: Following the disposal of the subsidiaries in September 2015 these areas of estimation may no longer be significant.

(i) Current and deferred income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also note 7.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Company and Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Refer also note 7.

(ii) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and adjusted as necessary on the basis of current observable data to reflect the effect of current conditions. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. Refer also note 12 and 13.

(iii) Accounting for property, plant and equipment and finite-life intangible assets

At each reporting date, the useful lives and residual values of property, plant and equipment and finite-life intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and finite-life intangible assets requires a number of factors to be considered such as the condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. Refer also notes 17 and 18.

(iv) Impairment of goodwill

The recoverability of the carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit, which entails making judgments, including the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. Refer also note 18.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

4. CRITICAL ACCOUNTING ESTIMATES continued

(v) Impairment of investments in subsidiaries

At each reporting date, an assessment is made whether there is objective evidence that an investment in a subsidiary is impaired. Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of investments based on such estimates. Refer also note 15 and 16.

(vi) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Refer also note 19.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

5. REVENUE

	2016	2015
	NZ\$	NZ\$
Operating revenue:		
Wireless internet access	4,510,698	7,512,081
Project sales	2,388,747	221,659
IT based products and services	505,832	576,745
Royalties fees	-	38,673
	<u>7,405,277</u>	<u>8,349,158</u>
Non-operating revenue:		
Sundry non operating revenue	28,659	32,634
	<u>28,659</u>	<u>47,948</u>
Total revenue	<u>\$ 7,433,936</u>	<u>\$ 8,397,106</u>

6. PROFIT / (LOSS) BEFORE INCOME TAX

	Note	2016	2015
		NZ\$	NZ\$
Net loss for the year before income tax has been determined after:			
Depreciation of property, plant and equipment	17	457,669	922,564
Amortisation of intangible assets	18	483,212	1,025,458
Impairment of intangible assets - goodwill	18	-	73,865
Depreciation of investment properties	19	1,662	3,262
Net bad debts (recovered) / expense	13	112,134	(1,858)
Salaries and wages		970,114	1,986,780
Development expenditure writeoff	18	-	135,112
Property, plant and equipment writeoff		-	4,598
Donations		14,913	14,987
Rental of data centre		186,105	372,929
Rental of equipment		43,685	60,858
Rental of premises		71,133	145,464
Rental income		(5,646)	(11,080)
Directors fees		114,725	87,500
Net foreign exchange gains - realised		(19,538)	10,338
New Zealand Alternative Stock Exchange fees		25,525	13,688
Loss on disposal of subsidiary	16	2,391,513	-
Gain on disposal of property, plant and equipment		(19,891)	(12,737)
Auditors remuneration			
Audit fees - Crowe Horwath New Zealand Audit Partnership		14,253	31,611
Audit fees - Crowe Horwath AF 1018 (Malaysia)		9,787	14,588
Total audit remuneration		<u>\$ 24,040</u>	<u>\$ 46,199</u>



MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

6. PROFIT / (LOSS) BEFORE INCOME TAX continued

	Note	2016 NZ\$	2015 NZ\$
Net finance costs			
Finance income:			
Interest income		8,461	8,181
Finance costs:			
Interest expense		(6,595)	(6,394)
Total net finance income / (costs)		\$ 1,866	\$ 1,787

7. INCOME TAX

	2016 NZ\$	2015 NZ\$
(a) Income tax		
Net profit / (loss) before taxation	(2,338,991)	(288,759)
Income taxation at prevailing tax rates	(599,080)	(73,668)
Non assessable income	(312,619)	(458,531)
Non-deductible expenses	595,091	82,434
Tax losses not recognised	186,357	71,372
Effect of change in tax rate on deferred tax	-	(59,946)
Taxation benefit per the statement of comprehensive income	\$ (130,251)	\$ (438,339)
Comprising:		
- Current tax	55,701	68,477
- Deferred tax	(185,952)	(506,816)
	\$ (130,251)	\$ (438,339)

(b) Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

	2016 NZ\$	2015 NZ\$
Deferred tax assets:		
To be recovered within 12 months	-	32,066
To be recovered after more than 12 months	-	-
	-	32,066
Deferred tax liabilities:		
To be recovered within 12 months	-	249,552
To be recovered after more than 12 months	-	1,268,820
	-	1,518,372
Net deferred tax assets/(liabilities)	\$ -	\$ (1,486,306)



MYKCO LIMITED (formerly known as Mvkriss Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

7. INCOME TAX continued

The gross movement on the deferred income tax account is as follows:

	Accelerated Depreciation	Accelerated Amortisation	Intangibles	Receivables Impairment Provision	Total
Balance at the 1 April 2014	(221,884)	(72,900)	(1,717,769)	29,372	(1,983,181)
Charged to profit and loss	164,720	63,524	278,941	(369)	506,816
Foreign exchange movement	(7,618)	(2,793)	124	346	(9,941)
Balance at 31 March 2015	\$ (64,782)	\$ (12,169)	\$ (1,438,704)	\$ 29,349	\$ (1,486,306)
Charged to profit and loss	73,026	7,905	107,024	(1,526)	186,429
Foreign exchange movement	(3,645)	(335)	-	(251)	(4,231)
Disposal of subsidiaries	(4,599)	4,599	1,331,680	(27,572)	1,304,108
Balance at 31 March 2016	\$ -	\$ -	\$ -	\$ -	\$ -

Deferred tax assets and liabilities are recognised to the extent that the realisation of the related benefit / outflow through future taxable income / expense is probable.

(c) Deferred tax not recognised

	2016 NZ\$		2015 NZ\$	
	Gross	Tax Effected	Gross	Tax Effected
Tax losses	94,931	26,581	1,102,122	308,594
Temporary differences	26,660	7,464	237,757	66,572
Total	\$ 121,591	\$ 34,045	\$ 1,339,879	\$ 375,166

(d) Imputation credit account

	2016 NZ\$	2015 NZ\$
Balance at beginning of the year	-	-
Balance at end of the year	-	-
	\$ -	\$ -

8. EARNINGS PER SHARE

(a) Earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2016 NZ\$	2015 NZ\$
Weighted average number of ordinary shares on issue for earnings per share	41,244,250	59,920,100
Basic earnings per share (cents per share)	(5.36)	0.25

MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

8. EARNINGS PER SHARE continued

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has no category of dilutive potential ordinary shares; (2014: Nil)

	2016	2015
	NZ\$	NZ\$
Weighted average number of ordinary shares on issue for diluted earnings per share	41,244,250	59,920,100
Diluted earnings per share (cents per share)	(5.36)	0.25

9. ISSUED SHARE CAPITAL

	Company	
	Shares	
	Issued	Group
	No.	NZ\$
Share capital		
Balance at 1 April 2014	<u>59,920,100</u>	<u>\$15,000,000</u>
Balance at 31 March 2015	<u>59,920,100</u>	<u>\$15,000,000</u>
Movement for 2016		
Ordinary shares issued	2,200,000	374,000
Ordinary Shares redeemed and cancelled	(49,042,184)	(12,260,546)
	<u>(46,842,184)</u>	<u>(11,886,546)</u>
Balance at 31 March 2016	<u>13,077,916</u>	<u>\$ 3,113,454</u>

The Shares issued is the issue to Barter Fund Limited of 2.2 million ordinary shares that was approved by the directors on 6 July 2015.

The shares redeemed are the 49,696,080 shares returned by Mykris International Sdn Bhd and others as part of payment for the purchase of the company's operating subsidiaries that was approved by shareholders at the Annual Meeting on 29 September 2015. 49,042,184 shares were cancelled and 653,896 shares are held as Treasury stock.



MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

10. TREASURY STOCK

Treasury Stock	Company	
	Shares Issued No.	Group NZ\$
Balance at 1 April 2014	-	-
Balance at 31 March 2015	-	-
Movement for 2016		
Shares acquired	(653,896)	(163,474)
	(653,896)	(163,474)
Balance at 31 March 2016	(653,896) \$	(163,474)

Treasury shares are those shares acquired by the company from Mykris International Sdn Bhd and others as part of payment for the purchase of the company's operating subsidiaries that was approved by shareholders at the Annual Meeting on 29 September 2015. 49,042,184 shares were cancelled and 653,896 shares are held as Treasury stock.

11 FOREIGN CURRENCY TRANSLATION RESERVE

	2016 NZ\$	2015 NZ\$
Movements in foreign currency translation reserve		
Balance at the beginning of the year	(546,412)	(566,449)
Movement in foreign currency translation reserve	546,412	20,037
Balance at the end of the year	\$ -	\$ (546,412)

12. CASH AND CASH EQUIVALENTS

	2016 NZ\$	2015 NZ\$
Cash on hand	-	1,627
Cash at bank - on call	182,974	800,433
Cash at bank - on deposit	-	37,578
	\$ 182,974	\$ 839,638

The fixed deposits bore effective interest rates ranging from Nil to Nil per annum (2015: 3.05% to 3.15% per annum). The fixed deposit has a maturity period ranging from Nil to Nil months (2015: 3 to 12 months).



MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

13. TRADE RECEIVABLES

	2016 NZ\$	2015 NZ\$
Trade receivables	-	1,672,731
Allowance for impairment losses	-	(117,419)
Net trade receivables	<u>\$ -</u>	<u>\$ 1,555,312</u>

The Group's normal trade credit terms range from 30 to 90 days.

	2016 NZ\$	2015 NZ\$
Movements in the allowance for impairment losses		
Balance at the beginning of the year	117,419	117,877
Disposal of a subsidiary	(114,628)	-
Addition during the financial year	112,134	-
Write back during the financial year	-	(1,858)
Trade receivables written off during the year	(113,649)	-
Foreign exchange movement	(1,276)	1,400
Balance at the end of the year	<u>\$ -</u>	<u>\$ 117,419</u>

14. PREPAYMENTS AND OTHER CURRENT ASSETS

	2016 NZ\$	2015 NZ\$
Prepayments	7,740	418,786
Other receivables	1,041	40,521
Security deposits		204,560
NZAX listing deposit	20,000	20,000
Bartercard trade dollars	701,838	422,782
	<u>\$ 730,619</u>	<u>\$ 1,106,649</u>

The New Zealand Alternative Stock Exchange (NZAX) listing deposit has been pledged with the NZAX which complies with the NZAX listing rules.

A Bartercard Trade Dollar is an accounting unit used to record the value of goods and services traded. The Bartercard Trade Dollar is recognised by the Inland Revenue Department of New Zealand and New Zealand financial institutions as having the same value as the New Zealand Dollar. The Bartercard credit/debit system functions in the same way the MasterCard and Visa systems deliver service to cash-paying consumers. Bartercard Trade Dollars are not legal tender, securities, debentures or commodities.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

15. INVESTMENT IN UNLISTED SUBSIDIARY

Mykco Limited had the following investments in subsidiary companies:

	2016	2015
	NZ\$	NZ\$
MyKRIS Asia Sdn Bhd	-	10,807,542
MyKRIS Net (MSC) Sdn Bhd	-	3,192,458
	<u>\$</u>	<u>\$14,000,000</u>

MyKRIS Asia Sdn Bhd ('MyKRIS Asia') is a company incorporated and domiciled in Malaysia. The principal activity of MyKRIS Asia is managed internet service provider. MyKRIS Asia's balance date is 31 March. Prior to the sale of Mykris Asia in September 2015, MyKRIS Limited owned 25% of the direct shareholding of MyKRIS Asia, 75% of the indirect shareholding of MyKRIS Asia held through MyKRIS Net (MSC) Sdn Bhd ('MyKRIS Net') and held 100% of the voting power.

MyKRIS Net is a company incorporated and domiciled in Malaysia. The principal activity of MyKRIS Net is the developing and providing web based application software and as multimedia and ecommerce providers and facilitators. MyKRIS Net's balance date is 31 March. Prior to the sale of Mykris Net in September 2015, MyKRIS Limited owned 100% of the shares of MyKRIS Net and held 100% of the voting power.

16. DISPOSAL OF SUBSIDIARIES

Disposal of Malaysian Subsidiaries

On 29 September 2015 the annual meeting of shareholders approved the sale of the company's shares in MyKRIS Net (MSC) Sdn. Bhd. and MyKRIS Asia Sdn. Bhd. to Mykris International Sdn. Bhd.

The following summarises the effect of the disposals:

Consideration Received:

	2016
	NZ\$
35,224,545 shares transferred back to the company by Mykris International Sdn. Bhd.	8,806,136
14,471,535 shares transferred back to the company by third parties procured by Mykris International Sdn. Bhd.	3,617,884
Cash payment arrangements	480,000
Total consideration received	<u>\$12,904,020</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

16. DISPOSAL OF SUBSIDIARIES continued

Analysis of assets and liabilities over which control was lost:

	2016
	NZ\$
<i>Current assets</i>	
Cash and cash equivalents	2,343,271
Trade receivables	4,509,419
Prepayments and other current assets	758,913
Related party receivables	3,208,624
<i>Non-current assets</i>	
Property, plant and equipment	1,252,688
Intangible assets and goodwill	10,242,761
Investment properties	279,375
Listed Investments	1,348,858
<i>Current Liabilities</i>	
Trade and other payables	(2,884,198)
Deferred Income	(1,121,488)
Taxation payable	(29,908)
Related party payables	(3,222,176)
Term borrowings - current portion	(57,282)
<i>Non-current liabilities</i>	
Term borrowings - non current portion	(693,530)
Deferred tax liabilities - non current portion	(1,304,576)
Net assets	<u><u>\$14,630,751</u></u>



MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

16. DISPOSAL OF SUBSIDIARIES continued

Loss on disposal of business operations:

	2016
	NZ\$
Net assets disposed	14,630,751
Foreign currency translation reserve	664,781
Less consideration received	12,904,020
Loss on disposal	<u>\$ 2,391,512</u>

The loss on disposal is included in other expenses in the consolidated statements of comprehensive income.

Net cash inflow on disposal of business operations:

	2016
	NZ\$
Consideration received in cash	480,000
Less cash and cash equivalents disposed of	2,343,271
Net cash inflow	<u>\$ (1,863,271)</u>

The consolidated statement of comprehensive income includes sale revenue and net profit for the year ended 31 March 2016 of \$7,405,277 and \$974,600 respectively, relating to subsidiaries that have been disposed of during the year.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

17. PROPERTY PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment

2016	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Freehold building	-	-	-	-
Motor vehicles	-	-	-	-
Furniture and fittings	-	-	-	-
Office equipment	-	-	-	-
Computer equipment	-	-	-	-
Broadband equipment	-	-	-	-
Data centre equipment	-	-	-	-
Cabling	-	-	-	-
Renovation	-	-	-	-
Wireless equipment	-	-	-	-
Infrastructure	-	-	-	-
Capital work-in-progress	-	-	-	-
	\$ -	\$ -	\$ -	\$ -

2015	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Freehold building	44,235	(9,991)	429	34,673
Motor vehicles	354,386	(135,880)	(1,844)	216,662
Furniture and fittings	27,399	(12,476)	240	15,163
Office equipment	100,874	(82,018)	524	19,380
Computer equipment	139,873	(92,011)	1,164	49,026
Broadband equipment	576,296	(259,662)	261	316,895
Data centre equipment	356,576	(226,823)	4,393	134,146
Cabling	197,695	(106,720)	2,679	93,654
Renovation	81,182	(41,416)	1,113	40,879
Wireless equipment	2,061,928	(1,440,532)	20,201	641,597
Infrastructure	46,005	(16,498)	736	30,243
Capital work-in-progress	1,408,273	-	(43,532)	1,364,741
	\$ 5,394,722	\$ (2,424,027)	\$ (13,636)	\$ 2,957,059



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

17. PROPERTY PLANT AND EQUIPMENT continued

(b) Movements in the carrying values of property, plant and equipment

2016	Opening Net Book Value	Additions	Disposals /Write-offs	Depreciation	Disposal of subsidiaries	Exchange Movement	Closing Net Book Value
Freehold building	34,673	-	-	(471)	(33,827)	(375)	-
Motor vehicles	216,662	22,397	(12,547)	(37,150)	(188,511)	(851)	-
Furniture and fittings	15,163	-	-	(1,832)	(13,265)	(66)	-
Office equipment	19,380	1,627	-	(5,103)	(15,892)	(12)	-
Computer equipment	49,026	2,936	-	(13,693)	(38,356)	87	-
Broadband equipment	316,895	28,837	(1,771)	(86,919)	(256,998)	(44)	-
Data centre equipment	134,146	-	-	(33,501)	(101,118)	473	-
Cabling	93,654	-	(160)	(28,624)	(65,527)	657	-
Renovation	40,879	-	-	(8,393)	(32,521)	35	-
Wireless equipment	641,597	74,429	-	(237,085)	(481,380)	2,439	-
Infrastructure	30,243	-	-	(4,898)	(25,293)	(52)	-
Capital work-in-progress	1,364,741	-	-	-	(1,348,858)	(15,883)	-
	\$ 2,957,059	\$ 130,226	\$ (14,478)	\$ (457,669)	\$ (2,601,546)	\$ (13,592)	\$ -

2015	Opening Net Book Value	Additions	Disposals /Write-offs	Depreciation	Disposal of subsidiaries	Exchange Movement	Closing Net Book Value
Freehold building	35,167	-	-	(923)	-	429	34,673
Motor vehicles	116,517	160,046	-	(58,057)	-	(1,844)	216,662
Furniture and fittings	16,598	1,883	-	(3,558)	-	240	15,163
Office equipment	26,233	3,387	-	(10,764)	-	524	19,380
Computer equipment	62,722	14,512	(1,333)	(28,039)	-	1,164	49,026
Broadband equipment	233,186	226,272	(328)	(142,496)	-	261	316,895
Data centre equipment	196,510	3,878	-	(70,635)	-	4,393	134,146
Cabling	128,047	20,224	-	(57,296)	-	2,679	93,654
Renovation	55,505	714	-	(16,453)	-	1,113	40,879
Wireless equipment	915,549	234,468	(3,875)	(524,746)	-	20,201	641,597
Infrastructure	39,104	-	-	(9,597)	-	736	30,243
Capital work-in-progress	-	1,408,273	-	-	-	(43,532)	1,364,741
	\$ 1,825,138	\$ 2,073,657	\$ (5,536)	\$ (922,564)		\$ (13,636)	\$ 2,957,059



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

17. PROPERTY PLANT AND EQUIPMENT continued

(c) Pledged property, plant and equipment

The net book value of the assets pledged to a licensed bank for banking facilities granted to the Group is as follows:

	2016	2015
	NZ\$	NZ\$
Capital work-in-progress	-	1,364,741
Total	\$ -	\$ 1,364,741

18. INTANGIBLE ASSETS

(a) Carrying values of intangible assets

2016	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Computer software	-	-	-	-
Goodwill	-	-	-	-
Customer lists	-	-	-	-
Development	-	-	-	-
	\$ -	\$ -	\$ -	\$ -

2015	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Computer software	99,714	(62,155)	548	38,107
Goodwill	4,639,652	515	3,089	4,643,256
Customer lists	8,878,000	(2,885,350)	-	5,992,650
Development	644,955	(607,152)	11,250	49,053
	\$14,262,321	\$ (3,554,142)	\$ 14,887	\$10,723,066



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

18. INTANGIBLE ASSETS continued

(b) Movements in the carrying values of intangible assets

2016	Opening Net Book Value	Additions	Disposals /Write-offs	Depreciation	Disposal of subsidiaries	Exchange Movement	Closing Net Book Value
Computer software	38,107	1,675	-	(8,584)	(31,159)	(39)	-
Goodwill	4,643,256	-	-	-	(4,643,256)	-	-
Customer lists	5,992,650	-	-	(443,900)	(5,548,750)	-	-
Development	49,053	-	-	(30,728)	(19,596)	1,271	-
	\$ 10,723,066	\$ 1,675	\$ -	\$ (483,212)	\$(10,242,761)	\$ 1,232	\$ -

2015	Opening Net Book Value	Additions	Disposals /Write-offs	Depreciation	Disposal of subsidiaries	Exchange Movement	Closing Net Book Value
Computer software	39,612	17,336	-	(19,389)	-	548	38,107
Goodwill	4,714,032	-	(73,865)	-	-	3,089	4,643,256
Customer lists	6,880,450	-	-	(887,800)	-	-	5,992,650
Development	291,184	-	(135,112)	(118,269)	-	11,250	49,053
	\$ 11,925,278	\$ 17,336	\$ (208,977)	\$ (1,025,458)	\$ -	\$ 14,887	\$10,723,066

Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	2016 NZ\$	2015 NZ\$
Allocated to MyKRIS Asia and MyKRIS Net	-	4,643,256
	\$ -	\$ 4,643,256

The recoverable amount of business goodwill up until the disposal of operating subsidiaries in September 2015 has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of three years.

(a) The key assumptions used for value-in-use calculations are as follows:

	MyKRIS Net & MyKRIS Asia	
	2016 NZ\$	2015 NZ\$
Gross margin	Nil	80.0 - 90.0%
Growth rate	Nil	10.0 - 13.5%
Discount rate	Nil	12.60%



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

18. INTANGIBLE ASSETS continued

(i) Budgeted gross margin:

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year adjusted for any expected efficiency improvements and cost saving measures.

(ii) Growth rate:

The growth rates used is based on past years achievements and the expected number of contracts to be secured.

(iii) Discount rate:

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

(b) Sensitivity to changes in assumptions

Management has evaluated the sensitivity of the value-in-use calculations to assess the impact of reasonably possible changes in any of the above key assumptions.

Management's sensitivity assessment considered the following reasonably possible changes:

- reducing the gross margin by 10%
- reducing the growth rate by 5%
- increasing the discount rate by 2.5%

None of these assessments resulted in the carrying value of goodwill to be materially lower than its recoverable amount.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

19. INVESTMENT PROPERTIES

(a) Carrying values of investment properties

	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
2016				
Shop premises	-	-	-	-
	\$ -	\$ -	\$ -	\$ -
2015				
Shop premises	284,433	(3,523)	3,335	284,245
	\$ 284,433	\$ (3,523)	\$ 3,335	\$ 284,245

(b) Movements in the carrying values of investment properties

	Opening Net Book Value	Additions	Disposals / Write-offs	Depreciation	Disposal of subsidiaries	Exchange Movement	Closing Net Book Value
2016							
Shop premises	284,245	-	-	(1,662)	(279,375)	(3,208)	-
	\$ 284,245	\$ -	\$ -	\$ (1,662)	\$ (279,375)	\$ (3,208)	\$ -
2015							
Shop premises	284,172	-	-	(3,262)	-	3,335	284,245
	\$ 284,172	\$ -	\$ -	\$ (3,262)	\$ -	\$ 3,335	\$ 284,245



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

20. LISTED INVESTMENTS

	NZ\$	NZ\$
	NZ\$	NZ\$
Listed Bonds	141,237	-
	<u>\$ 141,237</u>	<u>\$ -</u>

The bonds are listed on the NZSX market and pay interest at the fixed rate of 5.314%

21. TRADE AND OTHER PAYABLES AND ACCRUALS

	2016	2015
	NZ\$	NZ\$
Trade creditors	3,048	89,407
Accruals	34,400	219,481
Deposits received	-	220,857
Other payables	-	14,712
	<u>\$ 37,448</u>	<u>\$ 544,457</u>

The normal trade credit terms granted to the Group range from 30 to 90 days

22. DEFERRED INCOME

	2016	2015
	NZ\$	NZ\$
Deferred income	-	374,118
	<u>\$ -</u>	<u>\$ 374,118</u>

Deferred income represents service contract billings prior to reporting date for services to be rendered subsequent to reporting date and recognised through the profit and loss.

23. TERM BORROWINGS

	2016	2015
	NZ\$	NZ\$
Current		
Lease and hire purchase payables (refer note (24))	-	65,002
	<u>\$ -</u>	<u>\$ 65,002</u>
Non Current		
Lease and hire purchase payables (refer note (24))	-	75,882
	<u>\$ -</u>	<u>\$ 75,882</u>
	<u>\$ -</u>	<u>\$ 140,884</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

24. FINANCE LEASE AND HIRE PURCHASE PAYABLES

	2016	2015
	NZ\$	NZ\$
Minimum finance lease and hire purchase payments:		
not later than one year	-	70,659
later than one year and not later than five years	-	80,115
Total minimum finance lease and hire purchase payments	-	150,774
Less: Future finance charges	-	(9,890)
Present value of finance lease and hire purchase payables	\$ -	\$ 140,884
Current portion:		
not later than one year	-	65,002
Non current portion:		
later than one year and not later than five years	-	75,882
Present value of finance lease and hire purchase payables	\$ -	\$ 140,884

The finance lease and hire purchase payables were subjected to interest rates ranging from 2.33% to 3.32% (2015: 2.33% to 3.32%) per annum at the end of the reporting period.

The carrying value of the assets under the lease and hire purchase as at reporting date was \$ Nil (2015: \$198,105) and are included in the property, plant and equipment category 'motor vehicles' (refer note 16)

25. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions and balances

The Company and Group had related party dealings with the following related parties during the reporting periods:

Related party	Relationship
MyKRIS Asia Sdn Bhd	Subsidiary company of MyKRIS Limited
MyKRIS Net (MSC) Sdn Bhd	Subsidiary company of MyKRIS Limited
Chang Wai Hoong	Director and Shareholder of MyKRIS International Sdn Bhd
Chew Choo Soon	Director and Shareholder of MyKRIS International Sdn Bhd
MyKRIS International Sdn Bhd	Shareholder of MyKRIS Limited
Investment Research Group Limited	Common director Brent Douglas King
Barter Fund Limited	Common director Brent Douglas King



MYKCO LIMITED (formerly known as Mvkris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

25. RELATED PARTY BALANCES AND TRANSACTIONS continued

Related party payables:

	2016	2015
	NZ\$	NZ\$
<i>Directors</i>		
Chang Wai Hoong	-	92,666
Chew Choo Soon	-	100,903
Investment Research Group Limited	1,800	-
	<u>\$ 1,800</u>	<u>\$ 193,569</u>

Included in accruals (note 19) amounts payable to:

Siow Hock Lee	-	7,500
Chew Choo Soon	3,000	-
Lyn Lim	3,450	-
Brent King	3,450	-
Investment Research Group Limited	7,500	-
	<u>\$ 17,400</u>	<u>\$ 7,500</u>

The above amounts receivable from / payable to directors are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts are to be settled in cash.

Transactions with related parties

	2016	2015
	NZ\$	NZ\$
Deposits paid by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	-	179,891
Expenses recharged by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	-	2,283
Services provided by Investment Research Group Limited.	19,976	25,112
2,200,000 Shares placed with Barter Fund Limited at 0.17 cents per share (refer note 9)	374,000	-

The above deposits paid by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd is for the purchase of a parcel of shop premises from N-BASE (M) Sdn Bhd under a deferred purchase arrangement. The full settlement of the purchase price was paid in during the year ended 31 March 2014 (refer also Note 29).

Furthermore subsidiary companies and their subsidiaries transact with one another. During the current and prior reporting periods these transactions entered into included; the sale and purchase of goods and services and royalties, all of which are all on an arm's length basis. These transactions eliminate on Group consolidation.

Transactions with key management personnel

	2016	2015
	NZ\$	NZ\$
Short term employee benefits	166,090	351,195
Directors fees	114,725	87,500



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

26. FINANCIAL ASSETS AND LIABILITIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 (h) to the financial statements.

Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	2016	2015
	NZ\$	NZ\$
<i><u>Financial assets:</u></i>		
Loans and receivables:		
- Cash and cash equivalents	182,974	839,638
- Trade receivables	-	1,555,312
- Other receivables	1,041	40,521
	<u>\$ 184,015</u>	<u>\$ 2,435,471</u>
<i><u>Financial liabilities:</u></i>		
Financial liabilities at amortised cost:		
- Trade payables	3,048	89,407
- Other payables	-	14,712
- Related party payables	1,800	193,569
- Hire purchase payables	-	140,884
	<u>\$ 4,848</u>	<u>\$ 438,572</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks. The financial risks arise from the business activities of the Group. The specific financial risks that the Group is exposed to are discussed below.

(i) Market risk

Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposures to foreign currencies are as follows:

	2016	2015
	NZ\$	NZ\$
United States dollar (USD)	-	76,388
Malaysian ringgit (MYR)	-	3,807,625
	<u>\$ -</u>	<u>\$ 3,884,013</u>

Foreign currency risk sensitivity analysis

A 5% weakening/strengthening of the New Zealand dollar against the United States dollar and the Malaysian ringgit would have the following effect on profit and equity. This assumes that all other variables remain constant.

2016	<u>- 5%</u> <u>Profit</u>	<u>- 5%</u> <u>Equity</u>	<u>5%</u> <u>Profit</u>	<u>5%</u> <u>Equity</u>
United States dollar (USD)	-	-	-	-
Malaysian ringgit (MYR)	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2015	<u>- 5%</u> <u>Profit</u>	<u>- 5%</u> <u>Equity</u>	<u>5%</u> <u>Profit</u>	<u>5%</u> <u>Equity</u>
United States dollar (USD)	3,819	2,750	(3,819)	(2,750)
Malaysian ringgit (MYR)	190,381	137,074	(190,381)	(137,074)
	<u>\$ 194,200</u>	<u>\$ 139,824</u>	<u>\$ (194,200)</u>	<u>\$ (139,824)</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT continued

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing liabilities. The Group's policy is to obtain the most favourable interest rate available.

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates and are measured at amortised cost. As such, sensitivity analysis is not disclosed.

Equity price risk

Equity price risk is the risk to earnings or capital arising from movements in Equity prices. Equity price risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposures to quoted investments are: are as follows:

	2016 NZ\$	2015 NZ\$
Debt instruments listed on NZDX	141,237	-
	<u>\$ 141,237</u>	<u>\$ -</u>

A 5% weakening/strengthening of the market price of the listed debt securities on the NZSX market would have the following effect on profit and equity. This assumes that all other variables remain constant.

2016	<u>- 5%</u> <u>Profit</u>	<u>- 5%</u> <u>Equity</u>	<u>5%</u> <u>Profit</u>	<u>5%</u> <u>Equity</u>
Debt instruments listed on NZDX	(7,062)	7,062	7,062	(7,062)
	<u>\$ (7,062)</u>	<u>\$ 7,062</u>	<u>\$ 7,062</u>	<u>\$ (7,062)</u>

The Group did not have any quoted investments in 2015 and hence is not exposed to any equity price risk.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT continued

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group has no concentrations of credit risk in 2016. In 2015 the Group's major concentrations of credit risk related to the amounts owing two (2) customers which constituted approximately 23% of its total trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	2016	2015
	NZ\$	NZ\$
Malaysia	-	1,555,312
Net trade receivables	<u>\$ -</u>	<u>\$ 1,555,312</u>

Ageing analysis

The ageing analysis of the Group's trade receivables as at reporting date is as follows:

2016	Gross amount	Individual impairment	Collective impairment	Carrying value
Not past due	-	-	-	-
Past due:				
- 0 to 30 days	-	-	-	-
- 31 to 90 days	-	-	-	-
- more than 90 days	-	-	-	-
Net trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT continued

2015	Gross amount	Individual impairment	Collective impairment	Carrying value
Not past due	741,772	-	-	741,772
Past due:				
- 0 to 30 days	146,068	-	-	146,068
- 31 to 90 days	464,772	-	-	464,772
- more than 90 days	320,119	(117,419)	-	202,700
Net trade receivables	<u>\$1,672,731</u>	<u>\$ (117,419)</u>	<u>\$ -</u>	<u>\$ 1,555,312</u>

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

2016	Carrying amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Trade payables	3,048	3,048	3,048	-	-	-
Related party payables **	1,800	1,800	1,800	-	-	-
	<u>\$ 4,848</u>	<u>\$ 4,848</u>	<u>\$ 4,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

** The weighted average effective interest rate for the related party payables loan is 0.00%.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT continued

2015	Carrying					
	amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Trade payables	89,407	89,407	89,407	-	-	-
Other payables	14,712	14,712	14,712	-	-	-
Related party payables **	193,569	193,569	193,569	-	-	-
Hire purchase payables *	140,884	150,774	34,912	35,747	47,260	32,855
	\$438,572	\$448,462	\$ 332,600	\$ 35,747	\$ 47,260	\$ 32,855

* The weighted average effective interest rate for hire purchase payables is 2.54%.

** The weighted average effective interest rate for the related party payables loan is 0.00%.

(iv) Capital risk

The Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings.

The capital of the Group is monitored to ensure equity holder objectives are met, the primary of which is to ensure the Group's continued ability to provide a consistent return to its equity shareholders through a combinations of capital growth and distributions.

In order to achieve the objectives of equity holders, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable to Group to meet its working capital and strategic investment needs.

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, or new share issue, the Group takes into consideration not only its shortterm position but also its long-term operational and strategic objectives.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The estimated fair value of the Group's financial assets and liabilities are noted below. The purpose of reporting the carrying and fair values is to show the extent to which the Group is carrying an exposure from its foreign exchange and interest rate hedging activities. The table below identifies whether the Group is in a notional gain or loss position as if the Group had closed out the instruments at reporting date.

The carrying values of short term financial assets and liabilities are equivalent to their fair values. Short term financial assets include cash, trade and other receivables and related party receivables. Related party receivables carrying values are equivalent to their fair values.

2016	Carrying value NZ\$	Fair value NZ\$
<i>Financial assets</i>		
Cash and cash equivalents	182,974	182,974
Other receivables	730,619	730,619
<i>Financial liabilities</i>		
Trade payables	3,048	3,048
Other payables	34,400	34,400
Related party payables	1,800	1,800
2015		
<i>Financial assets</i>		
Cash and cash equivalents	839,638	839,638
Trade receivables	1,555,312	1,555,312
Other receivables	40,521	40,521
<i>Financial liabilities</i>		
Trade payables	89,407	89,407
Other payables	14,712	14,712
Related party payables	193,569	193,569
Hire purchase payables	140,884	140,884



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

29. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

The Group is organised into one reportable operating segment only. The Group's product and service offering is that of a managed internet service provider.

The operating segment includes the operations of the subsidiaries prior to the disposal in September 2015.

	2016	2015
	NZ\$	NZ\$
External revenue	7,405,277	8,349,158
Inter-segment revenue		
Total	<u>\$7,405,277</u>	<u>\$ 8,349,158</u>
Net segment profit / (loss) before taxation	(2,338,991)	(288,759)
Taxation expense	130,251	438,339
Net profit / (loss) after taxation	<u>\$(2,208,740)</u>	<u>\$ 149,580</u>
Interest income	\$ (8,461)	\$ (8,181)
Interest expense	\$ 6,595	\$ 6,394
Depreciation of property, plant and equipment	\$ (457,669)	\$ (922,564)
Amortisation of intangible assets	\$ (483,212)	\$ (1,025,458)
Depreciation of investment properties	\$ (1,662)	\$ (3,262)
Other material non-cash items:		
- Impairment intangible assets - goodwill	\$ -	\$ (73,865)
- Bad debts recovered / (expense)	\$ (112,134)	\$ 1,858
Assets		
Total segment assets	\$1,054,830	\$17,498,376
Additions to non-current assets other than financial instruments:		
- Property, plant and equipment	\$ 130,226	\$ 2,073,657
- Intangible assets	\$ 1,675	\$ 17,336
Liabilities		
Total segment liabilities	\$ 39,248	\$ 2,771,400



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

29. OPERATING SEGMENTS continued

The Group operated predominantly in Malaysia up until 28 September 2015.

The Group's revenues from external customers by geographic area are:

	2016	2015
	NZ\$	NZ\$
- China	-	14,200
- Indonesia	24,436	25,736
- Malaysia	7,380,841	8,309,222
Total external revenue	<u>\$7,405,277</u>	<u>\$ 8,349,158</u>

The Group's non-current assets by geographic area:

Malaysia

	2016	2015
	NZ\$	NZ\$
- Property, plant and equipment	-	2,957,059
- Intangible assets	-	10,723,066
- Investment properties	-	284,245
Total non-current assets	<u>\$ -</u>	<u>\$13,964,370</u>

The Group does not place any reliance on any single major customer amounting to 10% or more of a segments revenue.



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

30. RECONCILIATION OF NET LOSS AFTER TAXATION TO NET CASH FLOWS

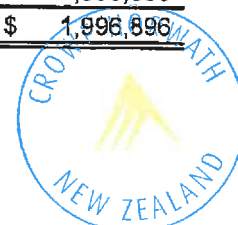
Reconciliation of net loss with cash outflow from operations

	Note	2016 NZ\$	2015 NZ\$
Profit / (loss) after tax		(2,208,740)	149,580
<i>Add/(less) non-cash items</i>			
Depreciation of property, plant and equipment	(16)	459,331	922,564
Amortisation	(17)	483,212	1,025,458
Impairment of intangible assets - goodwill	(17)	112,134	73,865
Depreciation of investment properties	(18)	-	3,262
Bad debts	(12)	113,649	-
Current tax		23,715	156,443
Deferred tax		(181,730)	(496,875)
Property, plant and equipment written off		-	4,598
Development expenditure written off	(17)	-	135,112
Gain on disposal of property, plant & equipment		(19,891)	(12,737)
Loss on sale of subsidiary	(16)	2,391,512	-
Effects of exchange rate		(101,471)	14,472
<i>Adjustment for items shown in financing activities:</i>			
Movement in related party balances		(193,569)	193,569
<i>Add / less movements in working capital items:</i>			
Decrease / (increase) in trade receivables		(3,179,891)	(175,402)
Decrease / (increase) in prepayments and other current assets		(382,883)	265,944
Decrease / (increase) in tax receivables		(23,374)	(134,777)
(Decrease) / increase in deferred income		-	(411,804)
(Decrease) / increase in trade and other payables and accruals		2,378,990	(5,817)
(Decrease) / increase in deferred sales		747,370	-
(Decrease) / increase in tax payable		29,908	-
Net cash outflow / (inflow) from operating activities		<u>\$ 448,272</u>	<u>\$ 1,707,455</u>

31. COMMITMENTS

Capital commitments

	Note	2016 NZ\$	2015 NZ\$
Approved and contracted for:			
- purchase of 6 storey corner shop office	16 32	-	1,996,896
		<u>\$ -</u>	<u>\$ 1,996,896</u>



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

31. COMMITMENTS continued

On 8 April 2014, Mykris Asia entered into a conditional Sale and Purchase Agreement with Berjaya Golf Resort Berhad for the acquisition of a unit of 6 storey corner shop office for a total purchase consideration of \$3,328,200 (RM9,298,880). At reporting date, the progress payment of the shop office was included in capital work-in-progress in property, plant and equipment (note 16).

MyKris Asia was disposed in September 2015 and the company has no current commitments.

Other commitments

There were no other material commitments at reporting date (2015: none).

32. CONTINGENT LIABILITIES

ACN System Solutions Sdn. Bhd contingency

ACN System Solutions Sdn. Bhd. ("Plaintiff") had vide Kuala Lumpur High Court Summons No. S-22-720-2010 instituted legal action against MyKRIS Asia and 7 other defendants ("Defendants") for inter alia, special damages amounting to RM11,626,400 (NZD\$4,114,400) and general, exemplary and punitive damages together with interests.

The Plaintiff's claim in its writ and statement of claim dated 29 July 2010 against MyKris Asia is premised upon an alleged conspiracy between the Defendants to injure the Plaintiff and thereby cause losses and damages to the Plaintiff.

On 20 March 2014, the Court allowed Plaintiff's claim but only granted nominal damages of RM10,000 (NZD\$3,500) to the Plaintiff. The Learned Judge also awarded a sum of RM30,000 (NZD\$10,600) as costs to the Plaintiff. Therefore, MyKRIS Asia was required to pay a total sum of RM40,000 (NZD\$14,200) to the Plaintiff.

On 16 April 2014, the Plaintiff vide Court of Appeal Summons No. W-02-708-04/2014 instituted an appeal against the outcome of the aforesaid decision by the High Court. The Plaintiff appealed against the quantum of damages granted by the High Court.

On 17 April 2014, MyKRIS Asia vide Court of Appeal Summons No. W-02-737-04/2014, appealed against the High Court's decision on both the liability and quantum.

On 7 July 2015 the Court of Appeal dismissed both appeals, however the court in the first appeal awarded costs of RM20,000 (NZ\$7,000) to be paid to the plaintiff and in the second appeal awarded costs of RM10,000 (NZ\$3,500) to be paid to the Defendants. The total sum MyKRIS Asia is required to pay the plaintiff is RM50,000 (NZ\$17,700).

MyKris Asia was disposed in September 2015 and the company has no current exposure to this claim.

Other contingent liabilities

There were no other material contingent liabilities at reporting date (2015: none).



MYKCO LIMITED (formerly known as Mykris Limited)
Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

33. LICENCE RENEWAL REQUIREMENTS

In the year ended 31 March 2014, the Network facilities and Network services licences granted to Mykris Asia under the Communications and Multimedia Act 1998 were extended to 10 March 2019. The licences are subject to the requirement that Mykris Asia shall not have foreign shareholding greater than 49% and have Bumiputera equity not less than 30%. The Group had 12 months to comply with these conditions.

During the previous year, the Group had met the requirement for MyKRIS Asia to not have foreign shareholding greater than 49%. In view of MyKRIS Asia not yet having the Bumiputera equity of not less than 30%, the Group has applied for an extension of time to meet the Bumiputera equity requirement from the relevant authority.

MyKris Asia was disposed in September 2015 and the company has no current exposure to this requirement.

34. SUBSEQUENT EVENTS

There were no material events subsequent to reporting date.



Mykco Limited Shareholder and Statutory Information

The company is listed on the New Zealand Alternative Exchange.

Largest Shareholders (As at 13 July 2016) (Listing Rule 10.5-5(b))

Rank	Shareholder	Holding	%
1	Barter Fund Limited	2,300,000	17.58%
2	Sii Yih Ting	1,480,000	11.32%
3	Koon Weng Lee	1,291,325	9.87%
4	Chu Kian Then	1,008,300	7.71%
5	Cimb Securities (Singapore) Pte Ltd	591,700	4.52%
6	Yada Holdings No 1 Limited	570,000	4.36%
7	Liew Chin Tan	480,000	3.67%
8	Lik Sean Chang	445,960	3.41%
9	New Zealand Central Securities Depository Limited	411,464	3.15%
10	Lick Chien Chang	408,345	3.12%
11	Kok Seng Kung	223,850	1.71%
12	Prakash Pandey	200,000	1.53%
13	Tiong Heng Teh	164,693	1.26%
14	Hooi Lee Teoh	160,000	1.22%
15	Geoffrey David Thomas	150,000	1.15%
16	Yoke Keong Liong	136,462	1.04%
17	Choon Moi Choo	107,827	0.82%
18	Michael Conway Bennett	100,000	0.76%
19	Azhar Bin Hamzah	87,231	0.67%
20	Alouisius Inglewood & Gysbertha Geertruida Inglewood	80,000	0.61%
		10,397,157	79.49%

Spread of Shareholders (as at 13 July 2016)

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 - 2,000	588	79.5%	40,116	0.3%
2,001 - 5,000	33	4.5%	89,179	0.7%
5,001 - 10,000	51	6.9%	390,722	3.0%
10,001 - 50,000	40	5.4%	1,072,046	8.2%
50,001 - 100,000	9	1.2%	604,031	4.6%
100,001 - 100,0000	15	2.0%	4,804,197	36.7%
1,000,001 - and over	4	0.5%	6,079,625	46.5%
	740	100.0%	13,079,916	100.0%

Geographic Spread

Singapore	27	3.6%	1,023,330	7.8%
Malaysia	70	9.5%	6,766,222	51.7%
New Zealand	631	85.3%	5,243,258	40.1%
Rest of world	12	1.6%	47,106	0.4%
	740	100.0%	13,079,916	100.0%

Mykco Limited Shareholder and Statutory Information (continued)

Substantial Product Holders (as at 13 July 2016)

The following information is provided pursuant to section 293 of the Financial Markets Conduct Act 2013.

This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

	Number of Shares Held	Relevant Interest	% of Shares at Balance Date
Barter Fund Limited	2,300,000	Beneficial	17.58
Sii Yih Ting	1,480,000	Beneficial	11.32
Koon Weng Lee	1,291,325	Beneficial	9.87
Chu Kian Then	1,008,300	Beneficial	7.71
	<u>6,079,625</u>		<u>46.48</u>

The total number of voting securities of the company on issue at 13 July 2016 was 12,426,020 fully paid ordinary shares.

Directors

During the year the board of directors comprised:

	Appointed	Resigned
<u>Non-executive directors</u>		
Chew Choo Soon	21 December 2011	
Chang Wai Hoong	21 December 2011	3 November 2015
Siow Hock Lee	21 December 2011	3 November 2015
Brent Douglas King	30 September 2011	
Huei Min Lim	21 December 2011	

Statement of Directors' Security Holdings (as at 31 March 2016)

	Shares Beneficially Owned	Shares Non-Beneficially Owned
Brent Douglas King	Nil	46,808

The following securities transactions were disclosed to the Board and entered into the Interests Register for the year to 31 March 2015:

Month	Director	Transaction	Shares
November 2015	Huei Min Lim	Shares acquired by the Company	72,500
November 2015	Chew Choo Soon	Shares acquired by the Company	35,224,545
November 2015	Chang Wai Hoong	Shares acquired by the Company	35,224,545

Mykco Limited Shareholder and Statutory Information (continued)

Statement of Directors' Security Holdings (as at 31 March 2016) (continued)

There were no other securities transactions disclosed to the Board and entered into the Interests Register for the year to 31 March 2016.

The following are directorships held by the Mykco Limited Directors as at 31 March 2016:

Chew Choo Soon	Huei Min Lim
Mykco Limited Mykris International Sdn. Bhd. Mykris Net (MSC) Sdn. Bhd. Mykris Asia Sdn. Bhd. Zenwise Digital Sdn. Bhd. NetAssist (M) Sdn. Bhd. N Base (M) Sdn. Bhd.	ASB Community Trust Ltd Durham Services Ltd F H Holdings Ltd FH Nominees Ltd Foundation North Grants Ltd Forest Administration Ltd Hartajaya Investments Ltd Kaya Investments Ltd Mykco Ltd
Brent King	Pacific Ocean Food Trust Ltd Seven Trust Ltd
A.I.S. Limited Askridge Holdings Limited Australasian Food Corporation Limited Australasian Food Corporation Longview Limited Barter Fund Limited Equity Investment Advisers Limited Investment Research Group Limited King Capital & Investment Corporation Limited Kohaus Limited Moneyonline Limited Mykco Limited Octo International Limited Snowdon Peak Investments Limited Transaction Holdings Limited	Other Appointments Asia New Zealand Foundation Auckland Regional Amenities Funding Board Auckland University of Technology Council Foundation North (Deputy Chair) New Zealand Shareholders Association Board The Public Trust Centre for Social Impact New Zealand Limited * Max Cai Trustee Limited

Mykco Limited

Shareholder and Statutory Information (continued)

Directors' Remuneration and Other Benefits

The following is the remuneration paid to the Directors of Mykco Limited for the twelve months to 30 June 2015

	<u>Director's fees</u>	<u>Other Remuneration</u>
Chew Choo Soon	\$11,000	\$83,808
Chang Wai Hoong	\$8,000	\$83,282
Siow Hock Lee	\$25,000	Nil
Brent Douglas King	\$36,513	Nil
Huei Min Lim	\$34,213	Nil

Remuneration and Other Benefits

The Directors of Mykco Limited did not receive any other benefits from Mykco Limited in the 12 months to 31 March 2016

Employees Remuneration (Excluding Directors)

There were no employees during the year.

Auditors

Crowe Horwath New Zealand Audit Partnership
Level 29, 188 Quay Street,
Auckland, 1010,
New Zealand

Share Registrar

Computershare Investor Services Limited,
Level 2, 159 Hurstmere Road,
Takapuna
Auckland

Private Bag 92119,
Auckland
New Zealand

Bankers

ANZ Bank New Zealand Limited
Heartland Bank Ltd

Investment Bankers

Investment Research Group Ltd
Level 7, Swanson House
12-26 Swanson Street
Auckland
+64 9 304 0145

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Mykco Contact Details

Mykco Limited

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