MYKRIS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2012

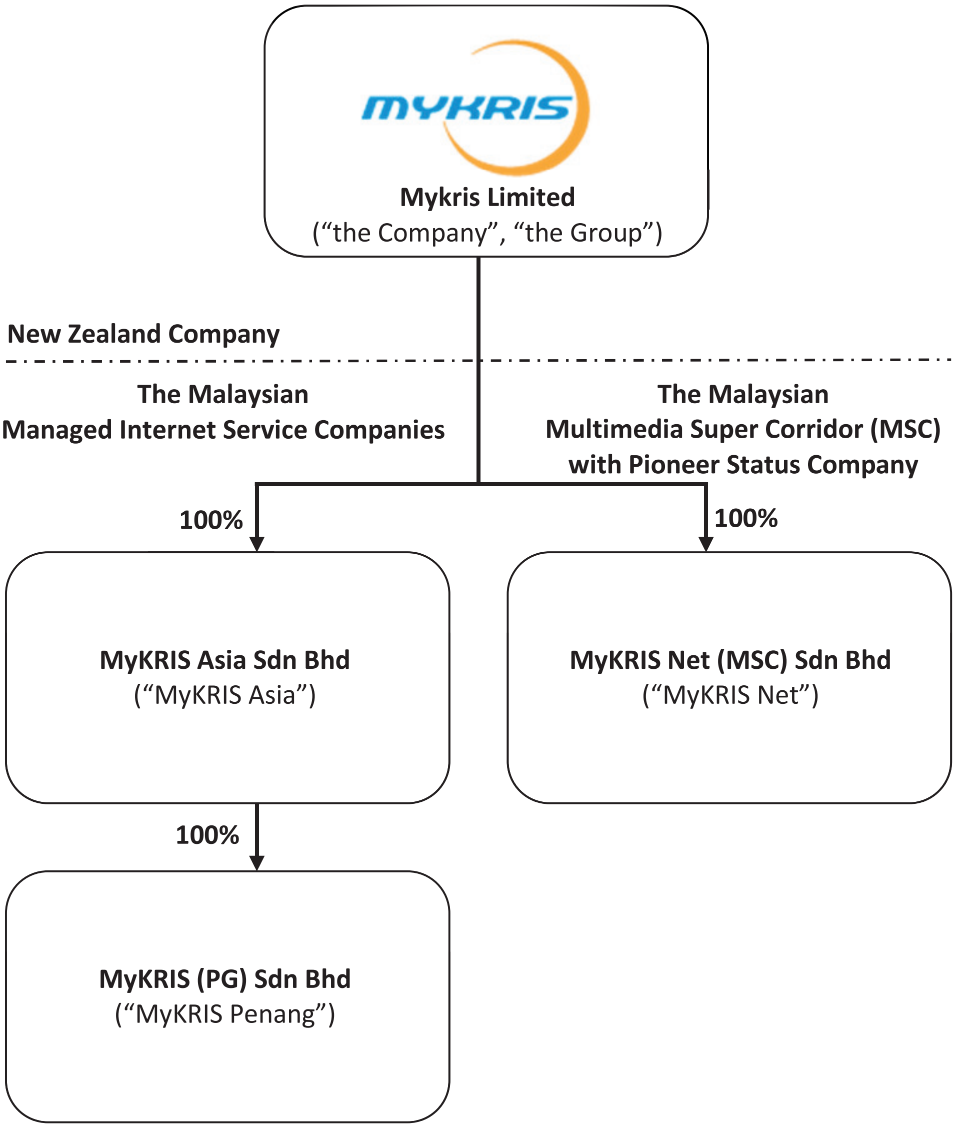
INDEX TO THE ANNUAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2012

Company Directory

Company Number:	3568071
Nature of Business:	Managed Internet Service Provider
Issued Capital:	59,920,100 Ordinary Shares (Fully Paid)
Board of Directors:	Chew Choo Soon, Executive Chairman Chang Wai Hoong, Executive Director Siow Hock Lee, Independent Non-Executive Director Brent Douglas King, Independent Non-Executive Director Huei Min Lim, Independent Non-Executive Director
Registered Office:	Level 1, 18 Shortland Street, Auckland, 1010, New Zealand
Company Secretary:	Garth Ward Level 10, Swanson Towers, 20 Hobson Street, Auckland, New Zealand
Banker:	ANZ National Bank Limited 203 Queen Street, Cnr Queen & Victoria Streets Auckland, 1010, New Zealand
Auditor:	WHK Auckland, New Zealand Level 6, WHK Tower, 51-53 Shortland Street, Auckland, 1010, New Zealand
Solicitors:	Minter Ellison Rudd Watts, Lumley Centre, 88 Shortland Street, PO Box 3798, Auckland, New Zealand
Registrar:	Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Private Bag 92119, Auckland, New Zealand
Listing:	New Zealand Alternative Exchange (NZAX) ISIN: NZMYKE0001S9
Website:	www.mykris.net

Company Structure



Directors' Profile

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

Chew Choo Soon is the Executive Chairman, Chief Executive Officer and Co-founder of the Mykris Limited Group and is a Director of the Company since 21 December 2011. He was appointed as a Director of MyKRIS International Sdn Bhd (MISB), the holding company of Mykris Limited, on 25 March 2008 and re-designated as the Managing Director on 20 May 2010. 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 where he was 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 up 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 as the Deputy Chairman for the ICT Committee in ACCCIM from 2006-2012.

CHANG WAI HOONG, Associate *Degree, Electronic Engineering*
Executive Director

Chang Wai Hoong is the Executive Director and Co-founder of the Mykris Limited Group and is a Director of the Company since 21 December 2011. He was appointed as a Director of MyKRIS International Sdn Bhd on 25 March 2008 and re-designated as the Executive Director of MyKRIS International Sdn Bhd on 20 May 2010. He graduated from RIMA College with an Associate Degree in Electronic Engineering in 1992.

His career started in 1992 as a Special Project Engineer in a local private limited multi-national company and was promoted to Project Manager in 1993. He was mainly responsible for Bank Islam Malaysia's Smart Card Project, which was among the earliest banks that used smart cards for banking purposes. He then joined a local MSC company in 1994 as Project Engineer and was later appointed as the Executive Officer in 1996 where he was responsible in assisting the Vice President of the information access division in accountability and business strategy, as well as in the re-organisation of the engineering division. In his current tenure the Executive Director of the MyKRIS Group, he plays a vital role in the business development and strategic partnerships of the Group.

Directors' Profile cont'd

SIOW HOCK LEE, CA(M), FCCA
Independent Non-Executive Director

Siow Hock Lee is an Independent Non-Executive Director of the Mykris Limited Group and is a Director of the Company since 21 December 2011. He has been a member of the Association of Chartered Certified Accountants (United Kingdom) since 1985 and a member of the Malaysian Institute of Accountants since 1986. Starting in 1979, he worked for various public accounting firms before he started his own accounting practice under the name of Messrs. SC Associates in 1993. He joined Messrs. WH Hau & Co., another firm of public accountants in Malaysia as a partner on 1 October 1998. He is also an Independent Non-Executive Director of Caely Holdings Berhad and Amtel Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and Green Ocean Corporation Berhad , a company listed on the ACE Market of Bursa Malaysia Securities Berhad, the Malaysian Stock Exchange.

BRENT Douglas King, BCom, CA, CMA
Independent Non-Executive Director

Brent Douglas King is an Independent Non-Executive Director of the Mykris Limited Group and is a Director of the Company since 30 September 2011. He is the founder of Investment Research Group Limited in August 2008. 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, including being a director of New Zealand Cricket. 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 Mykris Limited Group and is a Director of the Company 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 the ASB Community Trust 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 8 years. She specialises in corporate and governance issues, particularly in dispute resolution areas.

Directors' Report

Introduction

This is an exciting time for all shareholders of Mykris Limited ("the Company"), as this is the first formal reporting by the Company to its shareholders since its listing on the New Zealand Alternative Exchange (NZAX) on 10 January 2012. We are pleased to present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 March 2012. The reporting period is from incorporation date of 30 September 2011.

The Company purchased the trading operations of MyKRIS International Sdn Bhd and now owns, MyKRIS Net (MSC) Sdn Bhd ("MyKRIS Net"), MyKRIS Asia Sdn Bhd ("MyKRIS Asia") which owns 100% of MyKRIS (PG) Sdn Bhd ("MyKRIS Penang").

Mykris, About us

Mykris Limited, a company listed on the New Zealand Alternative Exchange (NZAX) on 10 January 2012, is the parent company of one of the leading companies in Managed Internet Service in Malaysia. Its subsidiary, MyKRIS Asia was incorporated in 2001 when two (2) young Malaysian entrepreneurs were encouraged by the emergence of the Internet phenomenon and the knowledge economy to setup the company to provide broadband services and solutions for small and medium-sized enterprises.

MyKRIS Asia is a tier 1 full blown licensee of Internet Content & Services Provider (ICSP) awarded by Malaysia Communication and Multimedia Commission (MCMC) (Individual Licenses: NFP/I/2000/30, NSP/I/2000/31 and ASP/I/2000/77) specializing in offering Managed Broadband Services, one stop High Speed Internet Access (HSIA) services, Web-based Application Software and e-Commerce solutions.

Today, Mykris' subsidiaries have clients spreading across a broad range of industries ranging from media newspapers, manufacturing, hotels, online services companies, insurance, professionals, contents and applications providers, amongst others. Mykris' subsidiaries are amongst the very few service providers that are offering a Service Level Agreement (SLA) with guarantee service uptime of 99.3% to 99.9%.

In 22 February 2006, MyKRIS Net was awarded the Multimedia Super Corridor (MSC) status for its contributions to the development of Wireless and Internet Gateway applications and support for Malaysia's knowledge economy initiatives. Subsequent year, MyKRIS Net was awarded the Pioneer Status in 1 October 2007 by Ministry of Finance Malaysia in recognition of the company's contributions towards producing world class homegrown solutions and products. The Pioneer Status granted the company full tax exemption on 100% of the statutory income for the first 5 years.

Ever since their inception in 2001, Mykris' subsidiaries have received numerous awards and accolades for their contribution to the industry including SME 100 Award and SME-SMI Business Award in 2010, Golden Bull Award in 2006 and 2009 and Independence Award in 2009.

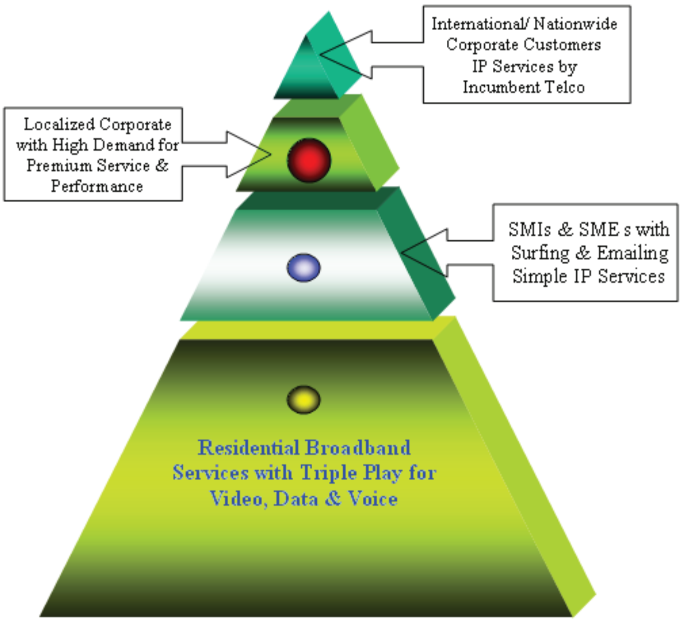
Further information is available on the Mykris website and we recommend shareholders review the Disclosure Document to learn more about Mykris' subsidiaries business.

Directors' Report cont'd

Products Enhancement and Development

MyKRIS Asia is officially a strategic partner of Hutchison Global Communication (HGC), TATA Communication, Jaring Communications and Global Transit Communication (GTC). As one of the leading companies in Managed Internet Service in Malaysia, MyKRIS Asia has foster closer working relationship with the incumbent and tier 1 provider, amongst others. Furthermore, MyKRIS Asia is also a member for Malaysia Internet Exchange (MyIX), by leveraging on the alliances; MyKRIS Asia is able to provide quality and high performance Internet Access.

Looking at the current Managed Internet Service market landscape, our competitors have been dominating the market with premium price. There is a missing gap and link where MyKRIS Asia is well positioned to fill-in by offering cost-effective Managed Internet Service to local enterprise and global corporate with less competition and higher margin.



MyKRIS Asia had developed four (4) Managed Internet Services that create differentiation and stickiness.

Managed Global WAN Services

Fully managed global WAN service coverage capitalizing on HGC global network with focus on Malaysian based multi-national companies.

Directors' Report cont'd

Products Enhancement and Development cont'd

- Internet Protocol Virtual Private Network (IPVPN) service is designed to provide the flexibility of any-to-any communications with the reliability, quality and security of a Multi protocol Label Switched (MPLS) based IP-enabled network. This service offers an efficient and scalable way for businesses to incorporate mission critical applications into their existing networks.
- Local support through partnership with global service providers and businesses with essential managed network services solution including network management, change and problem management, choice of local telecommunication providers, facility management services and network security capabilities.
- Link remote or travelling employees, customers, and trading partners in almost any location around the world, and at the same time provide quality of service, traffic engineering and service level agreements.

Managed Business Internet Services

Scalable Internet connectivity provides efficiency and effectively meets user demands and application requirements.

- Dedicated high-speed internet access designed with high resiliency and low latency through a redundant multi-gateway internet infrastructure.
- Connected to the Malaysia Internet Exchange (MyIX), regional and global internet backbone providers.
- 24x7 proactive monitoring with security surveillance and counter measures.
- Service Level Agreements on availability up to 99.9% with committed latency targets.

Managed National WAN Services

- Fully managed business Internet Protocol (IP) service designed to provide all the simplicity and flexibility of IP networks with the performance, service reliability and security of traditional data networks.
- Interconnection to any location and access to Intranet, Extranet and Internet applications over a single connection using end-to-end Multi-protocol Label Switching (MPLS) and traffic classification/ prioritisation
- Nationwide technical support through a single point of contact that provides around-the-clock active monitoring, network management support.

Directors' Report cont'd

Products Enhancement and Development cont'd

Managed LAN Services

- Network Infrastructure solution for Routing and Switching, Core, Access and Optical Network, Wireless solution (Wi-Fi/ WiMax), Network Traffic Performance analysis.

The Managed Internet Service industry generally has to obtain Internet Protocol (IP) addresses from Asia Pacific Network Information Center (APNIC). Most of the tier 2 or 3 providers are making use of Internet Addresses from other Internet Service Providers (ISPs) namely the incumbent and tier 1 provider, amongst others. MyKRIS Asia being a full-blown service provider has its own Internet Address range allocated by APNIC to allow effective peering service with other global providers. The multi-homing features further enhance the service performance and availability of Mykris' services.

Industry Outlook

It is expected that the Gross Domestic Product (GDP) growth in Malaysia will be largely domestic driven and is expected to be sustained at 5-6% in 2012, due to heightened uncertainties in global economy. Meanwhile, the ICT sector will continue to be a key focus for Malaysia and is likely to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost the productivity and raise the nation's overall competitiveness.

The four key technological priorities that will propel the ICT industry include adoption of cloud computing, software and e-solutions, shared services and outsourcing as well as e-business or e-Commerce. The national broadband tax incentive measure implemented by the Malaysian Government will also continue to accelerate Malaysia's development into an advanced economy and knowledge-based nation.

Prospects and Future Plans

It is always our view that ICT is a key driver to promote growth, productivity and competitiveness, which is set to contribute 10.2% to Malaysia Gross Domestic Product (GDP) by 2015. There will be increasingly attractive opportunities in the Managed Internet Service area as the Malaysian Government implements measures to make Malaysia a regional IT hub.

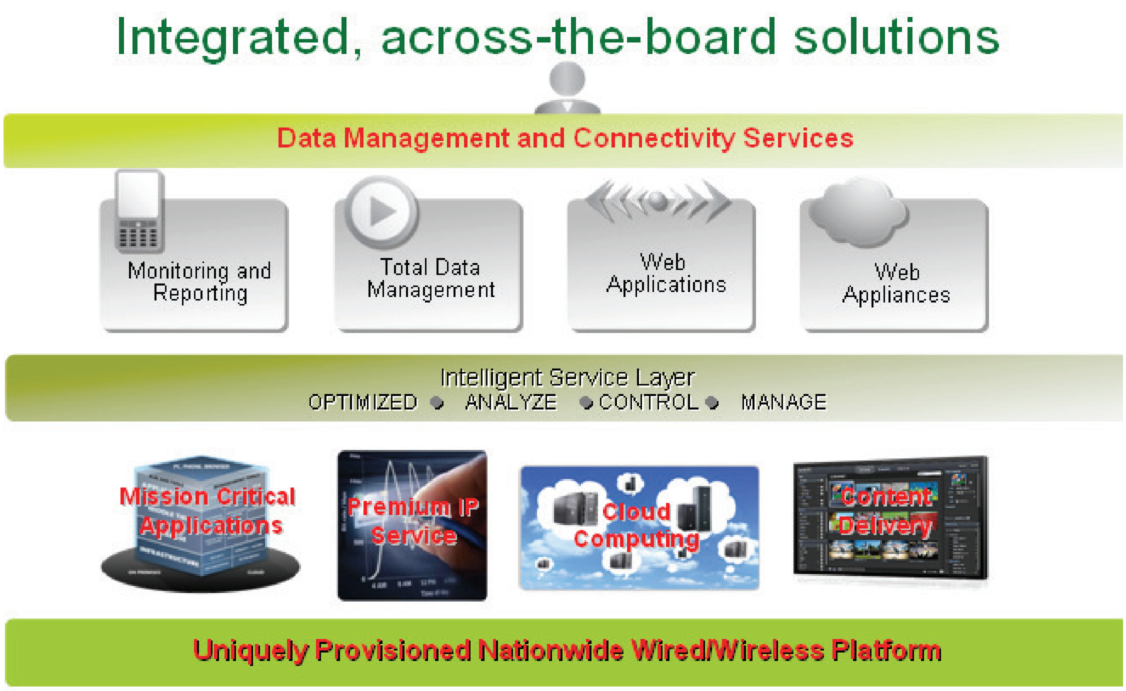
Malaysia's Managed Internet Service is expected to grow, the Malaysia Government projected 3.3 million broadband subscribers by 2012, but this will be difficult using fixed broadband due to the lower quality of copper installed throughout most of the country. Growth will likely come from WIMAX, Wi-Fi and 3G/4G connections.

Directors' Report cont'd

Prospects and Future Plans cont'd

Amidst the opportunities ahead of us, comes a set of challenges as competition in the ICT industry is high. The market for Managed Internet Service is characterised by rapid technological changes, evolving industry standards, swift changes in customer requirements and frequent new product introductions and enhancement.

Our competitive advantage is our ability to provide a wider range of services under one roof or one stop as compared to some of our competitors, plus our track record, strong business profile and proven delivery mode to customers based on our 11 years of operational experience. Mykris group will strive to offer products and services that incorporate leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.



Our immediate plan is to venture further into more niche markets through the introduction of forward looking business centric solutions of Managed Internet Service and one stop High Speed Internet Access (HSIA) services via push marketing approach to create awareness and branding to overcome the weakness of low yield and time consuming with pull marketing strategy. The objective of push marketing will help to create a healthy sales funnel through potential customers' enquiries about Mykris group services. Mykris group will leverage on a barter trade with some advertising agencies and billboard operators to trade advertising space with Mykris group services.

Directors' Report cont'd

Prospects and Future Plans cont'd

As part of our expansion plan, we will continue to explore strategic alliances and possible Merger and Acquisition (M&A) exercise to acquire good companies to complement our growing business to serve our customers better. With more products and services coming from within the Mykris group, we will be more competitive in terms of delivery, response and pricing.

Financial Review

Our Company's subsidiaries' revenue and operating results could be adversely affected by many factors which includes amongst others, changes in demand and market acceptance, changes in regulation, changes in operating expenses, technological evolvement, consumer preferences and lower profit margin due to pricing competition, etc.

Mykris recorded strong Group revenue of NZ$1.455 million during the quarter under review. Despite this, Group result was a net loss of NZ$361,263.00, due mainly to the one time write-off of the listing fees of NZ$510,823.00. There are no further listing costs to be expensed off in subsequent periods. It should be noted that as at 31 March 2012, the Group had no gearing and had strong cash position of NZ$1,336,724.00.

Appreciation

On behalf of the Board, we extend our most heartfelt appreciation to all our fellow directors, shareholders, investors, business associates and members of the press for their continuous support. And not forgetting our staff for the many ways in which they have demonstrated their professionalism, dedication and commitment. Our team spirit is second to none and that will continue to drive us towards innovative ideas and harnessing key values for greater growth and profitability in the years to come.

CHEW CHOO SOON
Executive Chairman

CHANG WAI HOONG
Executive Director

Corporate Governance Statement

The Board of Directors ("Board") of Mykris 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 Mykris 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 Mykris. The Board is responsible and accountable to shareholders and others stakeholders for Mykris' 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 Mykris Constitution requires a minimum of two (2) Directors but for governance purposes the company has chosen to have 5 Directors. The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

The Board of Directors currently comprises two (2) Executive Directors (Chew Choo Soon and Chang Wai Hoong) and three (3) Independent Non-Executive Directors (Siow Hock Lee, Brent Douglas King and Huei Min Lim). The three (3) Independent Non-Executive Directors do not participate in the day-to-day management of the Company and are not involved in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to fulfil their responsibility to provide check and balance to the Board.

The profiles of the Directors are presented on pages 4 and 5 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.

Corporate Governance Statement cont'd

Board Meetings and Supply of Information cont'd

A total of two (2) Board Meetings were held during the financial year under review and the Board attendance record is as follows: -

Board Members	Meetings Attended	Meeting Held
Chew Choo Soon (Chairman)	2	2
Chang Wai Hoong	2	2
Siow Hock Lee	2	2
Brent Douglas King	2	2
Huei Min Lim	2	2

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

Audit Committee

The Mykris 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 comprises of the three (3) Non-Executive Directors, all of whom are independent, and is currently chaired by Siow Hock Lee.

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.

Corporate Governance Statement cont'd

Ethical Conduct

Mykris 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, Mykris also maintains a website, www.mykris.net for public access of the Company information, business activities and recent developments to all shareholders and other stakeholders, and for feedback.

Annual General Meeting

The Annual General Meeting (AGM) remains the principal forum for dialogue with shareholders. At the Annual General 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.

Shareholder and Statutory Information

The company is listed on the New Zealand Alternative Exchange (NZAX).

Largest Shareholders (As at 12 July 2012) (Listing Rule 10.5.5(b))

Rank	Shareholder	Holding	%
1	Mykris International Sdn Bhd	37,366,568	62.36
2	Erica Wan Chin Yeo	2,950,000	4.92
3	Emily Peihua Yeo	2,654,500	4.43
4	Sii Yih Ting	1,480,000	2.47
5	Lee Peng Wong	1,400,000	2.34
6	Koon Weng Lee	1,291,325	2.16
7	Chu Kian Then	1,008,300	1.68
8	Richard Chung Boi Goh	960,000	1.60
9	John Fraizer Fernandez	920,488	1.54
10	Wah Seng Hoon	702,847	1.17
11	Yada Holdings No 1 Limited	600,000	1.00
12	Yeng Kok Low	591,700	0.99
13	Bak Khoon Ui	560,000	0.93
14	HSBC Nominees (New Zealand) Limited	543,455	0.91
15	Aik You Neo	525,210	0.88
16	Liew Chin Tan	480,000	0.80
17	Ee Piao Wong	338,291	0.56
18	Norhisham Bin Tugiman	307,973	0.51
19	Kar Hoe Mah	288,448	0.48
20	Tiong Heng Teh	261,692	0.44

Spread of Shareholders (as at 12 July 2012)

	Number of Shareholders	%	Number of Shares	%
Size of Holding				
1-1,999	648	81.0	38,681	0.1
2,000-4,999	19	2.4	52,015	0.1
5,000-9,999	48	6.0	377,862	0.6
10,000-49,999	32	4.0	850,168	1.4
50,000-99,999	20	2.5	1,331,046	2.2
100,000-999,999	26	3.3	9,119,635	15.2
1,000,000 - plus	7	0.9	48,150,693	80.4
	800	100.0	59,920,100	100.0

Geographic Spread (as at 12 July 2012)

Malaysia	89	11.1	50,482,354	84.2
Singapore	32	4.0	7,132,507	11.9
New Zealand	658	82.3	2,206,044	3.7
Rest of world	21	2.6	99,195	0.2
	800	100.0	59,920,100	100.0

Shareholder and Statutory Information cont'd

Substantial Security Holders (as at 12 July 2012)

The following information is provided pursuant to Section 35(F) of the Securities Market Act 1988.

The following are registered by the Company as at 12 July 2012 as Substantial Security Holders in the Company, having declared a relevant interest in voting securities under Section 22 of the Securities Markets Act 1988.

	Shares Beneficially Held	%
MyKRIS International Sdn Bhd	37,366,568	62.36
	37,366,568	62.36

The total number of voting securities of the Company on issue at 12 July 2012 was 59,920,100 paid-up ordinary shares.

Directors

During the period the Board of Directors comprised:

	Appointed	Resigned
Executive Directors		
Chew Choo Soon	21 December 2011	
Chang Wai Hoong	21 December 2011	
Non-Executive Directors		
Siow Hock Lee	21 December 2011	
Brent Douglas King	30 September 2011	
Huei Min Lim	21 December 2011	
Marvin Yee	30 September 2011	21 December 2011

Statement of Directors' Security Holdings (as at 31 March 2012)

	Shares Beneficially Held
Brent Douglas King	115,800

	Shares Non-Beneficial Interest
Chew Choo Soon	14,779,959
Chang Wai Hoong	14,779,959
Brent Douglas King	315,133

Shareholder and Statutory Information cont'd

Brent Douglas King's non-beneficial interests comprise his interest as the owner of all the shares in Snowdon Peak Investments Limited, which company is the holder of 73,523 shares and his interest in Investment Research Group Limited, which company is the holder of 1,317,218 shares.

Chew Choo Soon's non-beneficial interests comprise his interest as a shareholder in Mykris International Sdn Bhd, which the company is the holder of 42,708,120 shares.

Chang Wai Hoong's non-beneficial interests comprise his interest as a shareholder in Mykris International Sdn Bhd, which the company is the holder of 42,708,120 shares.

The following securities transactions were disclosed to the Board and entered into the Interests Register for the year to 31 March 2012.

December 2011	Chew Choo Soon	Shares placement with Mykris International Sdn Bhd	56,000,000
December 2011	Chang Wai Hoong	Shares placement with Mykris International Sdn Bhd	56,000,000
December 2011	Brent Douglas King	Shares placement with Investment Research Group Ltd	2,144,200
December 2011	Brent Douglas King	Warrants placement with Investment Research Group Ltd	6,000,000
January 2012	Chew Choo Soon	Shares distributed by Mykris International Sdn Bhd	13,291,900
January 2012	Chang Wai Hoong	Shares distributed by Mykris International Sdn Bhd	13,291,900
January 2012	Brent Douglas King	Shares distributed by Investment Research Group Ltd	722,255
January 2012	Brent Douglas King	Shares sold by Investment Research Group Ltd	100,000
March2012	Brent Douglas King	Shares sold by Investment Research Group Ltd	667

The following are directorships held by the Mykris Limited Directors as at 31 March 2012:

Chew Choo Soon	**Chang Wai Hoong**
Mykris Limited	Mykris Limited
MyKRIS International Sdn Bhd	MyKRIS International Sdn Bhd
MyKRIS Net (MSC) Sdn. Bhd.	MyKRIS Net (MSC) Sdn. Bhd.
MyKRIS Asia Sdn. Bhd.	MyKRIS Asia Sdn. Bhd.
MyKRIS (PG) Sdn. Bhd.	MyKRIS (PG) Sdn. Bhd.
Zenwise Digital Sdn. Bhd.	Zenwise Digital Sdn. Bhd.

Shareholder and Statutory Information cont'd

The following are directorships held by the Mykris Limited Directors as at 31 March 2012: *continued*

Brent King	**Huei Min Lim**	**Siow Hock Lee**
Drugscene (NZ) Ltd Investment Research Group Ltd & Subsidiaries Money OnLine Ltd MRI Investment Ltd Mykris Limited Snowdon Peak Investments Ltd & Subsidiaries Viking Share Plan Trustee Ltd Warden Consulting Ltd Web Register Software Ltd Wirrela Investments Ltd ACTAtek Limited	Durham Services Limited F H Shortland Limited F H Holdings Limited High Trustees Limited Kaya Investments Limited Mykris Limited	Mykris Limited Caely Holdings Berhad Amtel Holdings Berhad Green Ocean Corparation Berhad

Directors' Remuneration and Other Benefits

The following is the remuneration paid/payable, inclusive of 15% GST to the Directors of Mykris Limited for the period to 31 March 2012.

	Director's fees
Chew Choo Soon	Nil
Chang Wai Hoong	Nil
Siow Hock Lee	$8,625
Brent Douglas King	$7,188
Huei Min Lim	$7,188

Chew Choo Soon and Chang Wai Hoong did not receive any remuneration or other benefits for their roles as Directors of Mykris Limited and its subsidiaries.

Remuneration and Other Benefits

The Directors of Mykris Limited did not receive any other benefits from Mykris Limited in the period to 31 March 2012.

WHK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mykris Limited

Report on the Financial Statements

We have audited the financial statements of Mykris Limited and group on pages 21 to 61, which comprise the consolidated and separate statements of financial position of Mykris Limited as at 31 March 2012, the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cashflows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these 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 of financial statements that give a true and fair view of the matters to which they relate 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, 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 Mykris Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 21 to 61:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of Mykris Limited and group as at 31 March 2012 and their financial performance and cash flows for period then ended.

Emphasis of Matter

We draw attention to Note 30 to the financial statements which describes the uncertainty related to the outcome of the lawsuit filed by ACN Systems Solutions Sdn Bhd. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993 in relation to our audit of the financial statements for the period ended 31 March 2012;

- we have obtained all the information and explanations that we have required.
- in our opinion proper accounting records have been kept by Mykris Limited as far as appears from our examination of those records.

WHK Auckland

Chartered Accountants
Auckland, New Zealand
31 July 2012

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Mykris Limited and its subsidiaries for the period ended 31 March 2012 included on Mykris Limited's website. The directors are responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related auditor's report dated 31 July 2012 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2012

	Note	Group 2012	Parent 2012
Operating revenue	(5)	1,455,043	-
Cost of sales		(581,780)	-
Gross Profit		873,263	-
Less: expenses			
Selling and distribution expenses		76,941	-
Administration expenses	(6)	1,140,909	618,759
Other expenses	(6)	295,958	-
		1,513,808	618,759
Operating loss before financing costs and taxation benefit		**(640,545)**	**(618,759)**
Finance income	(6)	(8,252)	(586)
Finance expense	(6)	4,663	-
Net finance income		(3,589)	(586)
Net loss before income taxation benefit		**(636,956)**	**(618,173)**
Taxation benefit	(7)	275,870	-
Net loss after taxation benefit for the period		**(361,086)**	**(618,173)**
Other comprehensive income			
Movement in foreign currency translation reserve	(10)	(177)	-
Other comprehensive income / (loss) for the period		(177)	-
Total comprehensive income / (loss) for the period		$ (361,263)	$ (618,173)
Earnings per share for loss attributable to the equity holders of the Company during the period:			
- Earnings per share ($ per share)	(8)	(0.01)	(0.02)
- Diluted earnings per share ($ per share)	(8)	(0.01)	(0.02)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2012

Group

	Note	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
Balance at 30 September 2011		-	-	-	-
Comprehensive income					
Net loss for the period		-	(361,086)	-	(361,086)
Other comprehensive income					
Movement in foreign currency translation reserve	(10)	-	-	(177)	(177)
Total comprehensive income		-	(361,086)	(177)	(361,263)
Transactions with owners					
Issue of share capital	(9)	15,000,000	-	-	15,000,000
Total transactions with owners		15,000,000	-	-	15,000,000
Balance at 31 March 2012		**$ 15,000,000**	**$ (361,086)**	**$ (177)**	**$ 14,638,737**

STATEMENTS OF CHANGES IN EQUITY *Continued*

FOR THE PERIOD ENDED 31 MARCH 2012

Parent

	Note	Share Capital	Retained Earnings	Total
Balance at 30 September 2011		-	-	-
Comprehensive income				
Net loss for the period		-	(618,173)	(618,173)
Other comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	(618,173)	(618,173)
Transactions with owners				
Issue of share capital	(9)	15,000,000	-	15,000,000
Total transactions with owners		15,000,000	-	15,000,000
Balance at 31 March 2012		**$15,000,000**	**$ (618,173)**	**$14,381,827**

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	Group 2012	Parent 2012
Shareholders' equity			
Share capital	(9)	15,000,000	15,000,000
Retained earnings		(361,086)	(618,173)
Foreign currency translation reserve	(10)	(177)	-
Total shareholders' equity		**$ 14,638,737**	**$ 14,381,827**
Current assets			
Cash and cash equivalents	(11)	1,336,724	36,242
Trade receivables	(12)	281,798	-
Prepayments and other current assets	(13)	901,466	483,701
Taxation receivable		49,529	-
Related party receivables	(22)	7,696	1,864
Deferred tax assets - current portion	(7)	38,732	-
Total current assets		2,615,945	521,807
Non-current assets			
Property, plant and equipment	(16)	1,245,326	-
Intangible assets and goodwill	(17)	14,015,737	-
Investments in subsidiaries	(14)	-	14,000,000
Total non-current assets		15,261,063	14,000,000
Total assets		**17,877,008**	**14,521,807**
Current liabilities			
Trade and other payables	(18)	486,270	94,787
Related party payables	(22)	26,969	45,193
Term borrowings - current portion	(19)	55,288	-
Deferred tax liabilities - current portion	(7)	333,661	-
Total current liabilities		902,188	139,980
Non-current liabilities			
Term borrowings - non-current portion	(19)	123,516	-
Deferred tax liabilities - non-current portion	(7)	2,212,567	-
Total non-current liabilities		2,336,083	-
Total liabilities		**3,238,271**	**139,980**
Total net assets		**$ 14,638,737**	**$ 14,381,827**
Net tangible assets per share ($ per share)		0.01	0.24

For and on behalf of the Board of Directors, dated 31 July 2012:

....
Chew Choo Soon
Chairman Director

....
Chang Wai Hoong
Executive Director

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2012

	Note	Group 2012	Parent 2012
Cashflows from operating activities			
Cash was provided from:			
Cash receipts from customers		2,860,972	-
Interest received		5,870	586
Cash was applied to:			
Cash payments to suppliers and employees		(1,758,207)	(39,526)
Income tax paid		-	(12)
Interest paid		(4,572)	-
Net cashflows from operating activities	(28)	**1,104,063**	**(38,952)**
Cashflows from investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		(233,639)	-
Payment of NZAX listing deposit		(20,000)	(20,000)
Development expenditure		(133,281)	-
Net cash flows from investing activities		**(386,920)**	**(20,000)**
Cashflows from financing activities			
Cash was provided from:			
Related party receivables		43,600	95,194
Proceeds from borrowings		118,318	-
Cash was applied to:			
Net cashflows from financing activities		**161,918**	**95,194**
Net cash flows		**879,061**	**36,242**
Cash and cash equivalents at the beginning of the period		**-**	**-**
Cash and cash equivalents acquired on purchase of subsidiaries		**457,663**	**-**
Cash and cash equivalents at the end of the period	(11)	**$ 1,336,724**	**$ 36,242**

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

1. REPORTING ENTITY

Mykris Limited is incorporated and domiciled in New Zealand. Mykris Limited is registered under the Companies Act 1993 and listed on the New Zealand Alternative Stock Exchange ('NZAX'). Mykris Limited is a reporting entity and an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Mykris Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993.

The Company and Group are profit-oriented entities.

The principal activity of the Group is that of a managed internet service provider.

The financial statements were authorised for issue by the directors on 31 July 2012.

Reporting Period

The Company was incorporated on 30 September 2011 and commenced trading on 1 October 2011. Accordingly these financial statements are for a six month period and there is no comparative information for the Company and Group.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

Compliance with IFRS

These 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 financial statements also comply with International Financial Reporting Standards ('IFRS').

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in the 'significant accounting policies' in Note 3.

Basis for consolidation

(i) 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. 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.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT *Continued*

Basis for consolidation *Continued*

(i) Subsidiaries *Continued*

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 have been adopted by the Group in preparing these financial statements.

(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 and amended standards, and interpretations mandatory for first time adoption for the financial period ended 31 March 2012 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

There are a number of other new and amended standards, and interpretations mandatory for first time adoption for the financial period ended 31 March 2012 but not currently relevant to the Group in preparing these financial statements. These other new and amended standards and interpretations are not expected to have an impact on the Group's financial statements.

(iv) New standards, amendments and interpretations issued but not yet effective for the financial period ended 31 March 2012 and not early adopted by the Group

The following new standards, amendments and interpretations issued but not yet effective for the Group's accounting periods beginning on or after 1 April 2013 or later periods, but the Group has not early adopted them.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT *Continued*

New and amended standards and interpretations *Continued*

(iv) New standards, amendments and interpretations issued but not yet effective for the financial period ended 31 March 2012 and not early adopted by the Group *Continued*

- 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 2015.
- NZ IAS 24, 'Related Party Disclosures' replaces the 2004 version of the standard. The revised NZ IAS 24 is to be applied retrospectively for annual periods beginning on or after 1 July 2011. Earlier application is permitted. The revised NZ IAS 24 clarifies the definition of a related party and requires the disclosure of commitments involving related parties. Although management is still assessing the impact that adoption of the revised NZ IAS 24 will have, any impact will be to disclosure only (i.e. there will be no recognition or measurement impacts).
- NZ IFRS 10, 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess NZ IFRS 10's full impact and intends to adopt NZ IFRS 10 no later than the accounting period beginning on or after 1 January 2013.
- NZ IFRS 11, 'Joint Arrangements' overhauls the accounting treatment for accounting for jointly controlled entities (joint ventures), jointly controlled operations and jointly controlled assets (collectively now referred to as joint arrangements). NZ IFRS 11 replaces NZ IAS 31 – Interests in Joint Ventures (NZ IAS 31) effective for annual periods beginning on or after 1 January 2013. The Group is yet to assess NZ IFRS 11's full impact and intends to adopt NZ IFRS 11 no later than the accounting period beginning on or after 1 January 2013.
- NZ IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess NZ IFRS 12's full impact and intends to adopt NZ IFRS 12 no later than the accounting period beginning on or after 1 January 2013.
- NZ IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across NZ IFRSs. The requirements, which are largely aligned between NZ IFRSs and NZ GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within NZ IFRSs or NZ GAAP. The Group is yet to assess NZ IFRS 13's full impact and intends to adopt NZ IFRS 13 no later than the accounting period beginning on or after 1 January 2013.
- There are a number of other new standards, amendments and interpretations issued but not effective for the financial period beginning 1 April 2013 and not early adopted by the Group in preparing these financial statements. These other new standards, amendments and interpretations are 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 consolidated financial statements are presented in New Zealand dollars (NZD), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest dollar.

(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

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

(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.

  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).

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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 method.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(h) Financial instruments *Continued*

Basis of recognition and measurement Continued

Financial assets - *continued*

(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 non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

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

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(h) Financial instruments *Continued*

Basis of recognition and measurement Continued

Impairment of financial assets *Continued*

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.

(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 three 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 on-going 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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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.

(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.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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.

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 their useful lives.

The depreciation rates used for each class of assets are:

Class of property, plant and equipment	*Depreciation Rate*
Buildings	2.0%
Motor vehicles	20.0%
Furniture and fittings	10.0%
Office equipment	20.0%
Computer equipment	20.0%
Broadband equipment	20.0%
Data centre equipment	20.0%
Cabling	20.0% - 33.33%
Renovation	20.0%
Wireless equipment	20.0% - 33.33%
Infrastructure	20.0%

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

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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.

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, associates and joint ventures 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 and the fair value of the non-controlling interest in the acquiree. Goodwill has been assessed to be an indefinite useful life intangible.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(r) Intangible assets *Continued*

Contract related intangible assets

Contract related intangible assets 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.

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) 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.

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.

(t) 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 are shown in equity as a deduction, net of tax, from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(u) 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 short-term 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.

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.

(v) 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).

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 on-going 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.

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:

(i) Depreciation of property, plant and equipment

The Group anticipates that the residual values of their property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) 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.

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

5. REVENUE

	Group 2012	Parent 2012
Operating revenue		
- Wireless internet access	1,078,410	-
- IT based products and services	99,199	-
- Royalties fees	277,434	-
Total revenue	$ 1,455,043	$ -

6. LOSS BEFORE INCOME TAX

	Group 2012	Parent 2012
Net loss for the period before income tax has been determined after:		
Amortisation	285,544	-
Depreciation	140,224	-
Movement in the impairment of trade receivables	8,746	-
Bad debts expense	86,303	-
Salaries and wages	293,338	-
Research and development	271,024	-
Donations	13,790	-
Lease and rental	12,784	-
Directors fees	23,001	14,376
New Zealand Alternative Stock Exchange listing expenses	510,823	510,823
Auditors' remuneration		
Audit fees - WHK Auckland	28,750	28,750
Audit fees - Messrs. Crow Horwarth *	1,064	-
Total audit remuneration	$ 29,814	$ 28,750

* Audit fees to Messrs. Crow Horwarth by Subsidiary companies MyKRIS Asia Sdn Bhd, MyKRIS Net (MSC) (refer note 14) and Group company MyKRIS (PG) Sdn Bhd (refer note 15) amounted to $13,173. However as MyKRIS Asia Sdn Bhd and MyKRIS Net (MSC) were acquired on 21 December 2011 (refer note 23) only $1,064 of these fees were recognised as expenses during the reporting period, with the balance being included in pre-aquisition retained earnings.

	Group 2012	Parent 2012
Net finance costs		
Finance income:		
- Interest income	(5,799)	(586)
- Foreign exchange gain	(2,453)	-
Finance costs:		
- Interest expense	4,663	-
Total net finance income	$ (3,589)	$ (586)

7. INCOME TAX

(a) Income tax

	Group 2012	Parent 2012
Net loss before taxation	(636,956)	(618,173)
Income taxation at prevailing tax rates	(177,831)	(173,089)
Non assessable income	(177,471)	-
Non-deductible expenses	46,427	140,084
Tax losses not recognised	33,005	33,005
Taxation benefit per the statement of comprehensive income	$ (275,870)	$ -
Comprising:		
Current	(107,014)	-
Deferred	(168,856)	-
	$ (275,870)	$ -

(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.

	Group 2012	Parent 2012
Deferred tax assets:		
To be recovered within 12 months	38,732	-
To be recovered after more than 12 months	-	-
	38,732	-
Deferred tax liabilities:		
To be recovered within 12 months	333,661	-
To be recovered after more than 12 months	2,212,567	-
	2,546,228	-
Net deferred tax asset/(liability)	$(2,507,496)	$ -

7. INCOME TAX *Continued*

(b) Deferred tax *Continued*

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

Group 2012

	Accelerated Depreciation	Accelerated Amortisation	Other Intangibles	Receivables Impairment Provision	Total
Balance at the beginning of the period	-	-	-	-	-
Acquired as part of the purchase of subsidiary companies	(369,145)	(162,583)	(2,219,500)	62,817	(2,688,411)
Charged to profit and loss	124,324	14,637	55,000	(25,105)	168,856
Foreign exchange movement	7,239	3,799	-	1,021	12,059
Balance at the end of the period	$ (237,582)	$ (144,147)	$(2,164,500)	$ 38,733	$(2,507,496)

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) Imputation credit account

	Group 2012	Parent 2012
Balance as at the beginning of the period	-	-
Balance as at the beginning of the period	$ -	$ -

8. 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.

Earnings per share for loss attributable to the equity holders of the Company during the period:

	Group 2012	Parent 2012
Weighted average number of ordinary shares on issue	33,070,701	33,070,701
Basic earnings per share ($ per share)	(0.01)	(0.02)
Diluted earnings per share ($ per share)	(0.01)	(0.02)

9. SHARE CAPITAL

Parent and Group

	Group 2012	Parent 2012
Share capital consists of:		
Ordinary shares (refer below)	14,980,000	14,980,000
Warrants (refer below)	20,000	20,000
	$15,000,000	$15,000,000

Ordinary shares

	Number of Ordinary Shares 2012	Value 2012
Movement in ordinary shares		
Opening balance as the beginning of the period	-	-
Ordinary share issue [i]	100	-
Ordinary share issue [ii]	56,000,000	14,000,000
Ordinary share issue [iii]	2,000,000	500,000
Ordinary share issue [iv]	1,920,000	480,000
Closing balance as the end of the period	59,920,100	$14,980,000

These ordinary shares are fully paid and have no par value. The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regards to the Company's residual assets.

The following ordinary shares were issued during the period:

i On 30 September 2011 the Company issued 100 ordinary shares at $0.00 per share upon incorporation of the Company.

ii On 21 December 2011 the Company issued 56,000,000 ordinary shares at $0.25 per share, which amounted to $14,000,000 as total consideration for the acquisition of MyKRIS Asia Sdn Bhd ('MyKRIS Asia') and MyKRIS Net (MSC) Sdn Bhd ('MyKRIS Net'), refer also notes 14 and 23.

iii On 21 December 2011 the Company issued 2,000,000 ordinary shares at $0.25 per share, which amounted to $500,000 as total consideration to Investment Research Group Limited for 500,000 Bartercard Trade Dollars, refer also note 13.

iv On 21 December 2011 the Company issued 1,920,000 ordinary shares at $0.25 per share, which amounted to $480,000 as total consideration to Investment Research Group Limited, for agreeing to act as a Sponsor for the purposes of the Company listing on the New Zealand Alternative Stock Exchange (NZAX).

No dividends were declared or paid during the period.

9. SHARE CAPITAL *Continued*

Warrants

	Number of Warrants	Value
	2012	**2012**
Movement in warrants		
Opening balance as the beginning of the period	-	-
Warrant issue [i]	6,000,000	20,000
Closing balance as the end of the period	6,000,000	$ 20,000

These warrants enable the warrant holder to subscribe for ordinary shares in the Company. Each warrant enables the warrant holder to subscribe for a specified number of ordinary shares in the Company at a specified exercise price and specified exercise method and within a specified time period.

The following warrants were issued during the period:

i On 21 December 2011 the Company issued 6,000,000 warrants at $0.25 per warrant, which amounted to $20,000 as total consideration to Investment Research Group Limited, each warrant being a warrant to subscribe for one (1) ordinary share in the Company at an exercise price of NZ$0.25 each payable in cash on exercise, and to be exercisable at any time up to 31 December 2014. Investment Research Group Limited has not exercised any of their warrants as at reporting date.

No warrants were exercised, cancelled or forfeited during the period.

10. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve

	Group	Parent
	2012	**2012**
Movement in foreign currency translation reserve		
Opening balance at the beginning of the period	-	-
Movement in foreign currency translation reserve	(177)	-
Closing balance at the end of the period	$ (177)	$ -

11. CASH AND CASH EQUIVALENTS

	Group 2012	Parent 2012
Cash on hand	1,441	-
Cash at bank - on call	1,335,283	36,242
	$ 1,336,724	$ 36,242

12. TRADE RECEIVABLES

	Group 2012	Parent 2012
Trade receivables	525,504	-
Provision for impairment	(243,706)	-
Net trade receivables	$ 281,798	$ -

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

Movement in the provision for impairment

	Group 2012	Parent 2012
Opening balance at the beginning of the period	-	-
Acquired upon acquisition of subsidiaries	321,263	-
Addition during the financial period	8,746	-
Write off during the financial period	(86,303)	-
Closing balance at the end of the period	$ 243,706	$ -

13. PREPAYMENTS AND OTHER CURRENT ASSETS

	Group 2012	Parent 2012
Prepayments	97,797	-
Other receivables	82,668	12
Security deposits	199,100	-
NZAX listing deposit	20,000	20,000
Bartercard trade dollars	463,689	463,689
Fixed deposit - at bank	38,212	-
	$ 901,466	$ 483,701

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.

The fixed deposit - at bank has been pledged to a financial institution as security for banking facilities granted to the Company. The fixed deposits bore effective interest rates ranging from 2.85% to 3.15% per annum. The fixed deposit has a maturity period ranging from 3 to 12 months.

14. INVESTMENT IN UNLISTED SUBSIDIARY - PARENT

MyKRIS Limited has the following investments in subsidiary companies:

	Parent 2012
MyKRIS Asia Sdn Bhd	10,807,542
MyKRIS Net (MSC) Sdn Bhd	3,192,458
	$14,000,000

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. MyKRIS Limited own 100% of the shares of MyKRIS Asia and holds 100% of the voting power.

MyKRIS Net (MSC) Sdn Bhd ('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 e-commerce providers and facilitators. MyKRIS Net's balance date is 31 March. MyKRIS Limited own 100% of the shares of MyKRIS Net and holds 100% of the voting power.

15. INVESTMENT IN SUBSIDIARIES - GROUP

Group

2012

Subsidiary	Nature of business	Ownership %
The subsidiary company of MyKRIS Asia Sdn Bhd is:		
- MyKRIS (PG) Sdn Bhd	Managed internet service provider	100%

MyKRIS (PG) Sdn Bhd ('MyKRIS Penang') is a company incorporated and domiciled in Malaysia. MyKRIS Penang's balance date is 31 March.

16. PROPERTY PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment

Group

2012	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Buildings	51,227	(8,444)	(1,106)	41,677
Motor vehicles	240,149	(46,395)	(373)	193,381
Furniture and fittings	16,172	(4,441)	(454)	11,277
Office equipment	88,484	(53,717)	(1,005)	33,762
Computer equipment	87,897	(35,062)	(1,318)	51,517
Broadband equipment	85,009	(44,910)	(1,646)	38,453
Data centre equipment	187,884	(43,397)	(3,260)	141,227
Cabling	45,137	(21,868)	(679)	22,590
Renovation	5,094	(4,707)	(366)	21
Wireless equipment	1,045,171	(367,996)	(17,663)	659,512
Infrastructure	53,276	-	(1,367)	51,909
	$ 1,905,500	$ (630,937)	$ (29,237)	$ 1,245,326

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

Group

2012	Opening Net Book Value	Additions	Disposals	Depreciation	Foreign Exchange Movement	Closing Net Book Value
Building	-	43,116	-	(333)	(1,106)	41,677
Motor vehicles	-	206,510	-	(12,756)	(373)	193,381
Furniture and fittings	-	17,659	(4,718)	(1,210)	(454)	11,277
Office equipment	-	40,587	(203)	(5,617)	(1,005)	33,762
Computer equipment	-	61,945	(2,874)	(6,236)	(1,318)	51,517
Broadband equipment	-	63,884	(14,232)	(9,553)	(1,646)	38,453
Data centre equipment	-	156,718	(938)	(11,293)	(3,260)	141,227
Cabling	-	26,425	(31)	(3,125)	(679)	22,590
Renovation	-	14,063	(12,644)	(1,032)	(366)	21
Wireless equipment	-	789,506	(23,262)	(89,069)	(17,663)	659,512
Infrastructure	-	53,276	-	-	(1,367)	51,909
	$ -	$ 1,473,689	$ (58,902)	$ (140,224)	$ (29,237)	$ 1,245,326

17. INTANGIBLE ASSETS

(a) Carrying values of intangible assets

Group

2012	Cost	Accumulated Amortisation /Impairment	Foreign Exchange Movement	Carrying Value
Computer software	65,376	(17,140)	(1,465)	46,771
Goodwill	4,737,070	-	-	4,737,070
Customer lists	8,878,000	(221,950)	-	8,656,050
Development	928,697	(336,975)	(15,876)	575,846
	-	-	-	-
	$14,609,143	$ (576,065)	$ (17,341)	$14,015,737

(b) Movements in the carrying values of intangible assets

Group

2012	Opening Net Book Value	Additions	Disposals	Accumulated Amortisation /Impairment	Foreign Exchange Movement	Closing Net Book Value
Computer software	-	56,954	(3,735)	(4,983)	(1,465)	46,771
Goodwill	-	4,737,070	-	-	-	4,737,070
Customer lists	-	8,878,000	-	(221,950)	-	8,656,050
Development	-	650,333	-	(58,611)	(15,876)	575,846
	$ -	$14,322,357	$ (3,735)	$ (285,544)	$ (17,341)	$14,015,737

Goodwill

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

	Group 2012	Parent 2012
Allocated to MyKRIS Asia and MyKRIS Net	4,737,070	-
	-	-
	$ 4,737,070	$ -

The recoverable amount of business goodwill as at reporting date is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of three years.

17. INTANGIBLE ASSETS *Continued*

Goodwill *continued*

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

	MyKRIS Net and MyKRIS Asia 2012
Gross margin	81.0 %
Growth rate	7.5 - 15.0 %
Discount rate	16.9 %

(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

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially lower than its recoverable amount.

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	Group 2012	Parent 2012
Trade creditors	134,184	-
Accruals	205,915	44,787
Deferred income	82,885	-
Other payables	63,286	50,000
	$ 486,270	$ 94,787

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

19. TERM BORROWINGS

	Group 2012	Parent 2012
Current		
Lease and hire purchase payables (refer note (21))	54,603	-
Term loan (refer note (20))	685	-
	$ 55,288	$ -
Non-current		
Lease and hire purchase payables (refer note (21))	123,516	-
	123,516	-
	$ 178,804	$ -

20. TERM LOAN

	Group 2012	Parent 2012
Current		
Alliance Bank (M) Bhd	685	-
	685	-

MyKRIS Asia (MSC) Sdn Bhd ('MyKRIS Asia') has a term loan with Alliance Bank (M) Bhd. The loan was for a term of 85 months from the date of inception, which was the 25 April 2005. The term loan bore an effective interest rate of 7.70% per annum at the end of the reporting period and is secured by a legal charge over the building of the MyKRIS Asia and a joint and several guarantee of the directors of the MyKRIS Asia.

21. FINANCE LEASE AND HIRE PURCHASE PAYABLES

	Group 2012	Parent 2012
Minimum lease and hire purchase payments:		
- not later than one year	63,346	-
- later than one year and not later than five years	136,976	-
	200,322	-
Less: Future finance charges	22,203	-
Present value of lease and hire purchase payables	$ 178,119	$ -
Current portion:		
- not later than one year	54,603	-
Non-current portion:		
- not later than one year and not later than five years	123,516	-
Present value of lease and hire purchase payables	$ 178,119	$ -

The lease and hire purchase payables were subjected to interest rates ranging from 2.33% to 6.46% per annum at the end of the reporting period.

The security over these lease and hire purchase payables was a deposit paid to the lessor of $5,815.

The carrying value of the assets under the lease and hire purchase as at reporting date was $46,798.

22. 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 period:

Related party	Relationship
MyKRIS Asia Sdn Bhd	Subsidiary company of MyKRIS Limited
Chang Wai Hoong	Director
Chew Choo Soon	Director
Investment Research Group Limited	Company shareholder
MyKRIS International Sdn Bhd	Common shareholder

	Group 2012	Parent 2012
Related party receivables:		
External parties		
Investment Research Group Limited	1,864	1,864
MyKRIS International Sdn Bhd	5,832	-
	$ 7,696	$ 1,864
Related party payables:		
Group companies		
MyKRIS Asia Sdn Bhd	-	(45,193)
Directors		
Chang Wai Hoong	(11,522)	-
Chew Choo Soon	(12,857)	-
External parties		
MyKRIS International Sdn Bhd	(2,590)	-
	$ (26,969)	$ (45,193)

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

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.

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

	Group 2012	Parent 2012
Transactions with related parties		
Expense recharges payable by MyKRIS Limited to MyKRIS Asia Sdn Bhd	-	45,193

22. RELATED PARTY BALANCES AND TRANSACTIONS Continued

Furthermore subsidiary companies and their subsidiaries transact with one another. During the period ended 31 March 2012 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.

	Group	Parent
	2012	2012
Transactions with key management personnel		
Short term employee benefits	26,388	-
Directors fees	14,376	14,376

23. BUSINESS COMBINATIONS

Acquisition of MyKRIS Asia and MyKRIS Net

Mykris Limited acquired control of two Malaysian incorporated companies, MyKRIS Asia (MSC) Sdn Bhd ('MyKRIS Asia') and MyKRIS Net (MSC) Sdn Bhd ('MyKRIS Net'), on 21 December 2011 by way of a share swap. In turn MyKRIS Asia owns a 100% shareholding in a subsidiary company, MyKRIS (PG) Sdn Bhd ('MyKRIS Penang'), which is also a Malaysian incorporated company.

The following table summarises the consideration transferred by Mykris Limited for MyKRIS Asia and MyKRIS Net, the fair value of the assets acquired and debt assumed at the acquisition date under the sale and purchase agreement.

Consideration as at 21 December 2011

	MyKRIS Asia	MyKRIS Net	Total
Shares swapped	10,807,542	3,192,458	14,000,000
Total consideration	$10,807,542	$ 3,192,458	$14,000,000

Recognised amounts of identifiable assets acquired and liabilities assumed

	MyKRIS Asia	MyKRIS Net	Total
Net working capital	(145,701)	1,470,548	1,324,847
Property, plant and equipment	1,126,250	10,417	1,136,667
Intangible assets - software	-	662,083	662,083
Intangible assets - customer list	8,878,000	-	8,878,000
Intangible assets - goodwill	3,478,285	1,258,785	4,737,070
	13,336,834	3,401,833	16,738,667
Debt assumed	(365,417)	(153,750)	(519,167)
Deferred tax liabilities	(2,219,500)	-	(2,219,500)
Total identifiable net assets	$10,751,917	$ 3,248,083	$14,000,000

The goodwill arising from the acquisition is attributable to revenue growth, future market development and a assembled workforce from combining the operations of the MyKRIS Asia and MyKRIS Net and the MyKRIS Limited Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

23. BUSINESS COMBINATIONS *Continued*

No acquisition-related costs have been charged to the profit or loss in the statement of comprehensive income for the period ended 31 March 2012.

For the trade receivables acquired (included in net working capital above), at acquisition date; the fair value of these trade receivables was $1,347,963; the gross amount of these trade receivables was $1,678,254; and the best estimate of contractual cash flows not expected to be collected was $330,291.

The amounts of revenue and profit or loss of the aquirees since acquisition date included in the statement of comprehensive income for the period ended 31 March 2012:

	MyKRIS Asia	MyKRIS Net	Total
Revenue	$ 1,177,609	$ 277,434	$ 1,455,043
Profit or loss	$ (274,218)	$ 697,769	$ 423,551

The amounts of revenue and profit or loss of the Group had the acquisition of the aquirees occurred at the beginning of the reporting period (i.e. 30 September 2011):

	Group
Revenue	$ 3,744,930
Profit or loss	$ (337,982)

24. 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:

2012	Group	Parent
Financial assets:		
Loans and receivables:		
- Cash and cash equivalents	1,336,724	36,242
- Trade receivables	525,504	-
- Other receivables	82,668	20,012
- Related party receivables	7,695	1,864
	$ 1,952,591	$ 58,118
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade payables	134,184	-
- Other payables	146,168	50,000
- Related party payables	26,969	45,193
- Hire purchase	178,120	-
- Term borrowings	685	-
	$ 486,126	$ 95,193

25. 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 on-going basis to ensure that the net exposure is at an acceptable level.

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

	Group	Parent
	2012	2012
United States dollar (USD)	(26,490)	-
Australian dollar (AUD)	22,258	-
Chinese renminbi (RMB)	2,396	-
Hong Kong dollar (HKD)	134,430	-
Malaysian ringgit (MYR)	465,917	(43,329)
	$ 598,511	$ (43,329)

Foreign currency risk sensitivity analysis

A 1% strengthening/weakening of the New Zealand dollar against the United States dollar, Australian dollar, Chinese renminbi, Hong Kong dollar and the Malaysian ringgit as at the end of the reporting period would have an immaterial impact on profit after taxation. This assumes that all other variables remain constant.

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.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 24 (a)(iii) to the financial statements.

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

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

25. FINANCIAL RISK MANAGEMENT *Continued*

(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 on-going 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.

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 Company's major concentration of credit risk relates to the amounts owing by one (1) customer which constituted approximately 47% 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:

	Group 2012	Parent 2012
Malaysia	96,360	-
Australia	22,258	-
China	2,396	-
United States	26,354	-
Hong Kong	134,430	-
Net trade receivables	$ 281,798	$ -

Ageing analysis

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

Group

2012

	Gross amount	Individual impairment	Collective impairment	Carrying value
Not past due	162,704	-	-	162,704
Past due:				
- 0 to 30 days	15,765	-	-	15,765
- 31 to 90 days	-	-	-	-
- more than 90 days	347,035	(243,706)	-	103,329
Net trade receivables	$ 525,504	$ (243,706)	$ -	$ 281,798

25. FINANCIAL RISK MANAGEMENT *Continued*

(ii) Credit risk *continued*

Parent

2012

	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	-	-	-	-
	$ -	$ -	$ -	$ -

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

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.

25. FINANCIAL RISK MANAGEMENT *Continued*

(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):

Group

2012

	Carrying amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Trade payables	134,184	134,184	134,184	-	-	-
Other payables	146,168	146,168	146,168	-	-	-
Related party payables ***	26,969	26,969	26,969	-	-	-
Hire purchase payables *	178,119	178,119	27,301	27,302	123,516	-
Term loan **	685	685	685	-	-	-
	$ 486,125	$ 486,125	$ 335,307	$ 27,302	$ 123,516	$ -

* The weighted average effective interest rate for hire purchase payables is 2.33% to 6.46%.

** The weighted average effective interest rate for the term loan is 7.70%.

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

Parent

2012

	Carrying amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Other payables	50,000	50,000	50,000	-	-	-
Related party payables ***	45,193	45,193	45,193	-	-	-
	$ 95,193	$ 95,193	$ 95,193	$ -	$ -	$ -

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

25. FINANCIAL RISK MANAGEMENT *Continued*

(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 short-term position but also its long-term operational and strategic objectives.

26. 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.

2012	**Group**		**Parent**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents	1,336,724	1,336,724	36,242	36,242
Trade receivables	281,799	281,799	-	-
Other receivables	82,668	82,668	20,012	20,012
Related party receivables	7,695	7,695	1,864	1,864
Financial liabilities				
Trade payables	134,184	134,184	-	-
Other payables	146,168	146,168	50,000	50,000
Related party payables	26,969	26,969	45,193	45,193
Hire purchase	178,120	178,120	-	-
Term loan	685	685	-	-

27. 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.

2012 - Group

	Group
External revenue	1,455,043
Inter-segment revenue	-
Total	$ 1,455,043
Net segment profit / (loss) before taxation	(636,956)
Taxation expense	275,870
Net profit / (loss) after taxation	(361,086)
Interest income	-
Interest expense	-
Depreciation	140,224
Amortisation	285,544
Other material non-cash items:	
- Impairment of trade receivables	(77,575)
- Bad debts expense	86,303
Assets	
Total segment assets	17,838,276
Additions to non-current assets other than financial instruments:	
- Property, plant and equipment	1,473,689
- Intangible assets	14,322,357
Liabilities	
Total segment liabilities	3,199,539

The Group operated predominantly in Malaysia.

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

- United States of America	16,766
- Hong Kong	280,648
- Malaysia	1,157,629
Total external revenue	$ 1,455,043

27. OPERATING SEGMENTS *Continued*

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

Malaysia

- Property, plant and equipment	1,245,326
- Intangible assets	14,015,737
- Intangible assets	$15,261,063

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

28 RECONCILIATION OF NET LOSS AFTER TAXATION TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

	Group	Parent
	2012	2012
Profit / (loss) after tax	(361,086)	(618,173)
Add/(less) non-cash items:		
Depreciation	140,224	-
Amortisation	285,544	-
Impairment	9,315	-
Deferred tax	(188,754)	-
Adjustment for items shown in investing activities		
Payment of NZAX listing deposit	20,000	20,000
Adjustment for items shown in financing activities		
Receipt of Bartercard trade dollars for shares issued	500,000	500,000
Shares based payments for listing fees	500,000	500,000
Proceeds from the movement in director balances	(43,600)	-
Add / less movements in working capital items		
Working capital acquired	969,846	-
Decrease / (increase) in trade receivables	(281,798)	(483,672)
Decrease / (increase) in prepayments and other current assets	(901,466)	-
Decrease / (increase) in tax receivables	(49,529)	(1,864)
Decrease / (increase) in related party receivables	(7,696)	-
(Decrease) / increase in trade and other payables and accruals	486,094	44,757
(Decrease) / increase in related party payables	26,969	-
Net cash outflow / (inflow) from operating activities	$ 1,104,063	$ (38,952)

29. COMMITMENTS

Capital commitments

	Group 2012	Parent 2012
Approved and contracted for:		
- purchase of shop premises	243,699	-
	$ 243,699	$ -

MyKRIS Asia (MSC) Sdn Bhd ('MyKRIS Asia') has agreed to purchase a parcel of shop premises. The full settlement of the purchase price is expected to be paid over the course of the next 12 months.

Other commitments

There were no other material commitments at balance date.

30. 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 the MyKRIS Asia (MSC) Sdn Bhd ('MyKRIS Asia') and 7 other defendants ("Defendants") for inter alia, special damages amounting RM11,626,400 and general, exemplary and punitive damages to be assessed.

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 MyKRIS Asia and all of the Defendants to injure the Plaintiff and thereby cause losses and damages to the Plaintiff. MyKRIS Asia filed their memorandum of appearance and subsequently filed their defence on 17 September 2010. The dates for the trial have been fixed from 23rd to 26th June 2013.

No provision has been made for this claim as the directors, based on solicitors' opinion, are of the view that the allegations of conspiracy between the MyKRIS Asia and the other defendants and causing losses and damages to the Plaintiff's claim against the MyKRIS Asia will fail and dismissed with cost.

Other contingent liabilities

There were no other material contingent liabilities at reporting date.

31. SUBSEQUENT EVENTS

There were no material events subsequent to reporting date.