

MYKCO LIMITED
CONDENSED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

MYKCO LIMITED

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MYKCO LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The six months to 30 September 2017 period has been a passive one for MYKCO in terms of financial activity. The transactions in the Condensed Statement of Comprehensive Income reflect the compliance and legal costs incurred in maintaining the business. MYKCO has no staff members and costs are kept to a minimum.

The directors have been considering options for the future particularly in the Financial Services sector.

We have reviewed a number of possible listing targets. We have received a number of approaches and we have reviewed each of these. The major issue we have faced is that the businesses are in an early stage and they are cash flow negative and they are not producing profits. With increasing compliance costs of a listed business the businesses become even more unattractive. We have ruled out businesses, which will require further funding in the future. We have rejected most approaches on one or all of the above basis.

We have advanced one opportunity and spent time and resource on the project. Investors should note the Investment Option listed under Current Assets in the Condensed Statement of Financial Position.

This Option gives MYKCO the right to a script bid for a business on the basis of net tangible assets.

This has developed slower than we have expected, however we are hopeful that an announcement can be made prior to the calendar year end.

We will announce progress as soon as we are able.

Changes to the Board of Directors.

Shareholders will note the changes to the Board of Directors over the last 6 months.

- Mr Rewi Bugo has been appointed as a director at the Annual meeting. Mr Bugo is an experienced international Businessman. He brings significant knowledge and experience to the Board.
- Mr Chew Choo Soon has resigned as Chair and also as a Director of MYKCO. Mr. Chew made a valuable contribution to MYKCO (and Mykris previously) and we thank him for this contribution.
- As a result of the above Mr. Brent King has been appointed Acting Chair effective 9 October 2017.

The Directors thank the Shareholders for their continued support.

We will announce progress as soon as we are able.

For and on behalf of the Board of Directors, dated 1 November 2017



Brent King

Chairman

MYKCO LIMITED
Condensed Statement of Comprehensive Income
For the six months ended 30 September 2017

	Unaudited 6 months 30/09/17 NZ\$	Unaudited 6 months 30/09/16 NZ\$	Audited 12 months 31/03/17 NZ\$
Administration expenses	76,110	137,530	218,695
Other expenses	-	-	5,285
	<u>76,110</u>	<u>137,530</u>	<u>223,980</u>
Operating loss before financing costs and taxation expense	(76,110)	(137,530)	(223,980)
Finance income	4,867	4,385	9,031
Net finance income	<u>4,867</u>	<u>4,385</u>	<u>9,031</u>
Net loss before income taxation benefit	(71,243)	(133,145)	(214,949)
Taxation benefit	-	-	-
Net loss after income taxation benefit	<u>(71,243)</u>	<u>(133,145)</u>	<u>(214,949)</u>
Other comprehensive income			
Unrealised profit / (loss) on investments	-	(954)	(954)
Other comprehensive income / (loss) for the period	<u>-</u>	<u>(954)</u>	<u>(954)</u>
Total comprehensive loss for the period	<u>(71,243)</u>	<u>(134,099)</u>	<u>(215,903)</u>
Loss per share:			
Basic loss per share (cents per share)	(0.36)	(0.97)	(1.36)
Diluted loss per share (cents per share)	(0.36)	(0.97)	(1.36)

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

MYKCO LIMITED
Condensed Statement of Changes in Equity
For the six months ended 30 September 2017

	Share Capital	Retained Earnings / (Accumulated Losses)	Foreign Exchange Reserve	Treasury Stock	Total
Balance at 31 March 2016	3,113,454	(1,934,398)	-	(163,474)	1,015,582
Comprehensive income					
Net loss for the period to 30 September 2016	-	(133,145)	-	-	(133,145)
Other comprehensive income					
Movement in foreign currency translation reserve up to 30 September 2016	-	(954)	-	-	(954)
Total comprehensive income	-	(134,099)	-	-	(134,099)
Transactions with owners					
Shares Issued and sale of Treasury shares	204,342	-	-	45,773	250,115
Costs of share issues	(18,759)	-	-	-	(18,759)
Sale of treasury shares	-	(117,701)	-	117,701	-
Total transactions with owners	185,583	(117,701)	-	163,474	231,356
Balance at 30 September 2016	\$ 3,299,037	\$ (2,186,198)	\$ -	\$ -	\$ 1,112,839

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Treasury Stock	Total
Balance at 31 March 2016	3,113,454	(1,934,398)	-	(163,474)	1,015,582
Comprehensive income					
Net profit for the period to 31 March 2017	-	(214,949)	-	-	(214,949)
Other comprehensive income					
Unrealised profit on investments	-	(954)	-	-	(954)
Total comprehensive income	-	(215,903)	-	-	(215,903)
Transactions with owners					
Shares Issued and sale of Treasury shares	420,128	-	-	45,773	465,901
Costs of share issues	(41,380)	-	-	-	(41,380)
Sale of treasury shares	-	(117,701)	-	117,701	-
Total transactions with owners	378,748	(117,701)	-	163,474	424,521
Balance at 31 March 2017	\$ 3,492,202	\$ (2,268,002)	\$ -	\$ -	\$ 1,224,200
Comprehensive income					
Net profit / (loss) for the period	-	(71,243)	-	-	(71,243)
Total comprehensive income	-	(71,243)	-	-	(71,243)
Balance at 30 September 2017	\$ 3,492,202	\$ (2,339,245)	\$ -	\$ -	\$ 1,152,957

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

MYKCO LIMITED
Condensed Statement of Financial Position
As at 30 September 2017

	Unaudited 30/09/17 NZ\$	Unaudited 30/09/16 NZ\$	Audited 31/03/17 NZ\$
SHAREHOLDERS EQUITY			
Share capital	3,492,202	3,299,037	3,492,202
Retained earnings	(2,339,245)	(2,186,198)	(2,268,002)
Total shareholders equity	\$ 1,152,957	\$ 1,112,839	\$ 1,224,200
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	346,388	489,516	416,704
Investment option	100,000	-	100,000
Prepayments and other current assets	25,895	23,204	33,218
Total current assets	472,283	512,720	549,922
NON-CURRENT ASSETS			
Bartercard assets	696,681	701,458	697,122
Total non-current assets	696,681	701,458	697,122
Total assets	1,168,964	1,214,178	1,247,044
CURRENT LIABILITIES			
Trade and other payables	16,007	101,339	15,344
Related party payables	-	-	7,500
Total current liabilities	16,007	101,339	22,844
Total liabilities	16,007	101,339	22,844
Net assets / (liabilities)	\$ 1,152,957	\$ 1,112,839	\$ 1,224,200
Net Tangible Assets per share (\$ per share)	0.06	0.07	0.06


 Brent King
 Chairman


 Hwei Min Lim
 Director

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

MYKCO LIMITED
Condensed Statement of Cash Flows
For the six months ended 30 September 2017

	Unaudited 6 months 30/09/17 NZ\$	Unaudited 6 months 30/09/16 NZ\$	Audited 12 months 31/03/17 NZ\$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received	4,867	4,385	9,031
<i>Cash was applied to:</i>			
Cash payments to suppliers and employees	(75,183)	(68,648)	(238,305)
Net cash inflow from operating activities	(70,316)	(64,263)	(229,274)
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of listed investments	-	139,449	140,283
<i>Cash was applied to:</i>			
Purchase of investment option	-	-	(100,000)
Net cash flows from investing activities	-	139,449	40,283
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Issue of shares	-	204,342	420,128
Sale of treasury stock	-	45,773	45,773
<i>Cash was applied to:</i>			
Share issue costs	-	(18,759)	(41,380)
Related Party payables	-	-	(1,800)
Net cash flows from financing activities	-	231,356	422,721
Net increase in cash and cash equivalents	(70,316)	306,542	233,730
Cash and cash equivalents at the beginning of the period	416,704	182,974	182,974
Cash and cash equivalents at end of the period	\$ 346,388	\$ 489,516	\$ 416,704

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

MYKCO LIMITED

Selected explanatory notes to the Interim Financial Statements For the six months ended 30 September 2017

1. REPORTING ENTITY

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

The condensed interim financial statements of Mykco Limited as at and for the period ended 30 September 2017 are for the Company. For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP") the Company is a for-profit entity. The Company has been a shell since discontinuing all operations and selling its operating subsidiaries in September 2015. The company is investigating other investment opportunities.

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

These consolidated interim financial statements were authorised for issue by the directors on 1 November 2017.

2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

Accounting policies and methods of computation

The same accounting policies and methods of computation have been followed in the preparation of these condensed interim financial statements as compared to the most recent annual financial statements of the Company for the period ended 31 March 2017.

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), New Zealand International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34 '*Interim Financial Reporting*' as appropriate for profit-oriented entities

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the company's financial statements as at and for the period ended 31 March 2017.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect that application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the period ended 31 March 2017.

3. SEASONALITY/CYCLICALITY OF OPERATIONS

The Company's results are not affected to any significant extent by seasonality or cyclicity factors.

MYKCO LIMITED

Selected explanatory notes to the Interim Financial Statements For the six months ended 30 September 2017

3. ISSUED SHARE CAPITAL

Share capital	Company Shares Issued No.	Company NZ\$
Balance at 31 March 2016	13,077,916	\$ 3,113,454
Movement to 30 September 2016		
Ordinary shares issued	3,269,479	185,583
Balance at 30 September 2016	16,347,395	\$ 3,299,037
Movement to 31 March 2017		
Ordinary shares issued	3,269,479	193,165
Balance at 31 March 2017 and 30 September 2017	19,616,874	3,492,202

The Shares issued during the prior year were:

Issue to Belian Holdings Limited of 3,269,479 ordinary shares that was approved by the directors on 26 August 2016.

Issue to Joshua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited of 3,269,479 ordinary shares that was approved by the directors on 13 January 2017.

4. TREASURY STOCK

Treasury Stock	Company Shares Issued No.	Company NZ\$
Balance at 31 March 2016	(653,896)	(163,474)
Movement to 30 September 2016		
Sale of treasury shares	653,896	163,474
Balance at 30 September 2016, 31 March 2016 and 30 September 2017	-	-

MYKCO LIMITED

Selected explanatory notes to the Interim Financial Statements For the six months ended 30 September 2017

5. 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).

Consistent with most recent annual financial statements of the Group, the Group is shell and organised into one reportable operating segment only.

	Unaudited 6 months 30/09/17 NZ\$	Unaudited 6 months 30/09/16 NZ\$	Audited 12 months 31/03/17 NZ\$
Net segment loss before taxation	(71,243)	(133,145)	(214,949)
Taxation benefit	-	-	-
Net profit / (loss) after taxation	<u>\$ (71,243)</u>	<u>\$ (133,145)</u>	<u>\$ (214,949)</u>
Total segment assets	<u>\$ 1,168,964</u>	<u>\$ 1,214,178</u>	<u>\$ 1,247,044</u>

7. UNUSUAL ITEMS

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence apart from the items disclosed in these notes.

8. CONTINGENT ASSETS AND LIABILITIES

There were no other material contingencies at reporting date.

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

Reconciliation of net loss with cash outflow from operations

	Unaudited 6 months 30/09/17 NZ\$	Unaudited 6 months 30/09/16 NZ\$	Audited 12 months 31/03/17 NZ\$
Profit / (loss) after tax	(71,243)	(133,145)	(214,949)
<i>Adjustment for items shown in investment activities</i>			
<i>Disposal of listed investments</i>	-	834	-
<i>Add / less movements in working capital items:</i>			
Decrease / (increase) in prepayments and other current assets	7,323	800	(4,437)
(Decrease) / increase in bartercard assets	441	5,157	4,716
(Decrease) / increase in trade and other payables and accruals	663	63,891	(14,604)
(Decrease) / increase in related parties payables and accruals	(7,500)	(1,800)	-
Net cash outflow / (inflow) from operating activities	<u>\$ (70,316)</u>	<u>\$ (64,263)</u>	<u>\$ (229,274)</u>

MYKCO LIMITED

COMPANY DIRECTORY

Company Number: 3568071

Issued Capital: 19,616,874 Ordinary Shares (Fully Paid)

Board of Directors: Brent Douglas King, Chairman
Huei Min Lim, Independent Non-Executive Director
Rewi Hamid Bugo, Independent Non-Executive Director

Registered Office: Level 7, 12-26 Swanson Street, Auckland, 1010, New Zealand

Company Secretary: Garth Ward
Level 7, 12-26 Swanson Street
Auckland, New Zealand

Banker: ANZ National Bank Limited
203 Queen Street,
Cnr Queen & Victoria Streets
Auckland, 1010, New Zealand

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

Solicitors: Lowndes Associates
Level 5, Lowndes Associates House, 18 Shortland Street,
PO Box 7311, 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.mykco.co.nz