

MYKCO LIMITED
(formerly Mykris Limited)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR
THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

MYKCO LIMITED
(formerly Mykris limited)

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MYKCO LIMITED
(formerly Mykris Limited)

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The Directors of Mykco Ltd are pleased to present the unaudited interim results on the Group's performance for the six months ended 30 September 2015.

On 29 September 2015 the shareholders at the Annual Meeting approved the transaction with its major shareholder, Mykris International Sdn. Bhd. (MIB) under which the Company is to sell its subsidiaries, Mykris Net (MSC) Sdn. Bhd. and Mykris Asia Sdn. Bhd. to MIB by selling all its shares in the Subsidiaries to MIB. The transaction was settled on 3 November 2015 however as the effective control was passed on 29 September the transaction has been accounted on that date.

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

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

The interim accounts record this transaction with MIB transferring 35,224,545 shares and third parties transferring 14,471,535 shares back the Company and the cash payment was settled after the balance date and a loss on disposal of \$2,391,512 is recorded in the accounts.

The profit after tax of the Group prior to the sale of the subsidiaries to MIB was \$277,486.

Balance Sheet

The Company is now a cashed up shell with no trading assets and no borrowings.

The Next Stage

The Directors of Mykco Ltd are investigating a number of investment opportunities for the company. The Directors will continue to assess investment opportunities for the Company.

For more information on our activities, please refer to our website <http://www.mykco.co.nz>

For and on behalf of the Board of Directors, dated 28 January 2015



Chew Choo Soon
Chairman

MYKCO LIMITED (formerly known as Mykris Limited)
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2015

	Unaudited 6 months 30-09-15 NZ\$	Unaudited 6 months 30-09-14 NZ\$	Audited 12 months 31-03-15 NZ\$
Operating revenue	7,405,277	3,881,702	8,349,158
Cost of sales	(4,290,109)	(1,606,657)	(3,225,811)
Gross profit	3,115,168	2,275,045	5,123,347
Other revenue	28,659	6,572	32,634
Selling and distribution expenses	528,156	349,187	915,570
Administration expenses	1,716,037	1,469,677	3,098,850
Other expenses	3,141,776	646,325	1,432,107
	5,385,969	2,465,189	5,446,527
Operating loss before financing costs and taxation expense	(2,242,142)	(183,572)	(290,546)
Finance income	4,459	6,515	8,181
Finance expense	(6,595)	(2,775)	(6,394)
Net finance income	(2,136)	3,740	1,787
Net loss before income taxation benefit	(2,244,278)	(179,832)	(288,759)
Taxation benefit	130,252	197,147	438,339
Net profit / (loss) after income taxation benefit	(2,114,026)	17,315	149,580
Other comprehensive income			
Movement in foreign currency translation reserve	546,412	514,984	20,037
Other comprehensive income / (loss) for the period	546,412	514,984	20,037
Total comprehensive income / (loss) for the period	(1,567,614)	532,299	169,617
Earnings / (loss) per share:			
Basic earnings / (loss) per share (cents per share)	(3.53)	0.03	0.25
Diluted earnings / (loss) per share (cents per share)	(3.53)	0.03	0.25

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

MYKCO LIMITED (formerly known as Mykris Limited)
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2015

	Share Capital	Retained Earnings / (Accumulated Losses)	Foreign Exchange Reserve	Treasury Stock	Total
Balance at 31 March 2014	15,000,000	123,808	(566,449)		14,557,359
Comprehensive income					
Net loss for the period	-	17,315	-		17,315
Other comprehensive income					
Movement in foreign currency translation reserve	-	-	514,984		514,984
Total comprehensive income	-	17,315	514,984	-	532,299
Balance at 30 September 2014	\$15,000,000	\$ 141,123	\$ (51,465)	\$ -	\$ 15,089,658

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Treasury Stock	Total
Balance at 31 March 2014	15,000,000	123,808	(566,449)		14,557,359
Comprehensive income					
Net profit for the period	-	149,580	-		149,580
Other comprehensive income					
Movement in foreign currency translation reserve	-	-	20,037		20,037
Total comprehensive income	-	149,580	20,037	-	169,617
Balance at 31 March 2015	\$15,000,000	\$ 273,388	\$ (546,412)	\$ -	\$ 14,726,976

Comprehensive income					
Net profit / (loss) for the period	-	(2,114,026)	-		(2,114,026)
Other comprehensive income					
Movement in foreign currency translation reserve	-	-	546,412		546,412
Total comprehensive income	-	(2,114,026)	546,412	-	(1,567,614)
Transactions with owners					
Dividend paid		-			-
Shares Issued	374,000	-	-	-	374,000
Shares returned for cancellation or held as treasury stock	(12,260,546)	-	-	(163,474)	(12,424,020)
Total transactions with owners	(11,886,546)	-	-	(163,474)	(12,050,020)
Balance at 30 September 2015	\$ 3,113,454	\$ (1,840,638)	\$ -	\$ (163,474)	\$ 1,109,342

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

MYKCO LIMITED (formerly known as Mykris Limited)
Condensed Consolidated Statement of Financial Position
As at 30 September 2014

	Unaudited 30-09-15 NZ\$	Unaudited 30-09-14 NZ\$	Audited 31-03-15 NZ\$
	<u>Note</u>		
SHAREHOLDERS EQUITY			
Share capital	3,113,454	15,000,000	15,000,000
Retained earnings	(1,840,638)	141,123	273,388
Foreign currency translation reserve	-	(51,465)	(546,412)
Treasury Stock	(163,474)		
Total shareholders equity	\$ 1,109,342	\$ 15,089,658	\$ 14,726,976
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	1,254,146	1,046,904	839,638
Trade receivables	-	1,910,943	1,555,312
Prepayments and other current assets	21,632	1,218,245	1,106,649
Taxation receivable	-	44,498	341
Related party receivables	13,552	-	-
Deferred tax assets - current portion	-	44,797	32,066
Total current assets	1,289,330	4,265,387	3,534,006
NON-CURRENT ASSETS			
Property, plant and equipment	-	1,988,621	2,957,059
Intangible assets and goodwill	-	11,549,221	10,723,066
Investment properties	-	313,028	284,245
Property work in progress	-	914,754	-
Total non-current assets	-	14,765,624	13,964,370
Total assets	1,289,330	19,031,011	17,498,376
CURRENT LIABILITIES			
Trade and other payables	179,988	701,784	544,457
Deferred Income	-	1,226,437	374,118
Taxation payable	-	-	-
Related party payables	-	-	193,569
Term borrowings - current portion	-	64,634	65,002
Deferred tax liabilities - current portion	-	330,087	249,552
Total current liabilities	179,988	2,322,942	1,426,698
Non-current liabilities			
Term borrowings - non current portion	-	91,818	75,882
Deferred tax liabilities - non current portion	-	1,526,593	1,268,820
Total non-current liabilities	-	1,618,411	1,344,702
Total liabilities	179,988	3,941,353	2,771,400
Net assets / (liabilities)	\$ 1,109,342	\$ 15,089,658	\$ 14,726,976
Net Tangible Assets per share (\$ per share)	0.08	0.06	0.07

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

MYKCO LIMITED (formerly known as Mykris Limited)
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2015

	Unaudited 6 months 30-09-15 NZ\$	Unaudited 6 months 30-09-14 NZ\$	Audited 12 months 31-03-15 NZ\$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Cash receipts from customers	5,686,763	3,787,653	7,868,609
Interest received	4,459	6,515	8,181
Other income received	8,768	6,572	19,897
<i>Cash was applied to:</i>			
Cash payments to suppliers and employees	(4,279,452)	(2,569,208)	(6,145,968)
Interest paid	(6,595)	(2,775)	(36,870)
Taxation paid	(21,230)	(18,739)	(6,394)
Net cash inflow from operating activities	1,392,713	1,210,018	1,707,455
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment	34,369	1,107	13,677
Sale of subsidiaries	480,000	-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(130,226)	(1,283,138)	(2,073,657)
Purchase of computer software and development expenditure	(1,675)	(91,880)	(17,336)
Net cash flows from investing activities	382,468	(1,373,911)	(2,077,316)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Issue of shares	374,000	-	-
New borrowings	657,885	83,227	117,446
<i>Cash was applied to:</i>			
Related party payables	-	-	-
Related party receivables	-	-	-
Repayment of borrowings	(49,287)	(20,645)	(56,162)
Dividends paid to the owners of the company	-	-	-
Net cash flows from financing activities	982,598	62,582	61,284
Net increase / (decrease) in cash and cash equivalents	2,757,779	(101,311)	(308,577)
Cash and cash equivalents at the beginning of the period	839,638	1,148,215	1,148,215
Cash and cash equivalents disposed through sale of subsidiary	(2,343,271)	-	-
Cash and cash equivalents at end of the period	\$ 1,254,146	\$ 1,046,904	\$ 839,638

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

MYKCO LIMITED (formerly known as Mykris Limited)
Selected explanatory notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2015

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 consolidated interim financial statements of Mykco Limited as at and for the period ended 30 September 2015 comprise the Company and its subsidiaries (together referred to as the “Group”). For the purposes of complying with generally accepted accounting practice in New Zealand (“NZ GAAP”) the Group is a for-profit entity. The Company and the Group 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 Group was that of a managed internet service provider until its operating subsidiaries were sold in September 2015. The Group is now a shell.

These consolidated interim financial statements were authorised for issue by the directors on 28 January 2016.

2. BASIS OF PREPARATION OF THE CONSOLIDATED 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 consolidated interim financial statements as compared to the most recent annual financial statements of the Group for the period ended 31 March 2015.

Statement of compliance

The consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 and NZ IAS 34 ‘Interim financial reporting’ as appropriate for profit-oriented entities

The consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated group financial statements as at and for the period ended 31 March 2015.

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 consolidated interim financial statements, the significant judgements made by managements in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated group financial statements as at and for the period ended 31 March 2015.

3. SEASONALITY/CYCLICALITY OF OPERATIONS

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

MYKCO LIMITED (formerly known as Mykris Limited)
Selected explanatory notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2015

3. ISSUED SHARE CAPITAL

Share capital	Company Shares Issued No.	Group NZ\$
Balance at 31 March 2014 and 30 September 2014	<u>59,920,100</u>	<u>\$ 14,980,000</u>
Movement for 2015		
Warrants expired during the year		20,000
Balance at 31 March 2015	<u>59,920,100</u>	<u>\$ 15,000,000</u>
Movement for 2016		
Ordinary shares issued	2,200,000	374,000
Ordinary Shares redeemed and cancelled	(49,042,184)	(12,260,546)
	<u>(46,842,184)</u>	<u>(11,886,546)</u>
Balance at 30 September 2015	<u>13,077,916</u>	<u>\$ 3,113,454</u>

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

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

4. TREASURY STOCK

Treasury Stock	Company Shares Issued No.	Group NZ\$
Balance at 31 March 2014, 30 September 2014 and 31 March 2015	<u>-</u>	<u>-</u>
Movement for 2016		
Shares acquired	(653,896)	(163,474)
	<u>(653,896)</u>	<u>(163,474)</u>
Balance at 30 September 2015	<u>(653,896)</u>	<u>\$ (163,474)</u>

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

MYKCO LIMITED (formerly known as Mykris Limited)
Selected explanatory notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2015

7. DISPOSAL OF SUBSIDIARIES

Disposal of Malaysian Subsidiaries

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

The following summarises the effect of the disposals:

Consideration Received:

	2015
	NZ\$
	<hr/>
35,224,545 shares transferred back to the company by Mykris International Sdn. Bhd.	8,806,136
14,471,535 shares transferred back to the company by third parties procured by Mykris International Sdn. Bhd.	3,617,884
Cash payment arrangements	480,000
Total consideration received	<hr/> \$ 12,904,020 <hr/>

Analysis of assets and liabilities over which control was lost:

	2015
	NZ\$
	<hr/>
<i>Current assets</i>	
Cash and cash equivalents	2,343,271
Trade receivables	4,509,419
Prepayments and other current assets	758,913
Related party receivables	3,208,624
<i>Non-current assets</i>	
Property, plant and equipment	1,252,688
Intangible assets and goodwill	10,242,761
Investment properties	279,375
Property work in progress	1,348,858
<i>Current Liabilities</i>	
Trade and other payables	(2,884,198)
Deferred Income	(1,121,488)
Taxation payable	(29,908)
Related party payables	(3,222,176)
Term borrowings - current portion	(57,282)
<i>Non-current liabilities</i>	
Term borrowings - non current portion	(693,530)
Deferred tax liabilities - non current portion	(1,304,576)
Net assets	<hr/> \$ 14,630,751 <hr/>

MYKCO LIMITED (formerly known as Mykris Limited)
Selected explanatory notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2015

7. DISPOSAL OF SUBSIDIARIES (continued)

Loss on disposal of business operations:

	2015
	NZ\$
Net assets disposed	14,630,751
Foreign currency translation reserve	664,781
Less consideration received	12,904,020
Loss on disposal	<u>\$ 2,391,512</u>

Net cash inflow on disposal of business operations:

	2015
	NZ\$
Consideration received in cash	480,000
Less cash and cash equivalents disposed of	2,343,271
Net cash inflow	<u>\$ (1,863,271)</u>

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

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

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30-09-15	30-09-14	31-03-15
	NZ\$	NZ\$	NZ\$
External revenue	7,405,277	3,881,702	8,349,158
Inter-segment revenue	-	-	-
Total	<u>7,405,277</u>	<u>3,881,702</u>	<u>8,349,158</u>
Net segment loss before taxation	(2,244,278)	(179,832)	(288,759)
Taxation benefit	130,252	197,147	438,339
Net profit / (loss) after taxation	<u>\$ (2,114,026)</u>	<u>\$ 17,315</u>	<u>\$ 149,580</u>
Total segment assets	<u>\$ 1,289,330</u>	<u>\$ 19,031,011</u>	<u>\$ 17,498,376</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.

MYKCO LIMITED (formerly known as Mykris Limited)
Selected explanatory notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2015

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 30-09-15 NZ\$	Unaudited 6 months 30-09-14 NZ\$	Audited 12 months 31-03-15 NZ\$
Profit / (loss) after tax	(2,114,026)	17,315	149,580
<i>Add/(less) non-cash items</i>			
Depreciation of property, plant and equipment	459,331	458,544	922,564
Amortisation	483,212	512,898	1,025,458
Impairment of intangible assets - goodwill	112,134	31,606	73,865
Depreciation of investment properties		-	3,262
Bad debts	113,649	-	-
Current tax	23,715	-	156,443
Deferred tax	(181,730)	(197,147)	(496,875)
Property, plant and equipment written off	-	4,367	4,598
Development expenditure written off	-	-	135,112
Gain on disposal of property, plant & equipment	(19,891)	-	(12,737)
Loss on sale of subsidiary	2,391,513	-	-
Effects of exchange rate	(101,471)	217,440	14,472
<i>Adjustment for items shown in financing activities:</i>			
Movement in related party balances	(193,569)	-	193,569
<i>Add / less movements in working capital items:</i>			
Decrease / (increase) in trade receivables	(3,179,890)	(562,639)	(175,402)
Decrease / (increase) in prepayments and other current assets	326,104	154,348	265,944
Decrease / (increase) in tax receivables	(23,374)	(18,739)	(134,777)
(Decrease) / increase in deferred income	747,370	440,515	(411,804)
(Decrease) / increase in trade and other payables and accruals	2,519,728	151,510	(5,817)
(Decrease) / increase in tax payable	29,908	-	-
Net cash outflow / (inflow) from operating activities	\$1,392,713	\$1,210,018	\$ 1,707,455

MYKCO LIMITED
COMPANY DIRECTORY

Company Number: 3568071

Issued Capital: 13,077,916 Ordinary Shares (Fully Paid)

Board of Directors: Chew Choo Soon, Chairman
Brent Douglas King, Independent Non-Executive Director
Huei Min Lim, Independent Non-Executive Director

Registered Office: Level 9, 191 Queen 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