



MYKRIS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

MYKRIS LIMITED

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MYKRIS LIMITED

DIRECTORS' REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The Directors of Mykris Ltd are pleased to present the unaudited interim results on the Group's performance for the six months ended 30 September 2014.

The six months was another very strong performance for the Group with an EBITDA of \$787,870 and positive cash flow from operating activities of \$1,210,018.

Performance Review

The revenue for the six months to 30 September was \$3.88m, up from \$3.62m in the corresponding period last year. The gross profit increased to \$2.28m up from \$2.10m in 2013. Net profit after tax was a significant improvement over last year.

Currency

Mykris Ltd has suffered in the past years from the strength of the New Zealand dollar. This has reduced the value of the business and the earnings. During this current six months the trend has reversed and the New Zealand Dollar (NZD) has weakened significantly versus the Malaysian Ringit (MYR). The result is that there is a NZD 514,984 movement recorded in the "Movement in foreign Currency transaction reserve". When this is added to the NPAT of \$17,315 there is a Total comprehensive income of \$532,299.

Non Cash Items

Due to the structure of the Group and the sector in which it operates there are very significant non-cash items. The following are the most significant for the period to 30 September 2014.

Depreciation	\$458,544
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Amortisation	\$512,898
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EBITDA (Earnings before interest, tax, depreciation and amortization) is strong at \$787,780.

Investment in the future

The managed Internet services market continues to grow strongly in most countries in Asia. Mykris has been investing in marketing and infrastructure such as plant and equipment, to allow it to grow and develop its client base.

During the six months Mykris Asia Ltd entered a sale and purchase agreement to buy a new building which will be the group Head Office. This is a progressive development which will be completed in approximately 3 years. This will be an important asset of the Group for the future. The funding will be from Group cash resources and Bank funding as it is paid progressively. Total cost will be MYR9,298,880 (approx. NZD3,644,900).

MYKRIS LIMITED

DIRECTORS' REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Balance Sheet


The Directors have maintained a very strong Balance Sheet with virtually no borrowings. The Group has Cash and Cash equivalents of \$1,046,904 as at 30 September 2014. The Intangible assets are being amortised and the carrying value has reduced by \$376,057 in the six months and \$843,972 for the 12 months to 30 September 2014. The deferred income was \$1,226, 437 as at 30 September 2014 up from \$785,922 at 31 March 2014. This is a positive for the Group with contracted earnings increasing for future periods.

The Next Stage

The Directors of Mykris Ltd are continuing to develop the business and they are reviewing all opportunities for the Group. Mykris had hoped to find opportunities in the New Zealand market but it has been unable to find any profitable opportunities. The Directors will continue to assess opportunities for the Company to increase revenues and reduce costs.

For more information on our activities, please refer to our website <http://www.mykris.net>

For and on behalf of the Board of Directors, dated 4 December 2014



Chew Choo Soon
Executive Chairman



Siow Hock Lee
Chairman Audit Committee
Independent Non-Executive Director

MYKRIS LIMITED**Condensed Consolidated Statement of Comprehensive Income****For the six months ended 30 September 2014**

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
Operating revenue	3,881,702	3,617,339	7,328,612
Cost of sales	(1,606,657)	(1,519,351)	(2,887,598)
Gross profit	2,275,045	2,097,988	4,441,014
Other revenue	6,572	1,977	47,948
Selling and distribution expenses	349,187	278,916	558,433
Administration expenses	1,469,677	1,584,373	2,890,350
Other expenses	646,325	621,438	1,206,752
	2,465,189	2,484,727	4,655,535
Operating loss before financing costs and taxation expense	(183,572)	(384,762)	(166,573)
Finance income	6,515	7,929	8,607
Finance expense	(2,775)	(3,130)	(5,707)
Net finance income	3,740	4,799	2,900
Net loss before income taxation benefit	(179,832)	(379,963)	(163,673)
Taxation benefit	197,147	143,920	260,647
Net profit / (loss) after income taxation benefit	17,315	(236,043)	96,974
Other comprehensive income			
Movement in foreign currency translation reserve	514,984	(136,675)	(413,977)
Other comprehensive income / (loss) for the period	514,984	(136,675)	(413,977)
Total comprehensive income / (loss) for the period	532,299	(372,718)	(317,003)
Earnings / (loss) per share:			
Basic earnings / (loss) per share (cents per share)	0.03	(0.39)	0.16
Diluted earnings / (loss) per share (cents per share)	0.03	(0.39)	0.16

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

MYKRIS LIMITED
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2014

	Share Capital	Retained Earnings / (Accumulated Losses)	Foreign Exchange Reserve	Total
Balance at 31 March 2013	15,000,000	506,195	(152,472)	15,353,723
Comprehensive income				
Net loss for the period	-	(236,043)	-	(236,043)
Other comprehensive income				
Movement in foreign currency translation reserve	-	-	(136,675)	(136,675)
Total comprehensive income	-	(236,043)	(136,675)	(372,718)
Transactions with owners				
Dividend paid	-	(479,361)	-	(479,361)
Total transactions with owners	-	(479,361)	-	(479,361)
Balance at 30 September 2013	<u>\$ 15,000,000</u>	<u>\$ (209,209)</u>	<u>\$ (289,147)</u>	<u>\$ 14,501,644</u>

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Total
Balance at 31 March 2013	15,000,000	506,195	(152,472)	15,353,723
Comprehensive income				
Net profit for the period	-	96,974	-	96,974
Other comprehensive income				
Movement in foreign currency translation reserve	-	-	(413,977)	(413,977)
Total comprehensive income	-	96,974	(413,977)	(317,003)
Transactions with owners				
Dividend paid	-	(479,361)	-	(479,361)
Total transactions with owners	-	(479,361)	-	(479,361)
Balance at 31 March 2014	<u>\$ 15,000,000</u>	<u>\$ 123,808</u>	<u>\$ (566,449)</u>	<u>\$ 14,557,359</u>
Comprehensive income				
Net profit / (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
Total transactions with owners	-	-	-	-
Balance at 30 September 2014	<u>\$ 15,000,000</u>	<u>\$ 141,123</u>	<u>\$ (51,465)</u>	<u>\$ 15,089,658</u>

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

MYKRIS LIMITED
Condensed Consolidated Statement of Financial Position
As at 30 September 2014

	Unaudited 30/09/2014	Unaudited 30/09/2013	Audited 31/03/2014
Note	NZ\$	NZ\$	NZ\$
SHAREHOLDERS EQUITY			
Share capital	15,000,000	15,000,000	15,000,000
Retained earnings	141,123	(209,209)	123,808
Foreign currency translation reserve	(51,465)	(289,147)	(566,449)
Total shareholders equity	\$ 15,089,658	\$ 14,501,644	\$ 14,557,359
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	1,046,904	1,668,268	1,148,215
Trade receivables	1,910,943	1,172,513	1,379,910
Prepayments and other current assets	1,218,245	1,373,035	1,372,593
Taxation receivable	44,498	32,303	22,007
Related party receivables	-	246,322	-
Deferred tax assets - current portion	44,797	44,860	35,525
Total current assets	4,265,387	4,537,301	3,958,250
NON-CURRENT ASSETS			
Property, plant and equipment	1,988,621	1,388,950	1,825,138
Intangible assets and goodwill	11,549,221	12,393,193	11,925,278
Investment properties	313,028	-	284,172
Property work in progress	(4) 914,754	-	-
Total non-current assets	14,765,624	13,782,143	14,034,588
Total assets	19,031,011	18,319,444	17,992,838
CURRENT LIABILITIES			
Trade and other payables	701,784	527,743	550,274
Deferred Income	1,226,437	1,028,043	785,922
Taxation payable	-	41,026	-
Related party payables	-	3,573	-
Term borrowings - current portion	64,634	26,511	28,900
Deferred tax liabilities - current portion	330,087	270,567	353,428
Total current liabilities	2,322,942	1,897,463	1,718,524
Non-current liabilities			
Term borrowings - non current portion	91,818	74,663	51,677
Deferred tax liabilities - non current portion	1,526,593	1,845,674	1,665,278
Total non-current liabilities	1,618,411	1,920,337	1,716,955
Total liabilities	3,941,353	3,817,800	3,435,479
Net assets / (liabilities)	\$ 15,089,658	\$ 14,501,644	\$ 14,557,359

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

MYKRIS LIMITED
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2014

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Cash receipts from customers	3,787,653	4,277,513	7,442,794
Interest received	6,515	7,929	8,607
Other income received	6,572	1,977	47,241
<i>Cash was applied to:</i>			
Cash payments to suppliers and employees	(2,569,208)	(3,254,738)	(5,864,243)
Interest paid	(2,775)	(3,130)	(17,947)
Taxation paid	(18,739)	(8,684)	(5,707)
Net cash inflow from operating activities	1,210,018	1,020,867	1,610,745
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment	1,107	-	1,903
Sale of subsidiary	-	-	38
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(431,260)	(339,978)	(1,272,397)
Purchase of computer software and development expenditure	(91,880)	(9,622)	(103,442)
Purchase of investment properties	-	-	(305,876)
Purchase Property work in progress	(851,878)	-	-
Net cash flows from investing activities	(1,373,911)	(349,600)	(1,679,774)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Related party receivables	-	-	135,688
New borrowings	83,227	-	-
<i>Cash was applied to:</i>			
Related party payables	-	(142,814)	(146,387)
Related party receivables	-	(110,635)	-
Repayment of borrowings	(20,645)	(18,145)	(38,742)
Dividends paid to the owners of the company	-	(479,361)	(479,361)
Net cash flows from financing activities	62,582	(750,955)	(528,802)
Net increase / (decrease) in cash and cash equ	(101,311)	(79,688)	(597,831)
Cash and cash equivalents at the beginning of the period	1,148,215	1,747,956	1,747,956
Cash and cash equivalents disposed through sale of subsidiary	-	-	(1,910)
Cash and cash equivalents at end of the period	\$ 1,046,904	\$ 1,668,268	\$ 1,148,215

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

MYKRIS LIMITED

Selected explanatory notes to the Condensed Consolidated Interim Financial Statements For the six months ended 30 September 2014

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 consolidated interim financial statements of Mykris Limited ('the Company') as at 30 September 2014 comprise the Company and its subsidiaries (collectively referred to as 'the Group').

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

These consolidated interim financial statements were authorised for issue by the directors on 4 December 2014.

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 2014.

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 2014.

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 2014.

3. SEASONALITY/CYCLICALITY OF OPERATIONS

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

MYKRIS LIMITED

Selected explanatory notes to the Condensed Consolidated Interim Financial Statements - For the six months ended 30 September 2014

4. PROPERTY WORK IN PROGRESS

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
(a) Carrying values of Property work in progress			
Cost	851,878	-	-
Foreign Exchange Movement	62,876	-	-
	<u>\$ 914,754</u>	<u>\$ -</u>	<u>\$ -</u>
(b) Movements in Property work in progress			
Additions	851,878	-	-
Foreign Exchange Movement	62,876	-	-
	<u>\$ 914,754</u>	<u>\$ -</u>	<u>\$ -</u>

On 17 April 2014, Mykris Asia entered into a conditional Sale and Purchase Agreement with Berjaya Golf Resort Berhad for the acquisition of a unit of 6 storey corner shop office for a total purchase consideration of \$3,644,900 (RM9,298,880).

The purchase price is payable in instalments on the achievement of milestones during the construction period. On completion the Malaysian operations will be located at this building.

The purchase of the facility is to be financed from cash balances and Bank funding of \$3,098,200 (RM7,904,048).

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

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
External revenue	3,881,702	3,617,339	7,328,612
Inter-segment revenue	-	-	-
Total	<u>3,881,702</u>	<u>3,617,339</u>	<u>7,328,612</u>
Net segment loss before taxation	(179,832)	(379,963)	(163,673)
Taxation benefit	197,147	143,920	260,647
Net profit / (loss) after taxation	<u>\$ 17,315</u>	<u>\$ (236,043)</u>	<u>\$ 96,974</u>
Total segment assets	<u>\$ 19,031,011</u>	<u>\$ 18,319,444</u>	<u>\$ 17,992,838</u>

Condensed Consolidated Statement of Changes in Equity

Selected explanatory notes to the Condensed Consolidated Interim Financial Statements - For the six months ended 30 September 2014

6. RECONCILIATION OF PROFIT AFTER TAX TO EBITDA

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
Net profit / (loss) after income taxation benefit	17,315	(236,043)	96,974
Add back			
Interest	(3,740)	(4,799)	(2,900)
Taxation	(197,147)	(143,920)	(260,647)
Depreciation	458,544	295,267	676,749
Amortisation	512,898	537,511	1,060,727
Earnings before Interest, tax, depreciation and amortisation	<u>\$ 787,870</u>	<u>\$ 448,016</u>	<u>\$ 1,570,903</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

As described and detailed in the most recent annual financial statements of the Group for the period ended 31 March 2014 the company, ACN System Solutions Sdn. Bhd has brought a claim against subsidiary company MyKRIS Asia Sdn Bhd

Appeal submissions against the courts decision are due to be filed by 15 January 2015 with the hearing scheduled on 27 January 2015.

The Company's solicitors are of the view that the Company has a fair chance to win in the Two Appeals. This is because the Plaintiff's appeal is lack of merits as they do not have any evidence to support the damages alleged. Therefore, it is the solicitors' opinion that the Plaintiff's appeal will fail and be dismissed with costs. In the event the Company wins the Two Appeals, the Company will not be required to pay the Plaintiff for the nominal damages and costs RM40,000 (NZD\$15,700 in total) awarded by the High Court.

There were no other material contingencies at reporting date.

MYKRIS LIMITED**Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2014****9. RECONCILIATION OF NET LOSS AFTER TAXATION TO NET CASH FLOWS PROVIDED BY OPERATING ,****Reconciliation of net loss with cash outflow from operations**

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
Profit / (loss) after tax	17,315	(236,043)	96,974
<i>Add/(less) non-cash items</i>			
Depreciation	458,544	295,267	676,749
Amortisation	512,898	537,511	1,060,727
Impairment	31,606	19,040	14,599
Bad debts	-	-	114,039
Current tax	-	3,435	(38,697)
Deferred tax	(197,147)	(147,355)	(246,384)
Gain on disposal of property, plant & equipment	4,367	-	(707)
Loss on sale of subsidiary	-	-	350
Effects of exchange rate	217,440	(89,755)	(198,906)
<i>Adjustment for items shown in investment activities</i>			
<i>Adjustment for items shown in financing activities:</i>			
<i>Add / less movements in working capital items:</i>			
Decrease / (increase) in trade receivables	(562,639)	552,224	247,914
Decrease / (increase) in prepayments and other current assets	154,348	(178,527)	(178,087)
Decrease / (increase) in tax receivables	(18,739)	(8,684)	16,690
(Decrease) / increase in trade and other payables and accruals	151,510	273,754	11,330
(Decrease) / increase in deferred sales	440,515	-	44,356
(Decrease) / increase in tax payable	-	-	(10,202)
Net cash outflow / (inflow) from operating activities	\$ 1,210,018	\$ 1,020,867	\$ 1,610,745

MYKRIS LIMITED

Notes to the Condensed Consolidated Interim Financial Statements For the six months ended 30 September 2014

10. COMMITMENTS

Capital Commitments

	Unaudited 6 months 30/09/2014 NZ\$	Unaudited 6 months 30/09/2013 NZ\$	Audited 12 months 31/03/2014 NZ\$
Approved and contracted	2,733,678	62,175	-
	\$ 2,733,678	\$ 62,175	\$ -

On 17 April 2014, Mykris Asia entered into a conditional Sale and Purchase Agreement with Berjaya Golf Resort Berhad for the acquisition of a unit of 6 storey corner shop office for a total purchase consideration of \$3,644,900 (RM9,298,880). Payments to the end of the reporting period are classified as Property work in progress. Refer note 6

Other commitments

There were no other material commitments at reporting date (30 September 2013: none, 30 March 2014: none).

11. SUBSEQUENT EVENTS

Subsequent to balance date Mykris Asia Sdn Bhd (MYA) has obtained bank facilities from Maybank Islamic Berhad (Bank) of RM7.904 million (NZD 3.098 million) to enable MYA to purchase a unit of a 6 storey shop office complex located next to the Bukit Jalil Golf Club in Kuala Lumpur, Malaysia.

The facilities comprise a Commodity Murabahah Term Financing-I facility of RM7,404,048 which is for a term of 20 years and a Cash Line facility of RM500,000 which is for a term of five years and is renewable by the bank. The financing rates of the facilities are at Base Financing Rate (BFR) -2.2% per annum (currently 4.65% per annum) for the RM7,404,048 facility and at BFR (currently 6.85% per annum) for the RM500,000 facility. The financing rate shall not exceed a maximum rate of 10.6% per annum. Currently the BFR in Malaysia is 6.85% per annum.

The facilities are secured over the property and guarantees have been provided by Messers Chew Choo Soon and Chang Wai Hoong and Mykris Limited.

There were no material events subsequent to reporting date.

MYKRIS LIMITED

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 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.mykris.net