MYKRIS LIMITED AND ITS SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2013

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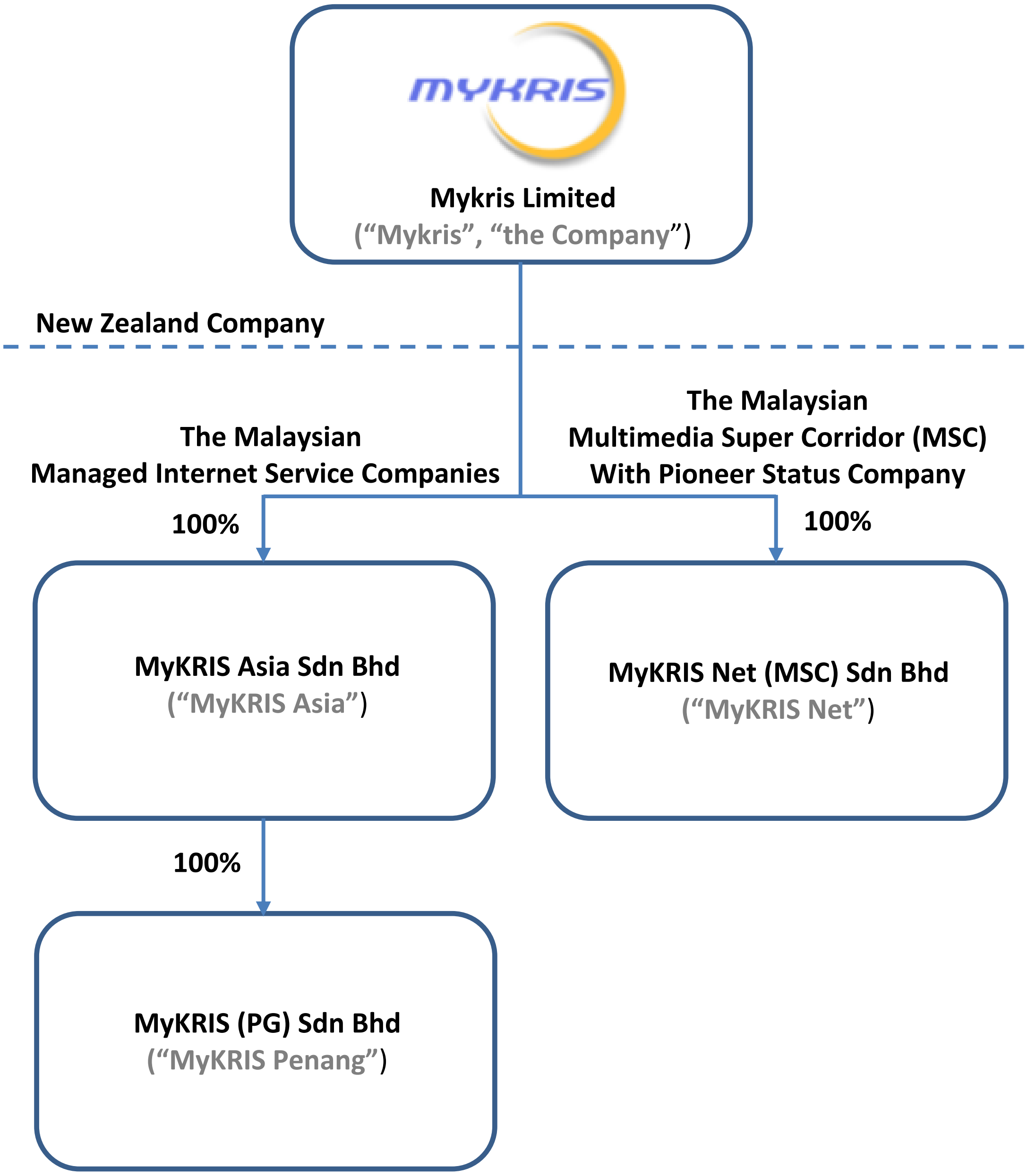
FOR THE YEAR ENDED 31 MARCH 2013

COMPANY DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2013

Company Number:	3568071
Nature of Business:	Managed Internet Service Provider
Issued Capital:	59,920,100 ordinary shares (fully paid)
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 7, 12-26 Swanson Street, Auckland, 1010, New Zealand
Banker:	ANZ National Bank Limited 203 Queen Street, Cnr Queen and Victoria Streets Auckland, 1010, New Zealand
Auditor:	Crowe Horwath New Zealand Partnership (formerly WHK New Zealand Partnership) Level 6, WHK Tower, 51-53 Shortland Street, Auckland, 1010, New Zealand
Solicitors:	Lowndes Associates, Level 5, Lowndes Associates House, 18 Shortland Street, Auckland, 1010, New Zealand 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

GROUP 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 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 as the Executive Director of the MyKRIS Group, he plays a vital role in the business development and strategic partnerships of the Group.

DIRECTORS' PROFILE *(continued)*

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

Siow Hock Lee is an Independent Non-Executive 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 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. 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 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

The Board of Directors is pleased to present the Annual Report and Audited Financial Statements of Mykris Limited ("Mykris") and its subsidiaries for the financial year ended 31 March 2013. Our first full year as a listed company on the New Zealand Alternative Exchange ("NZAX"), has been a very strong year, marking our continued growth in a vibrant and dynamic business environment.

The year has been gratifying for us as a Group, as we have implemented aggressive plans to develop and strengthen our products and services. The implementation of the plan is well underway and the Group is now in a stronger position to further enhance the business and continue to lead in a competitive marketplace.

FINANCIAL PERFORMANCE

The highlights were:

Total Revenue	$ 8,878,771
NPAT	$ 1,286,722
EBITDA	$ 2,632,897

Mykris has very significant non-cash items including amortization ($1,076,213) and depreciation ($475,200). The EBITDA figure shows both the strength of the business as a cash earner and the margins Mykris is able to generate as the leader in the field of Managed Internet Services in Malaysia.

The revenues are growing and a large portion is subject to contract and are locked in. During the year we have added additional clients with contracts between three and five years for our products and services.

The Statement of Financial Position shows minimal debt and significant cash deposits. We have had significant expenses in developing new products. These have all been expensed as currently the business models are not complete. We anticipate that there will be market opportunities in the coming and subsequent years for this technology.

Dividend

The Board of Directors has considered the profit and the cash flow of the business and has decided to declare a final dividend of 0.8 cents per share (cps). The record date will be Friday 2 August 2013. This brings the total dividend paid for the year to 1.5 cents per share (cps).

INDUSTRY TRENDS AND DEVELOPMENT

The Communications Content and Infrastructure (CCI) sector in Malaysia plays a pivotal role in Malaysia's Economic Transformation Programmes (ETP) introduced by the Government to propel the nation into high income status by the year 2020. As the country moves forward with modern communications technology, demand for data services, particularly high-speed broadband in urban areas, is expected to grow in tandem. Broadband and High Speed Broadband (HSBB) in particular, is the catalyst for many of the National Key Economic Areas (NKEAs), whose industry growth would accelerate much faster with leading edge ICT infrastructure and wide spectrum of online services. Broadband has revolutionised the way people live, work and play, while delivering real economic benefits via increased productivity and efficiency. It will also spur the development of the domestic content industry and e-commerce. The fixed data lines are expected to achieve a compounded annual growth rate (CAGR) of 2.6 per cent as more companies require their own internal networks, contributing $675.3million (RM1.7 billion) in incremental Gross National Income (GNI) by year 2020. According to a World Bank study, a 10.0% increase in household broadband penetration contributed in increased Gross Domestic Product (GDP) growth by more than 1.0%.

INDUSTRY TRENDS AND DEVELOPMENT *(continued)*

Taking Telekom Malaysia, the largest incumbent Telco's report as an example, the Data services, which mainly comprise of Leased services, Internet Protocol Virtual Private Network (IP-VPN) and Premium Internet Protocol (IP) services, grew 9.5% to $875.8 million (RM2,2 billion) from $799.7 million (RM2,0 billion) in 2011 as a result from continuing increase in demand for higher bandwidth and the installation of service lines. Coupled with the strong projection for Large Business internet users as depicted in the table below, the Managed Data Services has vast market to be tapped upon in Malaysia.

Malaysia Internet Users by Segment, 2011 - 2016 ['000]

Category	2011	2012	2103	2014	2015	2016	2011-2016 CAGR [%]
Personal	15,288.2	17,821.3	19,736.8	20,975.9	22,175.1	22,873.0	8.4
SMB	1,605.4	1,871.4	2,072.5	2,202.6	2,328.5	2,401.8	8.4
Large Business	7,224.1	8,421.1	9,326.2	9,911.7	10,478.4	10,808.1	8.4
Government	1,143.8	1,333.3	1,476.7	1,569.4	1,659.1	1,711.3	8.4
Education	1,765.9	2,058.5	2,279.7	2,422.9	2,561.4	2,642.0	8.4
Total	**27,027.3**	**31,505.5**	**34,891.9**	**37,082.4**	**39,202.5**	**40,436.2**	**8.4**

Source: Malaysia Internet and eCommerce 2012-2016, Forecast and Analysis, Dec 2012, IDC

OPERATIONAL REVIEW

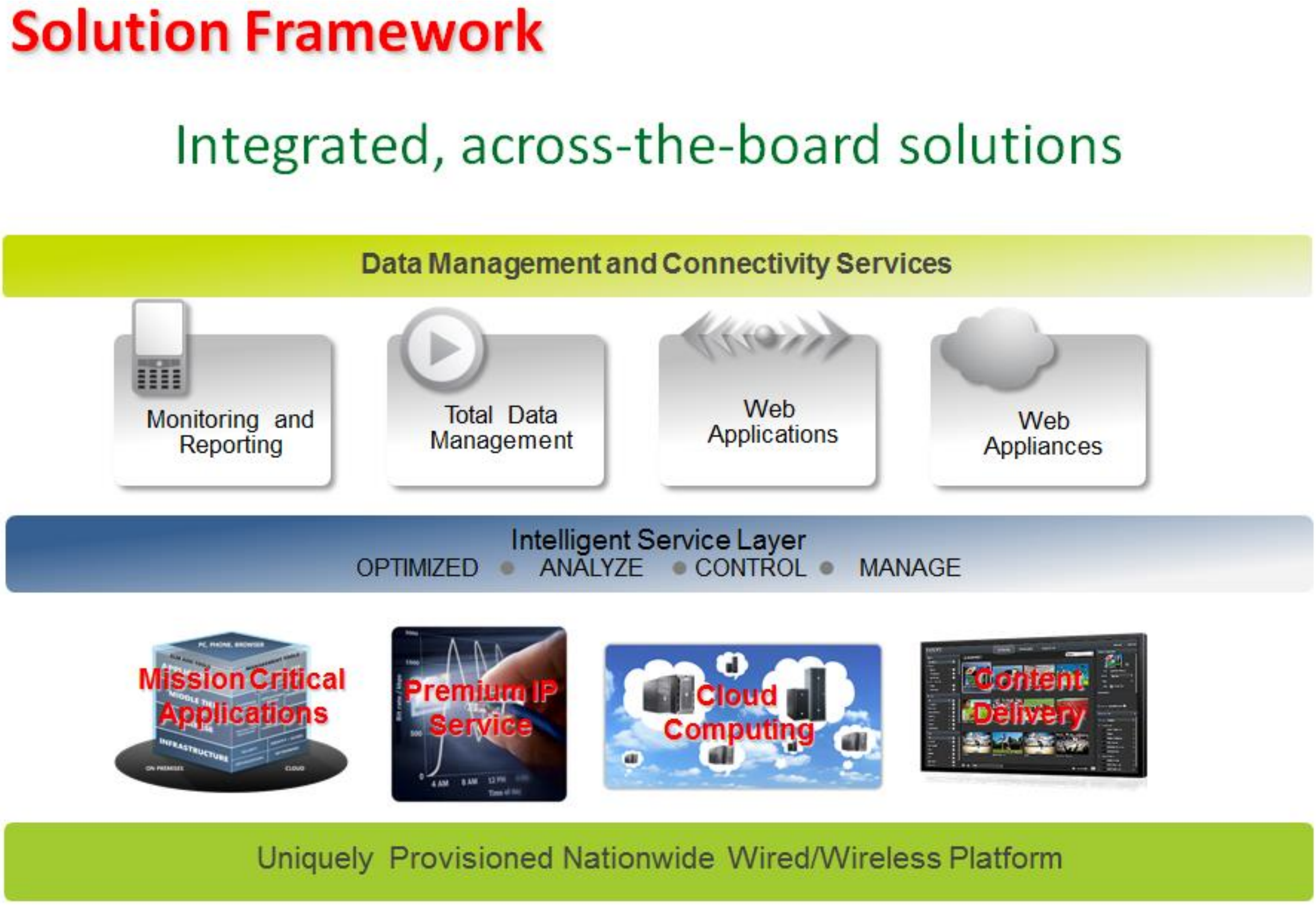
In response to the current uptrend momentum and government initiatives, the management has been deliberating and implementing aggressive plans to streamline its core business and also to continue to explore new opportunities that will add value to the Group.

The Group has continued to develop its solution framework that integrates the Data Management and Connectivity Services in order to leverage best on its intelligent service layers, where network capability is being optimized, analysed, controlled and managed at its best level across all solutions. Our uniquely provisioned nationwide technology on the wired and wireless platform is targeted for industries on:

- Mission Critical Application such as Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Systems Applications and Products (SAP);
- Premium IP Services such as Internet Protocol Virtual Private Network (IP-VPN), Multiprotocol Label Switching (MPLS);
- Cloud Computing such as Software as a Service (SaaS), Platform as a Service (PaaS); and
- Content Delivery such as Internet Protocol Television (IPTV), Video on Demand (VOD).

INDUSTRY TRENDS AND DEVELOPMENT *(continued)*

The Diagram below illustrates our solution framework.



We have successfully deployed numerous one-stop High Speed Internet Access (HSIA) solutions to our hospitality clients and the demand for these services is growing in the industry. Our uniqueness is that we have a seamless integrated gateway solution which provides software application catering for hotel billing integration, login authentication, bandwidth capping, zero configuration and interfacing with hotel management systems. In addition, the solution also offers dedicated on-demand bandwidth to support hotel requirements for reliable and stable internet connection especially for conferences, functions, events and meetings. Recently we have successfully installed and commission an Internet Protocol Television (IPTV) solution and Digital Video Signage (DVS) together with our one-stop HSIA to one of the major five-star hotel in the Kuala Lumpur International Airport.

As an Internet Service Provider (ISP) with 12 years of strong operating record and our own robust high performance wireless network covering the Kuala Lumpur metropolitan city, we have clear advantage and niche in providing turnkey one-stop HSIA with IPTV. Mykris' focus into high-end 5 stars hospitality industry which requires high demand of Internet services gives Mykris an unparalleled competitive advantage in securing long term contract with 5-stars hotels.

INDUSTRY TRENDS AND DEVELOPMENT *(continued)*

Our Managed Internet Services provide best of both world technologies through our secured Multiprotocol Label Switching (MPLS) backup with Internet Protocol Virtual Private Network (IP-VPN) solutions via our nationwide wired and wireless platform which allows seamless integration.

The IP-VPN solution which is part of our Managed Internet Services, enables users to have a secure access to corporate network resources across private IP networks using MPLS or over the Internet using IPSec (IP Security). Traditional IP-VPN requires a fixed IP at both headquarter (HQ) and remote branches to perform a VPN connection. Our IP-VPN solution allows remote branches with dynamic IP (such as those running on ADSL, VDSL, 3G Broadband) to VPN back to HQ while managing both the internet and managed devices. This allows more personalised support, faster response time and lower setup cost.

Another segment of our Managed Internet Services, the MPLS which provide seamless integration with high performance networks management running on our strategic infrastructure partner's link via our built VPN tunnel interconnecting back to the client HQ. This solution allows us to manage and provide client's monitoring of their total network, provision of wireless link for primary and backup solution.

Both the IP-VPN and MPLS solutions have been successfully deployed to our customers including budget airlines, highway concessionaires, manufacturers, media groups, education providers, logistic and virtual office service providers. The demand for our Managed Internet Service is increasing and we have been invited to participate in recent project tenders, with our IP-VPN and MPLS solutions, that includes an international bank in Malaysia with 44 branches.

ISO Accreditation

The Mykris subsidiary in Malaysia, MyKRIS Asia Sdn Bhd, has been awarded the International Organisation for Standardisation (ISO) highest and most comprehensive level of ISO 9000 certification, ISO 9001:2008, effective 11 April, 2013 by the independent registrar, TUV Nord Malaysia. Achieving the ISO 9000 certification clearly demonstrates Mykris' companywide commitment to quality. This commitment starts with our senior management and is fully embraced by all Mykris personnel.

Our Malaysian operation and administrative office has moved to a larger office on the 03 August 2012. Due to on-going expansion, we had outgrown our previous facilities, even after repeated additions. The new premise, which is located in Puchong area, in the state of Selangor, is in a bustling and growing township with ample public facilities. The proposed Light Rail Transit (LRT) station nearby serves as a catalyst for enhanced business activities geared to our advantage to serve and provide our Managed Internet services expertise to our valued customers' needs.

Notwithstanding the above, Mykris has jointly developed a high interference resistance wireless antenna with our OEM partner to improve on our wireless communication. We had introduced and added cloud computing services into our Managed Internet Services to provide a virtual platform that allows our clients to host their in-house applications over the internet. Broadband performance improvement has been carried out on our entire in-building server site to improve the network infrastructure and high availability (HA). The Network Operation Centre (NOC) has also been upgraded to improve the network reliability, performance of internet connectivity, network redundancy and network scalability.

The enhancement of our products and services and the expansion of our management team as well as strengthening of the business development and sales and marketing drives are the critical areas to ensure the success of Mykris' as a tier 1 Managed Internet Service in Malaysia. The Group is also actively innovating and developing more value-added services and solutions, while strengthening its core Managed Broadband Solutions business.

NEW PRODUCTS – I-Locare

The development of i-Locare is a Location Based Service (LBS) platform for an IP/GPS capable mobile device that requires knowledge of where about the mobile device is. Our i-Locare services is an application enabler that allow friends to find each other, parents to locate their children, mapping and navigation, location aware services that ride on our location based service platform via any GPS enabled device, mobile devices and location aware services.

We have demonstrated the capability of i-Locare platform through our first trial and pilot testing of the Child Monitoring and Safety application in Q1 2013 with our strategic partner and mobile telco provider. Utilising this service, parents can keep track of the movement and whereabouts of their children. The service will also allow parents to determine the safe zone for their children and any movement in and out of those pre-set zones will be communicated by the platform to the parents. We have also extended the development of this solution to mobile android enabled devices to allow parents real-time monitoring.

PROSPECT OF THE GROUP

The year ahead will be one filled with challenges as 2013 is another exciting year for the IP data services industry in Malaysia. Nevertheless, the Group's perspective is that within every adversity is an equal or greater opportunity. Businesses in this region cannot afford to be caught in the technology gap if they want to prosper in a technology driven economy, and Mykris will help its clients in bridging the gap.

While acknowledging that some companies reduce their spending, we are optimistic that many organisations will deploy technology to drive growth as there has been a shift in focus from operational efficiency and cost reduction to a stronger emphasis on growth, customers, and innovation.

Moving forward, we will go all-out to increase our market share by focusing on the growing Managed Internet Services, One-stop High Speed Internet Access (HSIA), new products and solutions development, and recruiting a pool of talent while strengthening our position in the Managed Broadband Solutions Market.

DIRECTORS' REPORT *(continued)*

PROSPECT OF THE GROUP *(continued)*

We have had a strong year and we are pleased with the position we are in. The Malaysian economy is strong and our business is growing. We are actively looking for investments in New Zealand so that we can bring our technology to New Zealand. Our products and services work well for large hotels and for companies with significant internet usage who wishes to manage that capacity. The clients are able to obtain significant advantage over technology available in the New Zealand market.

Through continuous improvement of cost efficiency and prudent management of resources, the Group will further strengthen its core business in the year to come as we evolve to compete in a high-income knowledge driven economy.

Mykris will seek opportunities to grow and develop its business and to diversify. The Group has an ungeared balance sheet plus cash and strong cash flows. Mykris is in a strong position to take advantage of any opportunities that are available.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, we would like to express our appreciation for the continuing hard work and commitment of the company's management and employees at all levels. Without them, we would not have achieved a very successful year.

We would like to thank our fellow Board members for their wisdom, guidance and direction, which have helped push the Company to improve the Mykris' fundamentals and future performance.

We also express our sincerest gratitude to all shareholders, advisers, business associates, media members as well as relevant governing authorities and regulatory bodies for their continuous support to Mykris Group.

For and on behalf of the Board of Directors, dated 10 July 2013:

....	....
CHEW CHOO SOON	**CHANG WAI HOONG**
Executive Chairman	*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.

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

A total of six (6) 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)	6	6
Chang Wai Hoong	4	6
Siow Hock Lee	6	6
Brent Douglas King	6	6
Huei Min Lim	6	6

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 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 matters and also makes recommendations to the Board.

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

A total of seven (7) Audit Committee Meetings were held during the financial year under review and the Committee attendance record is as follows: -

Committee Members	Meetings Attended	Meeting Held
Siow Hock Lee	7	7
Brent Douglas King	7	7
Huei Min Lim	7	7

OTHER COMMITTEES

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

ETHICAL CONDUCT

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 Meeting

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

SHAREHOLDER AND STATUTORY INFORMATION

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

LARGEST SHAREHOLDERS (as at 18 June 2013)

Rank	Shareholder	Holding	%
1	MyKRIS International Sdn Bhd	36,203,332	60.42
2	Erica Wan Chin Yeo	2,950,000	4.92
3	Emily Peihua Yeo	2,654,500	4.43
4	GMI Capital Limited	1,726,376	2.88
5	Sii Yih Ting	1,480,000	2.47
6	Lee Peng Wong	1,400,000	2.34
7	Koon Weng Lee	1,291,325	2.16
8	Chu Kian Then	1,008,300	1.68
9	Richard Chung Boi Goh	960,000	1.60
10	John Fraizer Fernandez	920,488	1.54
11	Ee Piao Wong	860,599	1.44
12	Yada Holdings No 1 Limited	600,000	1.00
13	CIMB Securities (Singapore) Pte Ltd	591,700	0.99
14	Tony Chung	570,386	0.95
15	Aik You Neo	525,210	0.88
16	Liew Chin Tan	480,000	0.80
17	New Zealand Central Securities Depository Limited	421,461	0.70
18	Lick Chien Chang	408,345	0.68
19	Norhisham Bin Tugiman	307,973	0.51
20	Kok Seng Kung	223,850	0.37

SPREAD OF SHAREHOLDERS (as at 18 June 2013)

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 - 1,999	634	79.0	37,199	0.1
2,000 - 4,999	31	3.9	91,076	0.2
5,000 - 9,999	52	6.5	411,451	0.7
10,000 -49,999	41	5.1	1,105,501	1.8
50,000 - 99,999	13	1.6	839,973	1.4
100,000 - 999,999	24	3.0	8,721,067	14.6
1,000,000 - plus	8	1.0	48,713,833	81.3
	803	100.0	59,920,100	100.0

Geographic Spread	Number of Shareholders	%	Number of Shares	%
Malaysia	104	13.0	49,874,393	83.2
Singapore	26	3.2	7,392,721	12.3
New Zealand	658	81.9	2,609,859	4.4
Rest of world	15	1.9	43,127	0.1
	803	100.0	59,920,100	100.0

SHAREHOLDER AND STATUTORY INFORMATION *(continued)*

SUBSTANTIAL SECURITY HOLDERS (as at 18 June 2013)

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 18 June 2013 as Substantial Security Holders in the Company, having declared a relevant interest in voting securities under Section 22 of the Securities Markets Act 1988.

Geographic Spread	Number of Shares	%
MyKRIS International Sdn Bhd	36,203,332	60.4
	36,203,332	60.4

The total number of voting securities of the Company on issue at 18 June 2013 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	

STATEMENT OF DIRECTORS' SECURITY HOLDINGS (as at 18 June 2013)

Director	Shares Beneficially Owned Held by Associated Persons	Shares Beneficially Owned Held Solely
Executive Directors		
Chew Choo Soon	18,101,666	Nil
Chang Wai Hoong	18,101,666	Nil
Non-Executive Directors		
Siow Hock Lee	Nil	Nil
Brent Douglas King	Nil	46,000
Huei Min Lim	Nil	Nil

Mr. Chew's beneficial owned, held by associated persons interests comprise his interest as a shareholder in MyKRIS International Sdn Bhd, which company is the holder of 36,203,332 shares.

Mr. Chang's beneficial owned, held by associated persons interests comprise his interest as a shareholder in MyKRIS International Sdn Bhd, which company is the holder of 36,203,332 shares.

The following securities transactions were disclosed to the Board and entered into the Interests Register for the year to 31 March 2013:

Month	Director	Transaction	Shares
April 2012	Chew Choo Soon	Sale of shares by MyKRIS International Sdn Bhd	5,341,533
April 2012	Chang Wai Hoong	Sale of shares by MyKRIS International Sdn Bhd	5,341,533
January 2013	Brent King	Shares sold	50,800
January 2013	Brent King	Warrants acquired by King Capital & Investment Corporation Ltd from Investment Research Group Ltd	2,250,000
March 2013	Brent King	Shares sold	19,000

The following are directorships held by the Mykris Limited Directors as at 31 March 2013:

Chew Choo Soon

Mykris Ltd
MyKRIS International Sdn Bhd.
MyKRIS Net (MSC) Sdn. Bhd.
MyKRIS Asia Sdn. Bhd.
MyKRIS (PG) Sdn. Bhd.
Zenwise Digital Sdn. Bhd.
NetAssist (M) Sdn. Bhd.
N-Base (M) Sdn. Bhd.

Chang Wai Hoong

Mykris Ltd
MyKRIS International Sdn Bhd.
MyKRIS Net (MSC) Sdn. Bhd.
MyKRIS Asia Sdn. Bhd.
MyKRIS (PG) Sdn. Bhd.
Zenwise Digital Sdn. Bhd.
NetAssist (M) Sdn. Bhd.
N-Base (M) Sdn. Bhd.

SHAREHOLDER AND STATUTORY INFORMATION *(continued)*

STATEMENT OF DIRECTORS' SECURITY HOLDINGS (as at 18 June 2013) *(continued)*

The following are directorships held by the Mykris Limited Directors as at 31 March 2013: (continued)

Siow Hock Lee	Brent King	Huei Min Lim
Amtel Holdings Bhd.	ACTAtek Limited	ASB Community Trust Charitable Purposes Ltd
Caely Holdings Bhd.	Equity Investment Advisers Ltd	ASB Trusts Amateur Public Sports Promotion Ltd
Green Ocean Corporation Bhd	Hausking Ltd	Durham Services Ltd
Mykris Ltd	King Capital & Investment Corporation Ltd	F H Shortland Ltd
	Kohaus Ltd	F H Holdings Ltd
	Investment Research Group Ltd	FM International Ltd
	MoneyonLine Ltd	Hartajaya Investments Ltd
	Mykris Ltd	High Trustees Ltd
	Snowdon Peak Investments Ltd & Subsidiaries	Kaya Investments Ltd
	Tasman Capital Ltd	Mykris Ltd
	Vetilot Ltd & Subsidiaries	Auckland Regional Amenities Funding Board
	Viking Share Plan Trustee Ltd	Auckland University of Technology Council
	Warden Consulting Ltd	New Zealand Shareholders Association Board
	Web Register Software Ltd	The ASB Community Trust (Deputy Chair)
	A.I.S. Ltd	
	Askridge Holdings Ltd	
	Fifi Fashion Ltd	
	MYIRG Ltd	
	Warden Security Ltd	

DIRECTORS' REMUNERATION AND OTHER BENEFITS

The following is the remuneration paid to the Directors of Mykris Ltd for the period is as follows:

	2013		2012	
	Director's Fees	Other Remuneration	Director's Fees	Other Remuneration
Executive Directors				
Chew Choo Soon	$ -	$ 113,379	$ -	$ 5,475
Chang Wai Hoong	$ -	$ 103,613	$ -	$ 12,139
Non-Executive Directors				
Siow Hock Lee	$ 23,450	$ 15,663	$ -	$ -
Brent Douglas King	$ 28,750	$ -	$ 7,188	$ -
Huei Min Lim	$ 28,750	$ -	$ 7,188	$ -

REMUNERATION AND OTHER BENEFITS

The Directors of Mykris Ltd did not receive any other benefits from Mykris Ltd in the period to 31 March 2013.

EMPLOYEES REMUNERATION (EXCLUDING DIRECTORS)

There were no employees excluding the directors who received remuneration during the year of at least $100,000.

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 20 to 68, which comprise the consolidated and separate statements of financial position as at 31 March 2013, the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's 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 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on 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, the company, or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 20 to 68:

- 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 the group as at 31 March 2013 and the results of their financial performance and cash flows for year then ended.

Emphasis of Matter

We draw attention to Note 31 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

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from MyKris Limited and whether we consider that proper accounting records have been kept by MyKris Limited.

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.

Crowe Horwath

Crowe Horwath New Zealand Audit Partnership
(formerly WHK New Zealand Audit Partnership)
CHARTERED ACCOUNTANTS

10 July 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2013

	Note	Group 2013 12 months	Group 2012 6 months	Parent 2013 12 months	Parent 2012 6 months
Operating revenue	(5)	8,878,771	1,455,043	-	-
Cost of sales		(3,835,013)	(581,780)	-	-
Gross Profit		5,043,758	873,263	-	-
Other revenue	(5)	42,380	2,453	617,431	-
Less: expenses					
Selling and distribution expenses		418,412	76,941	-	-
Administration expenses	(6)	2,312,480	1,140,909	316,788	618,759
Other expenses	(6)	1,273,764	295,958	22,296	-
		4,004,656	1,513,808	339,084	618,759
Operating profit / (loss) before financing costs and taxation benefit		**1,081,482**	**(638,092)**	**278,347**	**(618,759)**
Finance income	(6)	1,118	5,799	-	586
Finance expense	(6)	(8,661)	(4,663)	-	-
Net finance income / (expense)		(7,543)	1,136	-	586
Net profit / (loss) before income taxation benefit		**1,073,939**	**(636,956)**	**278,347**	**(618,173)**
Taxation benefit	(7)	212,783	275,870	-	-
Net profit / (loss) after taxation benefit for the period		**1,286,722**	**(361,086)**	**278,347**	**(618,173)**
Other comprehensive income					
Movement in foreign currency translation reserve	(10)	(152,295)	(177)	-	-
Other comprehensive income / (loss) for the period		(152,295)	(177)	-	-
Total comprehensive income / (loss) for the period		**$ 1,134,427**	**$ (361,263)**	**$ 278,347**	**$ (618,173)**
Earnings per share for loss attributable to the equity holders of the Company during the period:					
- Earnings per share ($ per share)	(8)	0.02	(0.01)	-	(0.02)
- Diluted earnings per share ($ per share)	(8)	0.02	(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 2013

Group

	Note	Share Capital	Retained Earnings	Foreign Currency Other Reserves	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**

Group

	Note	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
Balance at 1 April 2012		15,000,000	(361,086)	(177)	14,638,737
Comprehensive income					
Net profit for the period		-	1,286,722	-	1,286,722
Other comprehensive income					
Movement in foreign currency translation reserve	(10)	-	-	(152,295)	(152,295)
Total comprehensive income		-	1,286,722	(152,295)	1,134,427
Transactions with owners					
Dividends paid	(9)	-	(419,441)	-	(419,441)
Total transactions with owners		-	(419,441)	-	(419,441)
Balance at 31 March 2013		**$ 15,000,000**	**$ 506,195**	**$ (152,472)**	**$ 15,353,723**

STATEMENTS OF CHANGES IN EQUITY *Continued*

FOR THE PERIOD ENDED 31 MARCH 2013

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**

Parent

	Note	Share Capital	Retained Earnings	Total
Balance at 1 April 2012		15,000,000	(618,173)	14,381,827
Comprehensive income				
Net profit for the period		-	278,347	278,347
Other comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	278,347	278,347
Transactions with owners				
Dividends paid		-	(419,441)	(419,441)
Total transactions with owners		-	(419,441)	(419,441)
Balance at 31 March 2013		**$15,000,000**	**$ (759,267)**	**$14,240,733**

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 2013

	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
Shareholders equity					
Share capital	(9)	15,000,000	15,000,000	15,000,000	15,000,000
Retained earnings		506,195	(361,086)	(759,267)	(618,173)
Foreign currency translation reserve	(10)	(152,472)	(177)	-	-
Total shareholders equity		**$ 15,353,723**	**$ 14,638,737**	**$ 14,240,733**	**$ 14,381,827**
Current assets					
Cash and cash equivalents	(11)	1,747,956	1,336,724	62,677	36,242
Trade receivables	(12)	1,743,777	1,009,631	-	-
Prepayments and other current assets	(13)	1,194,507	901,466	481,169	483,701
Taxation receivable		-	49,529	-	-
Related party receivables	(23)	135,688	7,696	147,204	1,864
Deferred tax assets - current portion	(7)	42,911	38,732	-	-
Total current assets		4,864,839	3,343,778	691,050	521,807
Non current assets					
Property, plant and equipment	(16)	1,386,738	1,245,326	-	-
Intangible assets and goodwill	(17)	12,932,563	14,015,737	-	-
Investments in subsidiaries	(14)	-	-	14,000,000	14,000,000
Total non current assets		14,319,301	15,261,063	14,000,000	14,000,000
Total assets		**19,184,140**	**18,604,841**	**14,691,050**	**14,521,807**
Current liabilities					
Trade and other payables	(18)	540,467	486,271	48,429	94,787
Deferred income	(19)	741,566	727,832	-	-
Related party payables	(23)	146,387	26,969	401,888	45,193
Term borrowings - current portion	(20)	30,642	55,288	-	-
Taxation payable		10,203	-	-	-
Deferred tax liabilities - current portion	(7)	351,332	333,661	-	-
Total current liabilities		1,820,597	1,630,021	450,317	139,980
Non current liabilities					
Term borrowings - non current portion	(20)	88,676	123,516	-	-
Deferred tax liabilities - non current portion	(7)	1,921,144	2,212,567	-	-
Total non current liabilities		2,009,820	2,336,083	-	-
Total liabilities		**3,830,417**	**3,966,104**	**450,317**	**139,980**
Total net assets		**$ 15,353,723**	**$ 14,638,737**	**$ 14,240,733**	**$ 14,381,827**
Net tangible assets per share ($ per share)		0.04	0.01	0.24	0.24

For and on behalf of the Board of Directors, dated 10 July 2013:

....

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 2013

		Group		Parent	
	Note	2013 12 months	2012 6 months	2013 12 months	2012 6 months
Cashflows from operating activities					
Cash was provided from:					
Cash receipts from customers		7,814,214	2,860,972	-	-
Interest received		1,118	5,870	-	586
Dividend received		-	-	617,431	-
Other cash receipts		42,380	-	2,533	-
Cash was applied to:					
Cash payments to suppliers and employees		(6,267,656)	(1,758,207)	(385,444)	(39,526)
Income tax paid		(5,417)	-	-	(12)
Interest paid		(8,661)	(4,572)	-	-
Net cashflows from operating activities	(29)	**1,575,978**	**1,104,063**	**234,520**	**(38,952)**
Cashflows from investing activities					
Cash was applied to:					
Purchase of property, plant and equipment		(664,376)	(233,639)	-	-
Purchase of intangible assets		(12,870)	-	-	-
Development expenditure		-	(133,281)	-	-
Payment of NZAX listing deposit		-	(20,000)	-	(20,000)
Net cash flows from investing activities		**(677,246)**	**(386,920)**	**-**	**(20,000)**
Cashflows from financing activities					
Cash was provided from:					
Related party receivables		-	43,600	356,696	95,194
Related party payables		119,418	-	-	-
Proceeds from borrowings		-	118,318	-	-
Cash was applied to:					
Related party payables		-	-	(145,340)	-
Related party receivables		(127,992)	-	-	-
Repayment of borrowings		(59,485)	-	-	-
Dividends paid of the owners of the company		(419,441)	-	(419,441)	-
Net cashflows from financing activities		**(487,500)**	**161,918**	**(208,085)**	**95,194**
Net cash flows		**411,232**	**879,061**	**26,435**	**36,242**
Cash and cash equivalents at the beginning of the period		1,336,724	-	36,242	-
Cash and cash equivalents acquired on purchase of subsidiaries			457,663	-	-
Cash and cash equivalents at the end of the period	(11)	$ 1,747,956	$ 1,336,724	$ 62,677	$ 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 10 July 2013.

Reporting period

The current period information contained within these financial statements are for a twelve month period (a year) for the Company and Group.

The Company was incorporated on 30 September 2011 and commenced trading on 1 October 2011. Accordingly the comparative information contained within these financial statements are for a six month period 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.

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.

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

Basis for consolidation *Continued*

(i) Subsidiaries *Continued*

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

New and amended standards and interpretations

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

(i) New and amended standards adopted by the Group

No new standards, amendments and interpretations to existing standards 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 2013 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 2013 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 2013 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 2013 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(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).

- *Rental Income*

  Rental income is recognised on an accrual basis.

(e) Expenses

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

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

(k) Investments in subsidiaries

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

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% - 33.33%
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.

Trademarks, Licences and Computer software

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

(r) Intangible assets *Continued*

Customer lists

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *Continued*

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

(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.

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

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

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

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

Financing activities
Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid (if any) in relation to the capital structure are included in financing activities.

(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).

(w) Comparative figures

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

(x) Changes in accounting policies

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

4. CRITICAL ACCOUNTING ESTIMATES

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

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

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

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) Current and deferred income taxes

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

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

(ii) Impairment of trade and other receivables

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

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

At each reporting date, the useful lives and residual values of property, plant and equipment and finite-life intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and finite-life intangible assets requires a number of factors to be considered such as the condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. Refer also notes 16 and 17.

4. CRITICAL ACCOUNTING ESTIMATES - *continued*

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is outlined below: *- continued*

(iv) Impairment of goodwill

The recoverability of the carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit, which entails making judgments, including the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. Refer also note 17.

(v) Impairment of investments in subsidiaries

At each reporting date, an assessment is made whether there is objective evidence that an investment in a subsidiary is impaired. Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of investments based on such estimates. Refer also note 14 and 15.

5. REVENUE

	Group		Parent	
	2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Operating revenue:				
- Wireless internet access	5,307,504	1,078,410	-	-
- Project sales	2,883,479	-	-	-
- IT based products and services	372,779	99,199	-	-
- Royalties fees	315,009	277,434	-	-
	8,878,771	1,455,043	-	-
Non-operating revenue:				
- Dividend income	-	-	617,431	-
- Sundry non operating revenue	42,380	2,453	-	-
	42,380	2,453	617,431	-
Total revenue	$ 8,921,151	$ 1,457,496	$ 617,431	$ -

6. PROFIT / (LOSS) BEFORE INCOME TAX

		Group		Parent	
		2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Net loss for the period before income tax has been determined after:					
Amortisation	(17)	1,076,213	285,544	-	-
Depreciation	(16)	475,200	140,224	-	-
Movement in the impairment of trade receivables	(12)	51,104	8,746	-	-
Net bad debts (recovered) / expense	(12)	(12,296)	86,303	-	-
Salaries and wages		1,247,402	293,338	104,319	-
Research and development		-	271,024	-	-
Donations		29,460	13,790	-	-
Lease and rental		101,516	12,784	-	-
Directors fees		98,080	14,376	80,950	14,376
Net foreign exchange (gains) / loss - realised		(17,070)	(2,453)	-	-
Net foreign exchange (gains) / loss - unrealised		32,860	-	22,296	-
New Zealand Alternative Stock Exchange Fees		6,181	510,823	6,181	510,823
Auditors remuneration					
Audit fees - Crowe Horwath New Zealand Partnership (formerly WHK New Zealand Partnership)		38,106	28,750	38,106	28,750
Audit fees - Messrs. Crowe Horwath *		15,094	1,064	-	-
Total audit remuneration		$ 53,200	$ 29,814	$ 38,106	$ 28,750

* Audit fees for the period ended 31 March 2012 to Messrs. Crowe Horwath by Subsidiary companies MyKRIS Asia Sdn Bhd, MyKRIS Net (MSC) Sdn Bhd (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) Sdn Bhd were acquired on 21 December 2011 (refer note 24) only $1,064 of these fees were recognised as expenses during the reporting period, with the balance being included in pre-acquisition retained earnings.

6. PROFIT / (LOSS) BEFORE INCOME TAX

	Group		Parent	
	2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Net finance costs				
Finance income:				
- Interest income	(1,118)	(5,799)	-	(586)
Finance costs:				
- Interest expense	8,661	4,663	-	-
Total net finance costs / (income)	$ 7,543	$ (1,136)	$ -	$ (586)

7. INCOME TAX

(a) Income tax

	Group		Parent	
	2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Net profit / (loss) before taxation	1,073,939	(636,956)	278,347	(618,173)
Income taxation at prevailing tax rates	277,173	(177,831)	77,937	(173,089)
Non assessable income	(633,685)	(177,471)	(172,881)	-
Non-deductible expenses	68,150	46,427	19,365	140,084
Tax losses not recognised	75,579	33,005	75,579	33,005
Taxation benefit per the statement of comprehensive income	$ (212,783)	$ (275,870)	$ -	$ -
Comprising:				
- Current tax	54,847	(107,014)	-	-
- Deferred tax	(267,630)	(168,856)	-	-
	$ (212,783)	$ (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		Parent	
	2013	**2012**	**2013**	**2012**
Deferred tax assets:				
- To be recovered within 12 months	42,911	38,732	-	-
- To be recovered after more than 12 months	-	-	-	-
	42,911	38,732	-	-
Deferred tax liabilities:				
- To be recovered within 12 months	351,332	333,661	-	-
- To be recovered after more than 12 months	1,921,144	2,212,567	-	-
	2,272,476	2,546,228	-	-
Net deferred tax asset/(liability)	$(2,229,565)	$(2,507,496)	$ -	$ -

7. INCOME TAX Continued

(b) Deferred tax *Continued*

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

Group

	Accelerated Depreciation	Accelerated Amortisation	Other Intangibles	Receivables Impairment Provision	Total
Balance at 30 September 2011	-	-	-	-	-
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 31 March 2012	$ (237,582)	$ (144,147)	$(2,164,500)	$ 38,733	$(2,507,496)
Charged to profit and loss	(7,783)	43,843	221,950	9,620	267,630
Foreign exchange movement	8,501	3,475	-	(1,675)	10,301
Balance at the 31 March 2013	$ (236,864)	$ (96,829)	$(1,942,550)	$ 46,678	$(2,229,565)

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		Parent	
	2013 12 months	2012 6 months	2013 12 months	2012 6 months
Balance as at the beginning of the period	-	-	-	-
Balance as at the beginning of the period	$ -	$ -	$ -	$ -

8. EARNINGS PER SHARE

(a) Earnings per share

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

	Group		Parent	
	2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Weighted average number of ordinary shares on issue for earnings per share	59,920,100	33,070,701	59,920,100	33,070,701
Basic earnings per share ($ per share)	0.02	(0.01)	-	(0.02)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has only one category of dilutive potential ordinary shares; warrants.

For warrants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

	Group		Parent	
	2013 12 months	**2012 6 months**	**2013 12 months**	**2012 6 months**
Weighted average number of ordinary shares on issue for earnings per share	59,920,100	33,070,701	59,920,100	33,070,701
Adjustment for:				
- Assumed exercise of warrants on issue	642,857	724,385	642,857	724,385
Weighted average number of ordinary shares on issue for diluted earnings per share	60,562,957	33,795,086	60,562,957	33,795,086
Diluted earnings per share ($ per share)	0.02	(0.01)	-	(0.02)

9. SHARE CAPITAL

Parent and Group

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Share capital consists of:				
- Ordinary shares (refer below)	14,980,000	14,980,000	14,980,000	14,980,000
- Warrants (refer below)	20,000	20,000	20,000	20,000
	$15,000,000	$15,000,000	$15,000,000	$15,000,000

Ordinary shares

	Number of Ordinary Shares	Value	Number of Ordinary Shares	Value
	2013 12 months	**2013 12 months**	**2012 6 months**	**2012 6 months**
Movements in ordinary shares				
Opening balance as the beginning of the period	59,920,100	14,980,000	-	-
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	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.

No ordinary shares were issued during the current period. The following ordinary shares were issued during the prior 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 24.

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 Vetilot Limited (formerly 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).

On 18 January 2013 the Company declared a dividend of $419,441 which was paid out on 1 February 2013, no further dividends were declared or paid during the period (2012: none).

9. SHARE CAPITAL *Continued*

Warrants

	Number of Warrants 2013	Value 2013	Number of Warrants 2012	Value 2012
Movements in warrants				
Opening balance as the beginning of the period	6,000,000	20,000	-	-
Warrant issue [i]	-	-	6,000,000	20,000
Closing balance as the end of the period	6,000,000	$ 20,000	6,000,000	$ 20,000

These warrants enable the warrant holder to subscribe for ordinary shares in the Company. Each warrant enables the Warrants 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.

No warrants were issued during the current period. The following warrants were issued during the prior period:

i On 21 December 2011 the Company issued 6,000,000 warrants, for a total consideration of $20,000 to Vetilot Limited (formerly 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.

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

10. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve

	Group		Parent	
	2013 12 months	2012 6 months	2013 12 months	2012 6 months
Movements in foreign currency translation reserve				
Opening balance at the beginning of the period	(177)	-	-	-
Movement in foreign currency translation reserve	(152,295)	(177)	-	-
Closing balance at the end of the period	$ (152,472)	$ (177)	$ -	$ -

11. CASH AND CASH EQUIVALENTS

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Cash on hand	1,711	1,441	-	-
Cash at bank - on call	1,530,786	1,335,283	62,677	36,242
Cash at bank - on deposit	215,459	-	-	-
	$ 1,747,956	$ 1,336,724	$ 62,677	$ 36,242

12. TRADE RECEIVABLES

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Trade receivables	2,016,918	1,253,337	-	-
Provision for impairment	(273,141)	(243,706)	-	-
Net trade receivables	$ 1,743,777	$ 1,009,631	$ -	$ -

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

	Group		Parent	
Movements in the provision for impairment	**2013**	**2012**	**2013**	**2012**
Opening balance at the beginning of the period	243,706	-	-	-
Acquired upon acquisition of subsidiaries	-	321,263	-	-
Addition during the financial period	51,104	8,746	-	-
Write on during the financial period	(12,296)	-	-	-
Write off during the financial period	-	(86,303)	-	-
Foreign exchange movement	(9,373)	-	-	-
Closing balance at the end of the period	$ 273,141	$ 243,706	$ -	$ -

13. PREPAYMENTS AND OTHER CURRENT ASSETS

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Prepayments	309,945	97,797	13,467	-
Other receivables	110,216	82,668	-	12
Security deposits	306,644	199,100	-	-
NZAX listing deposit	20,000	20,000	20,000	20,000
Bartercard trade dollars	447,702	463,689	447,702	463,689
Fixed deposit - at bank	-	38,212	-	-
	$ 1,194,507	$ 901,466	$ 481,169	$ 483,701

13. PREPAYMENTS AND OTHER CURRENT ASSETS *Continued*

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 (2012: 2.85% to 3.15% per annum). The fixed deposit has a maturity period ranging from 3 to 12 months (2012: 3 to 12 months).

14. INVESTMENT IN UNLISTED SUBSIDIARY - PARENT

Mykris Limited has the following investments in subsidiary companies:

	Parent	
	2013	**2012**
MyKRIS Asia Sdn Bhd	10,807,542	10,807,542
MyKRIS Net (MSC) Sdn Bhd	3,192,458	3,192,458
	$14,000,000	$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

Subsidiary	**Nature of business**	**Ownership %**	
		2013	**2012**
The subsidiary company of MyKRIS Asia Sdn Bhd is:			
- MyKRIS (PG) Sdn Bhd	Managed internet service provider	100%	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

2013

	Cost	Accumulated Depreciation	Foreign Exchange Movement	Carrying Value
Buildings	49,912	(9,229)	(1,382)	39,301
Motor vehicles	238,916	(93,068)	(5,181)	140,667
Furniture and fittings	26,984	(6,529)	(647)	19,808
Office equipment	107,746	(68,852)	(1,292)	37,602
Computer equipment	118,191	(45,952)	(2,342)	69,897
Broadband equipment	187,557	(58,110)	(3,925)	125,522
Data centre equipment	336,674	(97,772)	(7,598)	231,304
Cabling	48,746	(29,768)	(661)	18,317
Renovation	86,021	(10,779)	(2,168)	73,074
Wireless equipment	1,230,854	(629,084)	(20,674)	581,096
Infrastructure	51,909	-	(1,759)	50,150
	$ 2,483,510	$(1,049,143)	$ (47,629)	$ 1,386,738

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

16. PROPERTY PLANT AND EQUIPMENT *Continued*

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

Group

2013	Opening Net Book Value	Additions	Disposals	Depreciation	Foreign Exchange Movement	Closing Net Book Value
Building	41,677	-	-	(994)	(1,382)	39,301
Motor vehicles	193,381	-	-	(47,533)	(5,181)	140,667
Furniture and fittings	11,277	11,669	-	(2,491)	(647)	19,808
Office equipment	33,762	23,337	(134)	(18,071)	(1,292)	37,602
Computer equipment	51,517	42,370	-	(21,648)	(2,342)	69,897
Broadband equipment	38,453	122,009	-	(31,015)	(3,925)	125,522
Data centre equipment	141,227	155,430	-	(57,755)	(7,598)	231,304
Cabling	22,590	5,940	-	(9,552)	(661)	18,317
Renovation	21	85,919	(1)	(10,697)	(2,168)	73,074
Wireless equipment	659,512	217,702	-	(275,444)	(20,674)	581,096
Infrastructure	51,909	-	-	-	(1,759)	50,150
	$ 1,245,326	$ 664,376	$ (135)	$ (475,200)	$ (47,629)	$ 1,386,738

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

2013	**Cost**	**Accumulated Amortisation /Impairment**	**Foreign Exchange Movement**	**Carrying Value**
Computer software	76,119	(31,117)	(1,534)	43,468
Goodwill	4,737,070	-	(3,800)	4,733,270
Customer lists	8,878,000	(1,109,750)	-	7,768,250
Development	873,415	(471,343)	(14,497)	387,575
	$14,564,604	$(1,612,210)	$ (19,831)	$12,932,563

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

2013	**Opening Net Book Value**	**Additions**	**Disposals**	**Accumulated Amortisation /Impairment**	**Foreign Exchange Movement**	**Closing Net Book Value**
Computer software	46,771	12,870	-	(14,639)	(1,534)	43,468
Goodwill	4,737,070	-	-	-	(3,800)	4,733,270
Customer lists	8,656,050	-	-	(887,800)	-	7,768,250
Development	575,846	-	-	(173,774)	(14,497)	387,575
	$14,015,737	$ 12,870	$ -	$(1,076,213)	$ (19,831)	$12,932,563

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

17. INTANGIBLE ASSETS *Continued*

Goodwill

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

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Allocated to MyKRIS Asia and MyKRIS Net	4,733,270	4,737,070	-	-
	$ 4,733,270	$ 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.

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

	MyKRIS Net & MyKRIS Asia	
	2013	**2012**
Gross margin	80.0 - 90.0%	81.0 %
Growth rate	10.0 – 12.5%	7.5 - 15.0 %
Discount rate	12.6%	12.6 %

(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		Parent	
	2013	**2012**	**2013**	**2012**
Trade creditors	129,834	134,184	-	-
Accruals	320,584	205,916	44,992	44,787
Deposits received	59,955	82,885	-	-
Other payables	30,094	63,286	3,437	50,000
	$ 540,467	$ 486,271	$ 48,429	$ 94,787

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

19. DEFERRED INCOME

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Deferred income	741,566	727,832	-	-
	$ 741,566	$ 727,832	$ -	$ -

20. TERM BORROWINGS

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Current				
Lease and hire purchase payables (refer note (22))	30,642	54,603	-	-
Term loan (refer note (21))	-	685	-	-
	$ 30,642	$ 55,288	$ -	$ -
Non Current				
Lease and hire purchase payables (refer note (22))	88,676	123,516	-	-
	88,676	123,516	-	-
	$ 119,318	$ 178,804	$ -	$ -

21. TERM LOAN

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Current				
Alliance Bank (M) Bhd	-	685	-	-
	-	685	-	-

As at 31 March 2012, MyKRIS Asia 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. During the year ended 31 March 2013, this term loan was repaid.

22. FINANCE LEASE AND HIRE PURCHASE PAYABLES

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Minimum finance lease and hire purchase payments:				
- not later than one year	36,362	63,346	-	-
- later than one year and not later than five years	95,948	136,976	-	-
Total minimum finance lease and hire purchase payments	132,310	200,322	-	-
Less: Future finance charges	(12,992)	(22,203)	-	-
Present value of finance lease and hire purchase payables	$ 119,318	$ 178,119	$ -	$ -
Current portion:				
- not later than one year	30,642	54,603	-	-
Non current portion:				
- not later than one year and not later than five years	88,676	123,516	-	-
Present value of finance lease and hire purchase payables	**$ 119,318**	**$ 178,119**	**$ -**	**$ -**

The finance lease and hire purchase payables were subjected to interest rates ranging from 2.33% to 3.32% (2012: 2.33% to 6.46%) per annum at the end of the reporting period.

The carrying value of the assets under the lease and hire purchase as at reporting date was $138,522 (2012: $186,831).

23. RELATED PARTY BALANCES AND TRANSACTIONS

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

Related party	**Relationship**
Brent Douglas King	Director and shareholder of Mykris Limited and director of Vetilot Ltd
Chang Wai Hoong	Director of Mykris Limited and director and shareholder of MyKRIS International Sdn Bhd
Chew Choo Soon	Director of Mykris Limited and director and shareholder of MyKRIS International Sdn Bhd
MyKRIS Asia Sdn Bhd	Subsidiary company of Mykris Limited
MyKRIS International Sdn Bhd	Shareholder of Mykris Limited
MyKRIS Net (MSC) Sdn Bhd	Subsidiary company of Mykris Limited
MyKRIS (PG) Sdn Bhd	Subsidiary company of MyKRIS Asia Sdn Bhd
NetAssist (M) Sdn Bhd	Common directors Chang Wai Hoong and Chew Choo Soon who have beneficial interest through Zenwise Digital Sdn. Bhd.
N-BASE (M) Sdn Bhd	Common directors Chang Wai Hoong and Chew Choo Soon who have beneficial interest through Zenwise Digital Sdn. Bhd.
Vetilot Limited (formerly Investment Research Group Limited)	Common director Brent Douglas King

23. RELATED PARTY BALANCES AND TRANSACTIONS *Continued*

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Related party receivables:				
Group companies				
MyKRIS Net (MSC) Sdn Bhd	-	-	147,204	-
External parties				
Vetilot Limited (formerly Investment Research Group Limited)	-	1,864	-	1,864
MyKRIS International Sdn Bhd	-	5,832	-	-
N-BASE (M) Sdn Bhd	135,688	-	-	-
	$ 135,688	$ 7,696	$ 147,204	$ 1,864
Related party payables:				
Group companies				
MyKRIS Asia Sdn Bhd	-	-	(323,208)	(45,193)
Directors				
Chang Wai Hoong	(38,339)	(11,522)	(37,500)	-
Chew Choo Soon	(37,500)	(12,857)	(37,500)	-
External parties				
MyKRIS International Sdn Bhd	(3,680)	(2,590)	(3,680)	-
NetAssist (M) Sdn Bhd	(66,868)	-	-	-
	$ (146,387)	$ (26,969)	$ (401,888)	$ (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.

23. RELATED PARTY BALANCES AND TRANSACTIONS *Continued*

	Group		Parent	
	2013 12 months	2012 6 months	2013 12 months	2012 6 months
Transactions with related parties				
Advances and expenses recharged by MyKRIS Asia Sdn Bhd to Mykris Ltd	-	-	278,015	45,193
Dividend paid by MyKRIS Net (MSC) Sdn Bhd to Mykris Limited	-	-	617,431	-
Share based payments for listing fees paid by Mykris Limited to Vetilot Ltd	-	500,000	-	500,000
Agents fees payable by MyKRIS Asia Sdn Bhd to Net Assist (M) Sdn Bhd	198,610	-	-	-
Products and expenses recharged by MyKRIS Asia Sdn Bhd to NetAssist (M) Sdn Bhd	129,757	-	-	-
Deposits paid by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	57,319	-	-	-
Expenses recharged by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	5,561	-	-	-

The above agents fee payable by MyKRIS Asia Sdn Bhd to NetAssist (M) Sdn Bhd relates to a contract for the supply and installation of a Turnkey Network Infrastructure Project in excess of $2.1 million. NetAssist (M) Sdn Bhd acted as agent to obtain the contract, invoice and collect the contract payments.

The above deposits paid by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd is for the purchase of a parcel of shop premises from N-BASE (M) Sdn Bhd under a deferred purchase arrangement. The full settlement of the purchase price is expected to be paid over the course of the next 12 months. Refer Note 30.

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

	Group		Parent	
	2013 12 months	2012 6 months	2013 12 months	2012 6 months
Transactions with key management personnel				
Short term employee benefits	199,862	26,388	104,318	-
Directors fees	98,080	14,376	80,950	14,376
Consultancy fees	15,663	-	-	-

24. BUSINESS COMBINATIONS

Acquisition of MyKRIS Asia and MyKRIS Net

Mykris Limited acquired control of two Malaysian incorporated companies, MyKRIS Asia 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)
	$(2,584,917)	$ (153,750)	$(2,738,667)
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 an 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.

No acquisition-related costs were 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.

24. BUSINESS COMBINATIONS *Continued*

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 prior reporting period (i.e. 30 September 2011):

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

25. 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:

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Financial assets:				
Loans and receivables:				
- Cash and cash equivalents	1,747,956	1,336,724	62,677	36,242
- Trade receivables	1,743,777	1,009,631	-	-
- Other receivables	110,216	76,642	-	12
- Related party receivables	135,688	13,722	147,204	1,864
	$ 3,737,637	$ 2,436,719	$ 209,881	$ 38,118
Financial liabilities:				
Financial liabilities at amortised cost:				
- Trade payables	129,834	134,184	-	-
- Other payables	30,094	146,168	3,437	50,000
- Related party payables	146,387	26,969	401,889	45,193
- Hire purchase	119,319	178,119	-	-
- Term borrowings	-	685	-	-
	$ 425,634	$ 486,125	$ 405,326	$ 95,193

26. FINANCIAL RISK MANAGEMENT

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

(i) Market risk

Foreign currency risk

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

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

	Group		Parent	
	2013	2012	2013	2012
United States dollar (USD)	220,670	(26,490)	-	-
Australian dollar (AUD)	-	22,258	-	-
Chinese renminbi (RMB)	-	2,396	-	-
Hong Kong dollar (HKD)	-	134,430	-	-
Malaysian ringgit (MYR)	2,136,116	687,867	(254,684)	(43,329)
	$ 2,356,786	$ 820,461	$ (254,684)	$ (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 (2012: 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.

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.

26. 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 ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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 two (2) (2012: one (1)) customer which constituted approximately 45% (2012: 13%) 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		Parent	
	2013	2012	2013	2012
Malaysia	1,501,783	838,568	-	-
Australia	-	22,258	-	-
China	-	2,396	-	-
United States	9,259	11,979	-	-
Hong Kong	229,921	134,430	-	-
Singapore	2,814	-	-	-
Net trade receivables	$ 1,743,777	$ 1,009,631	$ -	$ -

26. FINANCIAL RISK MANAGEMENT *Continued*

(ii) Credit risk *continued*

Ageing analysis

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

Group

2013

	Gross amount	Individual impairment	Collective impairment	Carrying value
Not past due	825,914	-	-	825,914
Past due:				
- 0 to 30 days	140,974	-	-	140,974
- 31 to 90 days	589,865	-	-	589,865
- more than 90 days	460,165	(273,141)	-	187,024
Net trade receivables	$ 2,016,918	$ (273,141)	$ -	$ 1,743,777

2012

	Gross amount	Individual impairment	Collective impairment	Carrying value
Not past due	162,704	-	-	162,704
Past due:				
- 0 to 30 days	339,006	-	-	339,006
- 31 to 90 days	227,710	-	-	227,710
- more than 90 days	523,917	(243,706)	-	280,211
	$ 1,253,337	$ (243,706)	$ -	$ 1,009,631

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.

26. 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

2013

	Carrying amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Trade payables	129,834	129,834	129,834	-	-	-
Other payables	30,094	30,094	30,094	-	-	-
Related party payables ***	146,387	146,387	146,387	-	-	-
Hire purchase payables *	119,319	132,316	18,177	18,177	72,708	23,254
	$ 425,634	$ 438,631	$ 324,492	$ 18,177	$ 72,708	$ 23,254

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

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

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%.

26. FINANCIAL RISK MANAGEMENT *Continued*

(iii) Liquidity risk *Continued*

Parent

2013

	Carrying amount	Total	0-6 mths	7-12 mths	1-2 yrs	2-5 yrs
Other payables	3,437	3,437	3,437	-	-	-
Related party payables ***	401,888	401,888	401,888	-	-	-
	$ 405,325	$ 405,325	$ 405,325	$ -	$ -	$ -

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

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%.

(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.

27. 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.

2013	**Group**		**Parent**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents	1,747,956	1,747,956	62,677	62,677
Trade receivables	1,743,777	1,743,777	-	-
Other receivables	110,216	110,216	-	-
Related party receivables	135,688	135,688	147,204	147,204
Financial liabilities				
Trade payables	129,834	129,834	-	-
Other payables	30,094	30,094	3,437	3,437
Related party payables	146,387	146,387	401,889	401,889
Hire purchase	119,319	119,319	-	-
Term loan	-	-	-	-

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	1,009,631	1,009,631	-	-
Other receivables	76,642	76,642	20,012	20,012
Related party receivables	13,722	13,722	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	-	-

28. 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.

2013 - Group

	Group
External revenue	8,878,771
Inter-segment revenue	-
Total	$ 8,878,771
Net segment profit / (loss) before taxation	1,073,939
Taxation expense	212,783
Net profit / (loss) after taxation	1,286,722
Interest income	1,118
Interest expense	8,661
Depreciation	475,200
Amortisation	1,076,213
Other material non-cash items:	
- Impairment of trade receivables	51,104
- Bad debts recovered	12,296
Assets	
Total segment assets	19,184,140
Additions to non-current assets other than financial instruments:	
- Property, plant and equipment	664,376
- Intangible assets	12,870
Liabilities	
Total segment liabilities	3,830,417

28. OPERATING SEGMENTS *Continued*

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	5,799
Interest expense	4,663
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	18,604,841
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	3,966,104

The Group operated predominantly in Malaysia.

	Group	
	2013	**2012**
The Group's revenues from external customers by geographic area are:		
- United States of America	21,450	16,766
- Hong Kong	322,118	280,648
- Australia	715	-
- Malaysia	8,534,488	1,157,629
Total external revenue	$ 8,878,771	$ 1,455,043
The Group's non-current assets by geographic area:		
Malaysia		
- Property, plant and equipment	1,386,738	1,245,326
- Intangible assets and goodwill	12,932,565	14,015,737
- Total non current assets	$14,319,303	$15,261,063

28. OPERATING SEGMENTS *Continued*

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

29 RECONCILIATION OF NET PROFIT / (LOSS) AFTER TAXATION TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Profit / (loss) after tax	1,286,722	(361,086)	278,347	(618,173)
Add/(less) non-cash items:				
- Depreciation	475,200	140,224	-	-
- Amortisation	1,076,213	285,544	-	-
- Impairment	51,104	9,315	-	-
- Current tax	9,167	-	-	-
- Deferred tax	(277,931)	(188,754)	-	-
- Property, plant & equipment written off	135	-	-	-
- Effects of exchange rates	(74,272)	(24,326)	-	-
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
- Share based payments for listing fees	-	500,000	-	500,000
Add / less movements in working capital items:				
- Working capital acquired	-	969,846	-	-
- Decrease / (increase) in trade receivables	(785,250)	(1,009,631)	-	-
- Decrease / (increase) in prepayments and other current assets	(293,041)	(901,466)	2,532	(485,536)
- Decrease / (increase) in tax receivables	40,362	(49,529)	-	-
- Decrease / (increase) in deferred income	13,734	727,832	-	-
- (Decrease) / increase in trade and other payables and accruals	43,632	486,094	(46,359)	44,757
- (Decrease) / increase in tax payables	10,203	-	-	-
Net cash outflow / (inflow) from operating activities	1,575,978	1,104,063	$ 234,520	$ (38,952)

30. COMMITMENTS

Capital commitments

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Approved and contracted for:				
- purchase of shop premises	179,778	243,699	-	-
	$ 179,778	$ 243,699	$ -	$ -

MyKRIS Asia Sdn Bhd ('MyKRIS Asia') has agreed to purchase a parcel of shop premises from Nbase (M) Sdn Bhd. 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 reporting date (2012: none).

31. CONTINGENT LIABILITIES

ACN System Solutions Sdn. Bhd contingency

As at 31 March 2012, ACN System Solutions Sdn. Bhd. ("Plaintiff") had via Kuala Lumpur High Court Summons No. S-22-720-2010 instituted legal action against the MyKRIS Asia 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 were fixed from 23rd to 26th June 2013.

No provision had 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.

During the year ended 31 March 2013, the Plaintiff has filed a Notice to Attend Pre-Trial Case Management dated 15 February 2013 and the matter is fixed for case management on 16 July 2013, pending compliance of pre-trial directions.

Other contingent liabilities

There were no other material contingent liabilities at reporting date (2012: none).

32. SUBSEQUENT EVENTS

Dividend

The directors declared a dividend 0.8 cents per share dividend, totalling $479,361 on 14 June 2013 (for the record date 2 August 2013 with payment expected on 16 August 2013).

There were no other material events subsequent to reporting date.