



# **MYKRIS LIMITED AND ITS SUBSIDIARIES**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2015**

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## **VISION**

To be a class leading Managed Service provider  
that empowers businesses through Contents,  
Application, Services and Hosting (CASH).

## **MISSION**

Connecting business and people  
by providing Quality Network Solution

Our people is our pride and we are committed to  
continuously grow and develop them with integrity

## **WE BELIEVE**

Customer is the foundation of business  
People is the most valuable asset  
Quality is the root of service

**ABOUT MYKRIS**

Mykris Limited was listed on the New Zealand Stock Exchange (NZAX) on 10 January 2012. It is the parent company of Mykris Asia Sdn. Bhd., one of the leading Managed Internet/Intranet Services companies in Malaysia and Mykris Net (MSC) Sdn. Bhd., a Malaysian certified Multimedia Super Corridor-status company specializing in application and cloud based services.

Mykris Asia specializes in corporate/enterprise network connectivity services. Based in Kuala Lumpur with wireless network presence in Penang and Johor, we offer full suite of comprehensive connectivity services consisting of Internet/Intranet, fiber leased lines and international leased circuits. Mykris also offers data centre services to enterprises with our co-location partners.

A crucial component of our asset is our wholly-owned, full-fledged robust microwave wireless network implemented in Klang Valley, Penang and Johor. A full resilience high performance gigabit network, anchoring our core connectivity services in Malaysia. Our wireless network has extensive reach and coverage in major part of central business districts and industrial zones that enables us to provide high quality connectivity services with exceptional support services.

Mykris partnered Malaysia incumbent Telcos to leverage on their nationwide fiber networks to allow Mykris to tap into nationwide connectivity business potential. As such, Mykris is able to offer wide area network connectivity for corporate and enterprises and pave the way for our clients to realize and enjoy the benefits of our innovative wired and wireless hybrid solutions.

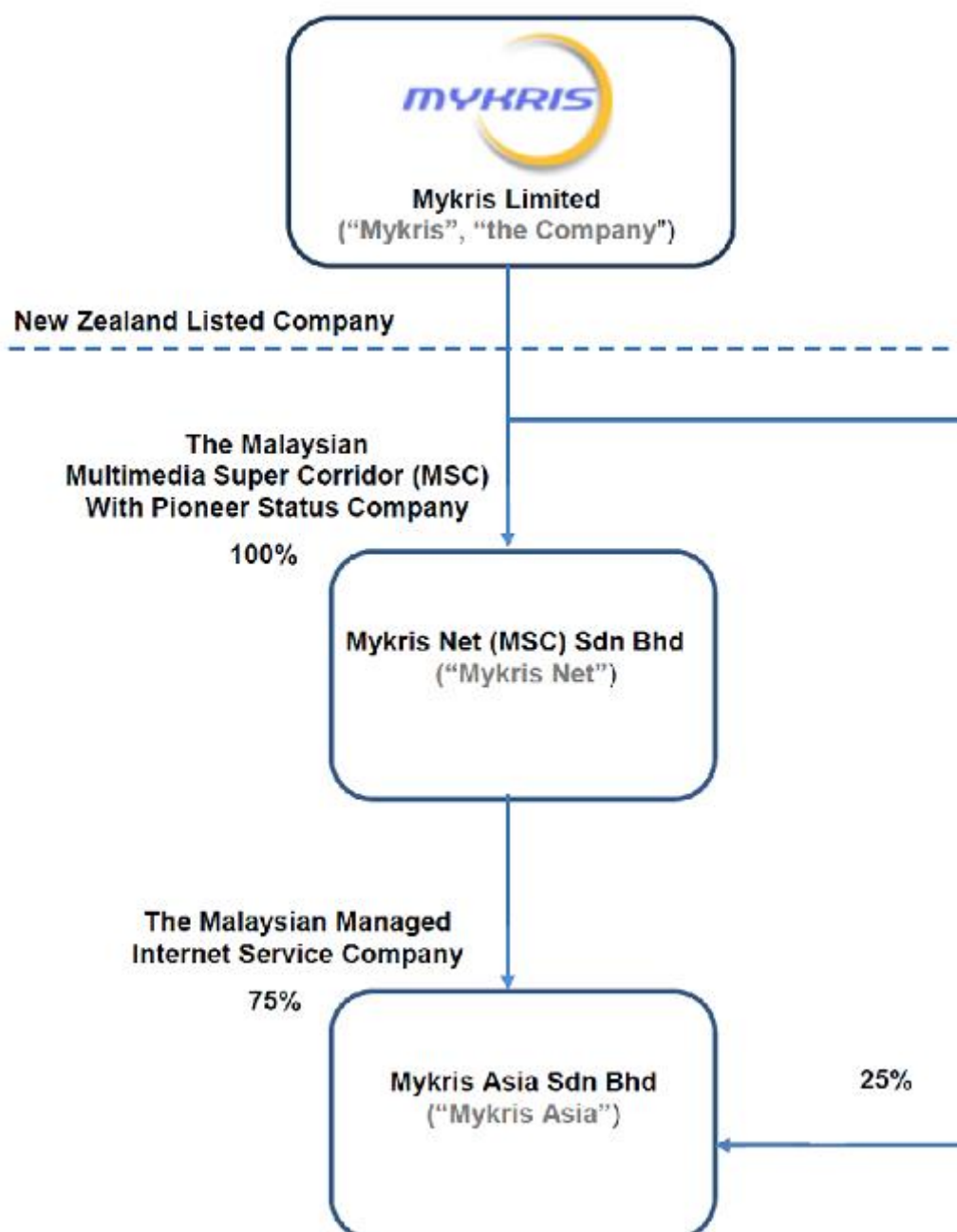
On the other hand, Mykris Net (MSC) has pioneered into location based services (LBS) and transitioning traditional brick and mortar business to E-Commerce platform. The LBS utilizes geographical positioning location data for real time tracking purposes and applications.

Further information is available on Mykris website ([WWW.mykris.net](http://WWW.mykris.net)) and we recommend shareholders to review the Disclosure Document to learn more about the Mykris' subsidiaries business.

**COMPANY DIRECTORY****FOR THE YEAR ENDED 31 MARCH 2015**

Company Number:	3568071										
Nature of Business:	Managed Internet Service Provider										
Issued Capital:	59,920,100 ordinary shares (fully paid)										
Directors:	<table><tr><td>Chew Choo Soon,</td><td>Executive Chairman</td></tr><tr><td>Chang Wai Hoong,</td><td>Executive Director</td></tr><tr><td>Siow Hock Lee,</td><td>Independent Non-Executive Director</td></tr><tr><td>Brent Douglas King,</td><td>Independent Non-Executive Director</td></tr><tr><td>Huei Min Lim,</td><td>Independent Non-Executive Director</td></tr></table>	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
Chew Choo Soon,	Executive Chairman										
Chang Wai Hoong,	Executive Director										
Siow Hock Lee,	Independent Non-Executive Director										
Brent Douglas King,	Independent Non-Executive Director										
Huei Min Lim,	Independent Non-Executive Director										
Registered Office:	Level 9, 191 Queen Street Auckland, 1010, New Zealand										
Company Secretary:	Garth Ward Level 7, 12-26 Swanson Street, Auckland, 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 Audit Partnership Level 29, 188 Quay Street, Auckland, 1010, New Zealand										
Solicitors:	Lowndes, Level 5, Lowndes 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:	<a href="http://www.mykris.net">www.mykris.net</a>										

**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 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 MyKRIS Asia in 2000.

He has presented various workshops on wireless communication and business applications of ICT to members of the Association of Chinese Chamber of Commerce Malaysia (ACCCIM). He was appointed the Deputy Chairman for the ICT Committee in ACCCIM from 2006 to 2013. He is currently the Treasurer for Malaysia Internet Society which operates Malaysia Internet Exchange (MylX) for Malaysian Internet service providers since 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 multinational 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 reorganisation 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 Mykris Limited since 21 December 2011. He is a member of the Association of Chartered Certified Accountants (United Kingdom) and a member of the Malaysian Institute of Accountants. 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, RFA**  
*Independent Non-Executive Director*

Brent Douglas King is an Independent Non-Executive Director of the Mykris Limited 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 Mykris Limited 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 Foundation North 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 9 years. She specialises in corporate and governance issues, particularly in dispute resolution areas.



**DIRECTORS' REPORT****INTRODUCTION**

Dear Shareholders,

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 2015. This report covers our performance in our third full year as a listed company on the New Zealand Alternative Exchange ("NZAX"). This year has shown further growth and development by the Group in our core business of Managed Internet services. The financial results of the second six month period of the year are significantly better than the first six months. There was significant further investment made into the development and marketing of the business in the first six months of the year. This has produced strong returns in the second six months.

Shareholders should also note that the strong New Zealand dollar (NZD) relative to the Malaysian Ringgit (MYR) has had a significant impact on the financial results. The exchange rate has moved from a low of MYR2.53 to NZ\$1 to the high of MYR2.84 to NZ\$1. This makes the financial projections in NZ dollars very challenging. It is clear that in the second six months the Malaysian subsidiaries have had a strong performance in Malaysian Ringgit terms. The issue is compounded when costs such as Audit, Listing, Registry and other New Zealand costs are fixed in NZD.

The Board is considering all options in this regard, currently the focus is on increasing the profitability of the Malaysian companies and to hold or reduce the New Zealand costs. The Board considers this matter regularly.

**FINANCIAL PERFORMANCE**

The highlights were:

	<b>31 March 2015</b> <b>12 months</b>	<b>31 March 2014</b> <b>12 months</b>	<b>30 September 2014</b> <b>6 months (unaudited)</b>
Revenue	\$ 8,349,158	\$ 7,328,612	\$ 3,881,702
Gross Profit	\$ 5,123,347	\$ 4,441,014	\$ 2,275,045
EBITDA	\$ 1,660,738	\$ 1,570,903	\$ 787,870
Taxation benefit	\$ 438,339	\$ 260,647	\$ 197,147
NPAT	\$ 149,580	\$ 96,974	\$ 17,315
Cash and cash equivalents	\$ 839,638	\$ 1,148,215	\$ 1,046,904

Mykris has very significant non-cash items including amortization (\$1,025,458) and depreciation (\$925,826).

The trading subsidiaries continue to produce strong EBITDA results from its base business of Managed Internet Services in Malaysia.

EBITDA is calculated as:

	<b>31 March 2015</b> <b>12 months</b>	<b>31 March 2014</b> <b>12 months</b>	<b>30 September 2014</b> <b>6 months (unaudited)</b>
NPAT	\$ 149,580	\$ 96,974	\$ 17,315
Add back / (deduct):			
• interest	\$ (1,787)	\$ (2,900)	\$ (3,740)
• taxation	\$ (438,339)	\$ (260,647)	\$ (197,147)
• depreciation	\$ 925,826	\$ 676,749	\$ 458,544
• amortisation	<u>\$ 1,025,458</u>	<u>\$ 1,060,727</u>	<u>\$ 512,898</u>
	\$ 1,660,738	\$ 1,570,903	\$ 787,870

The strategy is for Mykris to continue to develop its base business and to secure more clients with contract terms spanning between three and five years for our products and services. It must be noted that this is a competitive market and Mykris is always under price pressure to retain its existing clients as contracts end.

**DIRECTORS' REPORT** (continued)**FINANCIAL PERFORMANCE** (continued)

The Statement of Financial Position shows minimal debt and significant cash deposits. We have continued to invest significant funds in developing new products. As stated in previous reports our policy is to expense these costs to the income statement as they are incurred, unless revenue is being earned from these products.

The group currently holds significant current assets including cash and cash equivalents of \$839,638.

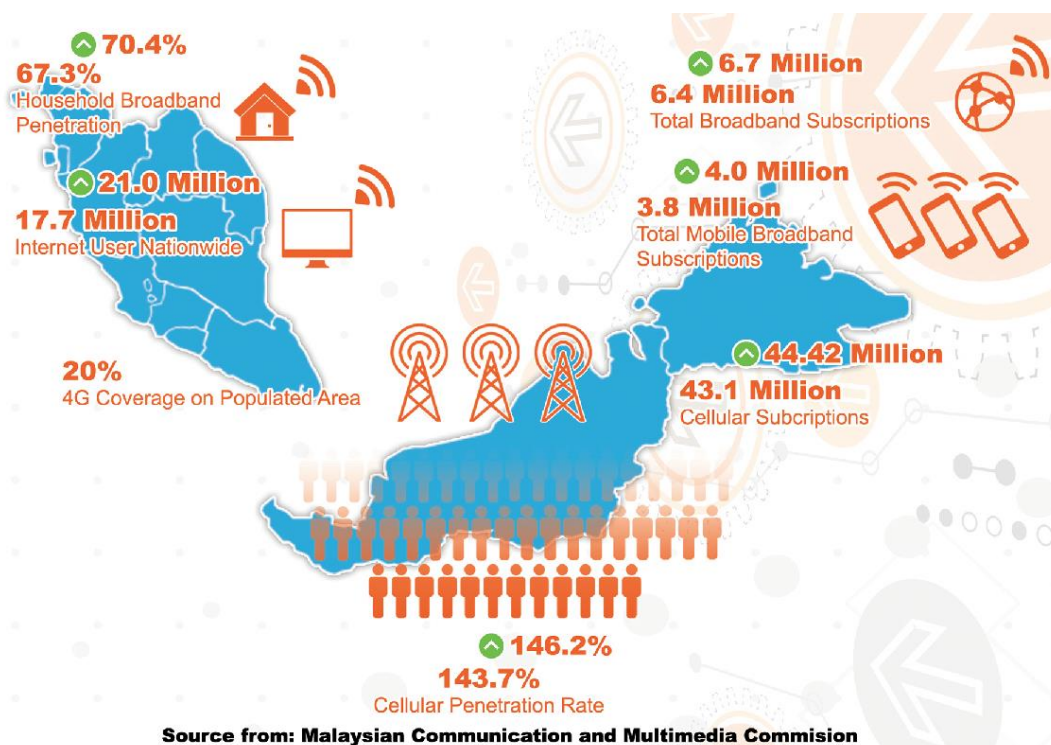
There has also been a significant investment of \$1,364,741 in the development of new offices for the Malaysian operations.

**Dividend**

The Board of Directors has considered the profit and the cash flow of the business and has decided to retain cash within the business and to not pay a dividend for this year.

**INDUSTRY TREND AND DEVELOPMENT**

In the 2014 Malaysia National Budget the Malaysia Government allocated a hefty total of NZD1.21 billion to expand high speed broadband coverage to benefit 2.8 million households. In the recent 2015 budget, Malaysia Government plans to invest further ~NZD1.0 billion (RM2.7 billion) on the 2<sup>nd</sup> phase of Malaysia High Speed Broad Band. This HSBB2 project will be implemented in high economic impact areas, covering state capitals and selected major towns over the next three years. The objective is to build 1,000 new telecommunications towers and lay undersea cables. The 2015 National Budget also set aside NZD37 million (RM100 million) for the Digital Content Industry Fund under Malaysia Multimedia and Communication Commission to promote further creative digital content development in the country.



Thanks to the strong demand of mobile Internet and online services, Malaysia Internet/Intranet data services recorded a steady growth in year 2014. However, following the statistics released by Malaysia Multimedia and Communication Commission in early 2015, the number of network services provider in Malaysia has grown to 163. The network services industry competition is getting tougher with more players.

**DIRECTORS' REPORT** (continued)**INDUSTRY TREND AND DEVELOPMENT** (continued)**Number Of Licences As At 31 March 2015**

	Number of Licences		
	Individual	Class	Total
Network Facilities Provider (NFP)	153	19	172
Network Service Provider (NSP)	143	20	163
Applications Service Provider (ASP)		501	501
Content Applications Service Provider (CASP)	39	26	65
<b>Total</b>	<b>335</b>	<b>566</b>	<b>901</b>

**1. Internet of Things**

Gartner forecasts that worldwide 4.9 billion connected objects with smart sensors will be in use in 2015, up 30 percent from 2014, and will reach 25 billion by 2020. The (IoT)\* has become a powerful force. It is foreseeable that the expansion of this disruptive trend will boost the economic impact of the IoT for consumers, businesses, governments and many other entities. IoT will enable companies to change their traditional business models through some value-added new services.

The Internet of Things revolves around increased machine-to-machine communication; it's built on cloud computing and networks of data-gathering sensors; it's mobile, virtual, and instantaneous connection; and they say it's going to make everything in our lives from streetlights to seaports "smart".

Malaysia is in the limelight as far as Internet of Things (IoT) is concerned. Malaysia is one of the fastest growing IoT markets in Asean and Asia Pacific as a whole, with an estimated spending of US\$70 million in 2014, estimated to reach US\$447 million by 2017. With more smart gadgets connected through Internet, more online applications and services made available, the requirement for high quality Internet/Intranet network services in Malaysia is in a clear uptrend.

Source : Gartner



**DIRECTORS' REPORT** *(continued)***INDUSTRY TREND AND DEVELOPMENT** *(continued)***2. Cloud Computing**

Malaysia's cloud market was worth an estimated US\$98.7 million in 2014 and will reach US\$221.9 million in 2017, the research firm predicted. This growth is being enabled by the Government's incentives to enable small and medium businesses (SMBs) to opt for cloud services.

The Malaysia Government is also the largest spender for cloud services, followed by the telecommunications and IT sector, manufacturing, education and BFSI (banking and financial services industry) sectors. On the Business Applications as a Service (BAaaS) front, Malaysia is also witnessing robust growth as commented by Frost & Sullivan.

The Cloud Computing continues to drive ICT growth throughout SEA markets. As the world economy turns more challenging and the cost of doing business rocketing, more financial institutions, government-linked companies (GLCs) and enterprises will be looking to outsource their non-core business operations in order to further reduce costs and increase competitiveness with faster go-to-market strategies. Organisations/Companies be it enterprises small or medium, will seek alternative solutions such as Software-as-a-service (SaaS), Platform-as-a-Service (PaaS), managed services and secure cloud infrastructure i.e. (Infrastructure-as-a-Service IaaS) solutions as an alternative for organisations to outsource their data center management and operations.

In summary, more local companies will look to revamp their existing network infrastructures and streamline non-core business operations for better business ROIs, lowered cost of ownership, and simplified operations. Especially in Malaysia, the GST, e-payment implementation is expected to further drive the adoption of ICT solutions in 2015 as local businesses struggle to adhere to the new policy.

**Source : SME Magazine**



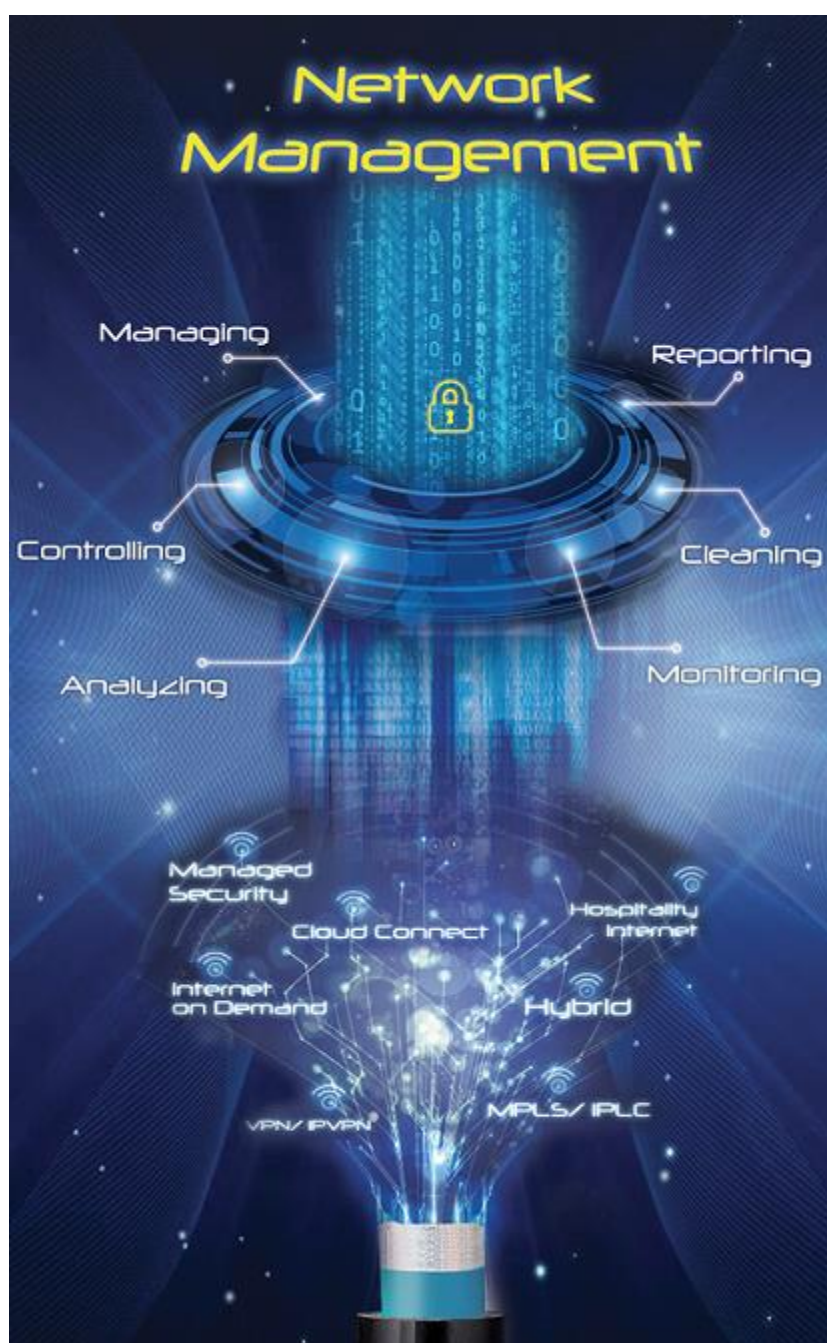


**DIRECTORS' REPORT** *(continued)***OPERATIONAL REVIEW**

Despite the demand for data and steady growth in the Internet/Intranet, the connectivity services continued to be commoditised. The competitive landscape was further compounded by the increased number of players with different strategies and strengths in the market. To combat this market threats, Mykris has leveraged on value added services as a differentiation factor to enhance our competitive edge.

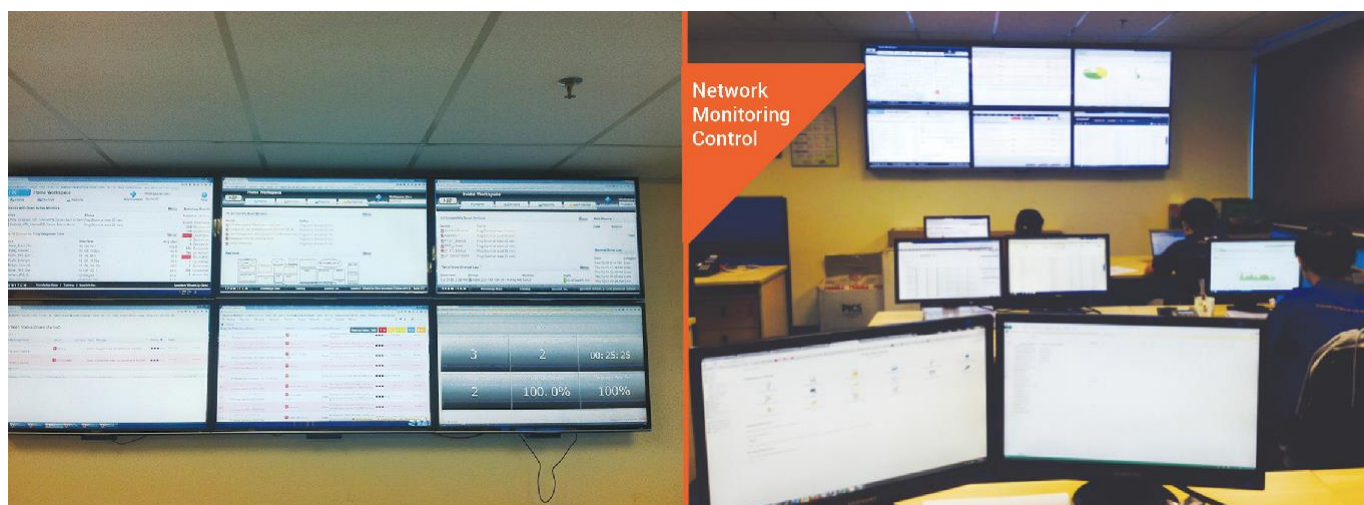
By staying focused on reducing price competition in data and broadband services with value added services and improved network service quality, we have managed to tackle the pressure on price and registered growth for our Managed Internet/Intranet revenue.

Our key strengths are to look into and understand the individual industry needs and to spot the little niche that leads to innovative products and services. We believe innovation is the way to assist Mykris to secure the unique selling propositions for a competitive edge. To date, it has highlighted four vertical markets to focus upon and we are confident the much-awaited strategies will position Mykris as the innovative provider.



**DIRECTORS' REPORT** *(continued)***OPERATION REVIEW** *(continued)***Network Operating Center (NOC)**

MyKRIS provides end-to-end network management through the NOC. Acting as "mission control," the NOC uses proprietary network management tools and systems to monitor the network 24-hours-a-day, seven-days-a-week; identify and resolve potential issues before they affect the network; and manage performance along the entire path. From the centralized NOC, MyKRIS can manage multiple Robust Node locations, local caching servers, and other network infrastructure. MyKRIS's carefully designed, consistent system configuration and management also enable the NOC to provide a high level overall system security and reliability. We are pleased to extend the online services via our secured web service to our dedicated customers who may require certain information i.e. utilization, link performance, packets, policies etc on real-time basis as and when they need it.

**Managed Domain Name Service (DNS)**

The Domain Name Service (DNS) is one of the most important components in Internet Service, enabling users and services to access web contents and applications by translating URLs (names) into IP addresses (numbers). Every icon and URL, and all embedded content on a Web page requires a DNS lookup. The rate of DNS traffic growth is largely attributed to the rollout of new services, applications and cloud computing services. The DNS performance and security are only going to swell and deserves high level of concern in order to avoid bottlenecks and outages on the network.

Today organizations of every size are highly reliant on DNS to accommodate their Web traffic. According to a survey result, it was cited that improved application availability and application performance as the most important benefit of DNS. Nearly one-third of respondents (29 percent) report that they have experienced DNS outages in the preceding 12 months. Of this percentage, one-quarter report that a traffic surge was the culprit.

MyKRIS is well positioned to offer the Managed DNS service as part of the Value Added Services to its corporate clients.

**DIRECTORS' REPORT** (continued)**OPERATION REVIEW** (continued)**Managed Domain Name Service (DNS)** (continued)**MYKRIS NETWORK MANAGEMENT SYSTEM**

The screenshot displays the MYKRIS Network Management System interface. The top navigation bar includes the MYKRIS logo and links for Appliance Management, DNS Management, and DNS Reports. The main content area is divided into two panels.

**Dashboard Panel:**

- Buttons: List Of Zone, Top 5 Hosts, Top 5 Zones.
- Text: Displaying Zone 1 - 5 of 117 in total.
- Table:

No	Zone
1	mcquay.com.my
2	mcquayasia.com
3	mkcapital.net
4	lion.com.my
5	tweety.mykris.com

- Navigation: Previous, 1 2 3 4 5 6 7 8 9 ... 23 24 Next →

**Zones Panel:**

- Dropdown: default
- Button: Create new zone
- Text: 117 Zones All Master Slave
- Table of Zones:

Zone	Hosts	Type	DNSSEC	Allow Transfer	Allow Update	Note
mykris.net	356	master	✗	None	None	none


**MYKRIS HYBRID NETWORK (BEST OF BOTH WORLDS)**

**Best of Both Worlds  
Wired & Wireless**

Uninterruptible connectivity to protect you from

- Financial Loss
- Loss of Business Opportunity
- Business Operation Interruption

*We know what is best for you.*

**15+ YEARS EXPERIENCE**  
Managing Network

The image shows a close-up of a car dashboard with three buttons labeled WIRED, HYBRID, and WIRELESS. The MYKRIS logo is visible on the dashboard.

**DIRECTORS' REPORT** *(continued)***PROSPECT OF THE GROUP**

The financial year 2015 was a steady year for the Group. Overall we have attained a healthy growth especially in managed Internet/Intranet services. The E-Commerce venture with the Malaysia's biggest Chinese media has earned good exposures and surely has put Mykris E-Commerce platform into the limelight.

Over the years, Mykris has focused on its key strengths by leveraging on the high performance robust wireless network. Today, the microwave network has evolved to Gigabit high throughput performance to allow Mykris to continue providing reliable and exceptional quality services. However, we also reckoned that to break the wireless boundary barrier and to broaden our service coverage for potential clients, combination of fiber wired and wireless will provide the catalyst for the next business fusion.

As a result, being a tier 1 licensed service provider in Malaysia, we have partnered some incumbent Telcos to lease the fiber circuit anywhere anytime with extensive reach across the entire country. Effectively, the partnership enables Mykris to offer "best of both worlds" wired and wireless hybrid solutions to our clients. The hybrid model has positioned Mykris as yet another innovative connectivity service provider with unique marketing proposition.

Continuing with our branding campaign and marketing awareness program, more resources will be allocated to work with media partners to create the Pull Marketing impact. Moving ahead, we will also pay attention to online media and to revamp our website to give the synergistic impacts in our prospecting.

With a strong 15 years of track record and testimonials, Mykris is ready to embark on the next stage of enterprise transformation. Over the years, we have secured a diversified group of clients ranging from manufacturing, finance, retail, hotels, media etc with a proven service record and solutions. We believe in order to achieve exponential growth in our client base, we need to be focused and innovative. That leads us to transform our marketing approach to industry by better focus and to create more synergistic values. The move will catapult Mykris into the next growth stage.

In line with the marketing transformation, Mykris will also invest into Human Resource as we believe "People are our most valuable Asset". We will embark on a 3 year plan with endorsement of the Performance Management System to groom people and to attract and retain talent within our Group.

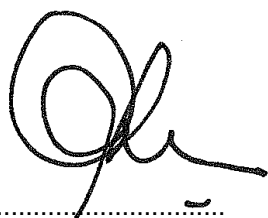
**ACKNOWLEDGEMENT AND APPRECIATION**

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

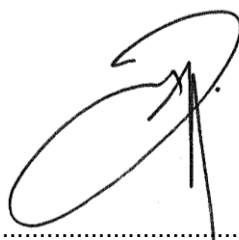
We would like to thank our fellow Board members for their wisdom, guidance and direction, which helped push the Company to strive to improve Mykris' fundamentals and future performance.

Last but not least, we wish to 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 the Mykris Group.

For and on behalf of the Board of Directors, dated 13 July 2015:



**CHEW CHOO SOON**  
*Executive Chairman*



**CHANG WAI HOONG**  
*Executive Director*



**CORPORATE GOVERNANCE STATEMENT**

The Board of Directors (“Board”) of Mykris Limited (“the Company”) recognises the need for strong corporate governance and best practices. The Board has established policy and guidelines to good corporate governance and is guided by a charter that documents its intention and general approach to the fulfillment 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 NZAX Listing Rules requires a minimum of Three (3) 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 6 and 7 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.

A total of five (5) Board Meetings were held during the financial year under review and the Board attendance record is as follows: -

<b>Board Members</b>	<b>Meetings Attended</b>	<b>Meeting Held</b>
Chew Choo Soon (Chairman)	5	5
Chang Wai Hoong	5	5
Siow Hock Lee	5	5
Brent Douglas King	5	5
Huei Min Lim	5	5

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.

**CORPORATE GOVERNANCE STATEMENT** *(continued)***AUDIT COMMITTEE**

The Mykris Audit Committee has been established to focus on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance.

The Audit Committee is accountable for ensuring the performance and independence of the external auditors and also makes recommendations to the Board.

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

**OTHER COMMITTEES**

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

**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 fulfillment 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](http://www.mykris.net) for public access of the Company information, business activities and recent developments to all shareholders and other stakeholders, and for feedback.

*Annual General Meeting*

The Annual 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 31 May 2015)**

Rank	Shareholder	Holding	%
1	Mykris International Sdn Bhd	35,224,545	58.79
2	Erica Wan Chin Yeo	2,950,000	4.92
3	Emily Peihua Yeo	2,654,500	4.43
4	Ee Piao Wong	1,788,921	2.99
5	Wei Loon Looi	1,671,652	2.79
6	Sii Yih Ting	1,480,000	2.47
7	Lee Peng Wong	1,400,000	2.34
8	Koon Weng Lee	1,291,325	2.16
9	Chu Kian Then	1,008,300	1.68
10	Richard Chung Boi Goh	960,000	1.60
11	Latha Ramakrishnan	920,488	1.54
12	Cimb Securities (Singapore) Pte Ltd	591,700	0.99
13	Yada Holdings No 1 Limited	570,000	0.95
14	Aik You Neo	525,210	0.88
15	Liew Chin Tan	480,000	0.80
16	Lik Sean Chang	445,960	0.74
17	New Zealand Central Securities Depository Limited	411,464	0.69
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 31 May 2015)**

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 - 1,999	596	75.6	38,951	0.1
2,000 - 4,999	39	5.0	111,465	0.2
5,000 - 9,999	56	7.1	429,129	0.7
10,000 - 49,999	50	6.4	1,241,343	2.1
50,000 - 99,999	15	1.9	1,079,021	1.8
100,000 - 999,999	23	2.9	7,550,948	12.5
1,000,000 - plus	9	1.1	49,469,243	82.6
	<u>788</u>	<u>100.0</u>	<u>59,920,100</u>	<u>100.0</u>

Geographic Spread	Number of Shareholders	%	Number of Shares	%
Malaysia	104	13.2	49,922,750	83.3
Singapore	32	4.1	7,417,882	12.4
New Zealand	640	81.2	2,538,353	4.2
Rest of world	12	1.5	41,115	0.1
	<u>788</u>	<u>100.0</u>	<u>59,920,100</u>	<u>100.0</u>

**SHAREHOLDER AND STATUTORY INFORMATION** *(continued)***SUBSTANTIAL SECURITY HOLDERS (as at 31 May 2015)**

The following are registered by the Company as at 31 May 2015 as Substantial Security Holders in the Company, having declared a relevant interest in voting securities under section 274(2) of the Financial Markets Conduct Act 2013.

	<b>Number of Shares</b>	<b>%</b>
MyKRIS International Sdn Bhd	<u>35,224,545</u>	<u>58.8</u>
	<u>35,224,545</u>	<u>58.8</u>

The total number of voting securities of the Company on issue at 31 May 2015 was 59,920,100 paid-up ordinary shares.

**DIRECTORS**

During the period the Board of Directors comprised:

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

**SHAREHOLDER AND STATUTORY INFORMATION** (continued)**STATEMENT OF DIRECTORS' SECURITY HOLDINGS (as at 31 May 2015)**

Director	Shares Beneficially Owned Held by Associated Persons	Shares Beneficially Owned Held Solely
<b>Executive Directors</b>		
Chew Choo Soon	17,612,273	Nil
Chang Wai Hoong	17,612,273	Nil
<b>Non-Executive Directors</b>		
Siow Hock Lee	Nil	Nil
Brent Douglas King	Nil	46,808
Huei Min Lim	Nil	72,500

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 35,224,545 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 35,224,545 shares.

The following securities transactions were disclosed to the Board and entered into the Interests Register for the year to 31 March 2015:

Month	Director	Transaction	Shares
June 2014	Brent Douglas King	Bequest of shares	808
August 2014	Chew Choo Soon	Distribution of shares by Mykris International Sdn Bhd	489,394
August 2014	Chang Wai Hoong	Distribution of shares by Mykris International Sdn Bhd	489,394

The following are directorships held by the Mykris Limited Directors as at 31 March 2015:

<b>Chew Choo Soon</b>	<b>Chang Wai Hoong</b>
MyKris Ltd	MyKris Ltd
Mykris International Sdn. Bhd.	Mykris International Sdn. Bhd.
Mykris Net (MSC) Sdn. Bhd.	Mykris Net (MSC) Sdn. Bhd.
Mykris Asia Sdn. Bhd.	Mykris Asia Sdn. Bhd.
Zenwise Digital Sdn. Bhd.	Zenwise Digital Sdn. Bhd.
NetAssist (M) Sdn. Bhd.	NetAssist (M) Sdn. Bhd.
N-Base (M) Sdn. Bhd.	N-Base (M) Sdn. Bhd.

**SHAREHOLDER AND STATUTORY INFORMATION** (continued)**STATEMENT OF DIRECTORS' SECURITY HOLDINGS (as at 31 May 2015)** (continued)

The following are directorships held by the Mykris Limited Directors as at 31 March 2015: (continued)

<b>Siow Hock Lee</b>	<b>Brent King</b>	<b>Huei Min Lim</b>
Amtel Holdings Bhd.	A.I.S. Ltd	ASB Community Trust Ltd
Caely Holdings Bhd.	Askridge Ltd	Durham Services Ltd
Green Ocean Corporation Bhd	Barter Fund Ltd	F H Holdings Ltd
MyKris Ltd	Equity Investment Advisers Ltd	FH Nominees Ltd
	King Capital & Investment Corporation Ltd	Foundation North Grants Ltd
	Kohaus Ltd	Forest Administration Ltd
	Investment Research Group Ltd	Hartajaya Investments Ltd
	Mariden Trustees Ltd	Kaya Investments Ltd
	Moneyonline Ltd	MyKris Ltd
	Myirg Ltd	Pacific Ocean Food Trust Ltd
	MyKris Ltd	Seven Trust Ltd
	Octo International Ltd	
	Snowdon Peak Investments Ltd	<i>Other Appointments</i>
	Vetilot Ltd	Asia New Zealand Foundation
	Viking Share Plan Trustee Ltd	Auckland Regional Amenities Funding Board
	Web Register Software Ltd	Auckland University of Technology Council
	Transaction Holdings (N1) Limited *	Foundation North (Deputy Chair)
	Transaction Holdings Limited *	New Zealand Shareholders Association Board
	Transaction Holdings (S1) Limited *	The Public Trust
		Centre for Social Impact New Zealand Limited *
		Max Cai Trustee Limited *

\* Appointed as director after 31 March 2015

**DIRECTORS' REMUNERATION AND OTHER BENEFITS**

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

	<b>2015</b>		<b>2014</b>	
	<b>Director's Fees</b>	<b>Other Remuneration</b>	<b>Director's Fees</b>	<b>Other Remuneration</b>
<b>Executive Directors</b>				
Chew Choo Soon	\$ -	\$ 177,120	\$ -	\$ 147,345
Chang Wai Hoong	\$ -	\$ 174,075	\$ -	\$ 152,010
<b>Non-Executive Directors</b>				
Siow Hock Lee	\$ 30,000	\$ -	\$ 28,750	\$ -
Brent Douglas King	\$ 28,750	\$ -	\$ 28,750	\$ -
Huei Min Lim	\$ 28,750	\$ -	\$ 28,750	\$ -

**SHAREHOLDER AND STATUTORY INFORMATION** *(continued)***REMUNERATION AND OTHER BENEFITS**

The Directors of Mykris Ltd did not receive any other benefits from Mykris Ltd in the period to 31 March 2015 (2014: none).

**EMPLOYEES REMUNERATION (EXCLUDING DIRECTORS)**

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

**NZX WAIVERS GRANTED**

On 23 September 2014 NZX Regulation granted a waiver from NZAX Listing Rule ("Rule") 9.2.1 to the extent that the Rule would otherwise prohibit Mykris Ltd entering into proposed Parent Guarantees without seeking shareholder approval. The proposed Parent Guarantees and proposed Individual Guarantees by two Directors, Mr Chew Choo Soon and Mr Chang Wai Hoong were in support of proposed Bank Facilities provided by Maybank Islamic Bank to Mykris Asia Sdn Bhd to fund the purchase of the 6 storey corner office, which will house the Malaysian Operations on completion of the building.

The details of the waiver can be found on the company website [www.mykris.net](http://www.mykris.net).

**Audit Report**

**Crowe Horwath**  
**New Zealand Audit Partnership**  
Member Crowe Horwath International

Level 29, 188 Quay Street  
Auckland 1010 New Zealand

PO Box 158 Shortland Street  
Auckland 1140 New Zealand

Tel +64 9 303 4586

Fax +64 9 309 1198

[www.crowehorwath.co.nz](http://www.crowehorwath.co.nz)

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of MyKris Limited

**Report on the Financial Statements**

We have audited the group financial statements of MyKris Limited and its subsidiaries ("the Group") on pages 25 to 71, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

*Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view of the matters to which they relate and in accordance with New Zealand Equivalents to International Financial Reporting Standards 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 the 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 the 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 made by management, 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 Group.



**Audit Report – (continued)**



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*Opinion*

In our opinion, the financial statements on pages 25 to 71 give a true and fair view of the financial position of the Group as at 31 March 2015 and the financial performance and cash flows of the Group for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

*Crowe Horwath*

Crowe Horwath New Zealand Audit Partnership  
CHARTERED ACCOUNTANTS  
13 July 2015

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2015**

	<b><u>Note</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Operating revenue	(5)	8,349,158	7,328,612
Cost of sales	(6)	<u>(3,225,811)</u>	<u>(2,887,598)</u>
<b>Gross Profit</b>		5,123,347	4,441,014
Other revenue	(5)	32,634	47,948
<b>Less: expenses</b>			
Selling and distribution expenses		915,570	558,433
Administration expenses	(6)	3,098,850	2,890,350
Other expenses	(6)	<u>1,432,107</u>	<u>1,206,752</u>
		5,446,527	4,655,535
<b>Operating profit / (loss) before financing costs and taxation benefit</b>		<b>(290,546)</b>	<b>(166,573)</b>
Finance income	(6)	8,181	8,607
Finance expense	(6)	<u>(6,394)</u>	<u>(5,707)</u>
<b>Net finance income / (expense)</b>		1,787	2,900
<b>Net profit / (loss) before income taxation benefit / (expense) for the year</b>		<b>(288,759)</b>	<b>(163,673)</b>
Taxation benefit	(7)	<u>438,339</u>	<u>260,647</u>
<b>Net profit after taxation benefit / (expense) for the year</b>		<b><u>149,580</u></b>	<b><u>96,974</u></b>
<b>Other comprehensive income</b>			
<b><i>Items that will not be reclassified through profit or loss</i></b>			
Movement in foreign currency translation reserve	(10)	<u>20,037</u>	<u>(413,977)</u>
Other comprehensive income / (loss) for the year		<u>20,037</u>	<u>(413,977)</u>
<b>Total comprehensive income / (loss) for the year</b>		<b><u>\$ 169,617</u></b>	<b><u>\$ (317,003)</u></b>
Earnings per share for profit attributable to the equity holders of the Company during the year:			
- Earnings per share (cents per share)	(8)	0.25	0.16
- Diluted earnings per share (cents per share)	(8)	0.25	0.16

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2015**

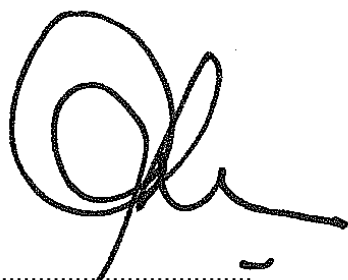
	<b><u>Note</u></b>	<b><u>Share Capital</u></b>	<b><u>Retained Earnings</u></b>	<b><u>Foreign Currency Translation Reserve</u></b>	<b><u>Total</u></b>
Balance at 1 April 2013		15,000,000	506,195	(152,472)	15,353,723
<b>Comprehensive income</b>					
Net profit for the year		-	96,974	-	96,974
<b>Other comprehensive income</b>					
Movement in foreign currency translation reserve	(10)	-	-	(413,977)	(413,977)
<b>Total comprehensive income</b>		-	96,974	(413,977)	(317,003)
<b>Transactions with owners</b>					
Dividends paid	(9)	-	(479,361)	-	(479,361)
<b>Total transactions with owners</b>		-	(479,361)	-	(479,361)
<b>Balance at 31 March 2014</b>		<b><u>\$ 15,000,000</u></b>	<b><u>\$123,808</u></b>	<b><u>\$ (566,449)</u></b>	<b><u>\$14,557,359</u></b>
Balance at 1 April 2014		15,000,000	123,808	(566,449)	14,557,359
<b>Comprehensive income</b>					
Net profit for the year		-	149,580	-	149,580
<b>Other comprehensive income</b>					
Movement in foreign currency translation reserve	(10)	-	-	20,037	20,037
<b>Total comprehensive income</b>		-	149,580	20,037	169,617
<b>Balance at 31 March 2015</b>		<b><u>\$ 15,000,000</u></b>	<b><u>\$ 273,388</u></b>	<b><u>\$ (546,412)</u></b>	<b><u>\$ 14,726,976</u></b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Shareholders equity</b>			
Share capital	(9)	15,000,000	15,000,000
Retained earnings		273,388	123,808
Foreign currency translation reserve	(10)	(546,412)	(566,449)
<b>Total shareholders equity</b>		<b>\$ 14,726,976</b>	<b>\$ 14,557,359</b>
<b>Current assets</b>			
Cash and cash equivalents	(11)	839,638	1,148,215
Trade receivables	(12)	1,555,312	1,379,910
Prepayments and other current assets	(13)	1,106,649	1,372,593
Taxation receivable		341	22,007
Deferred tax assets - current portion	(7)	32,066	35,525
<b>Total current assets</b>		<b>3,534,006</b>	<b>3,958,250</b>
<b>Non current assets</b>			
Property, plant and equipment	(16)	2,957,059	1,825,138
Intangible assets and goodwill	(17)	10,723,066	11,925,278
Investment properties	(18)	284,245	284,172
<b>Total non current assets</b>		<b>13,964,370</b>	<b>14,034,588</b>
<b>Total assets</b>		<b>17,498,376</b>	<b>17,992,838</b>
<b>Current liabilities</b>			
Trade and other payables	(19)	544,457	550,274
Deferred income	(20)	374,118	785,922
Related party payables	(23)	193,569	-
Term borrowings - current portion	(21)	65,002	28,900
Deferred tax liabilities - current portion	(7)	249,552	353,428
<b>Total current liabilities</b>		<b>1,426,698</b>	<b>1,718,524</b>
<b>Non current liabilities</b>			
Term borrowings - non current portion	(21)	75,882	51,677
Deferred tax liabilities - non current portion	(7)	1,268,820	1,665,278
<b>Total non current liabilities</b>		<b>1,344,702</b>	<b>1,716,955</b>
<b>Total liabilities</b>		<b>2,771,400</b>	<b>3,435,479</b>
<b>Total net assets</b>		<b>\$ 14,726,976</b>	<b>\$ 14,557,359</b>
Net tangible assets per share (\$ per share)		0.07	0.04

For and on behalf of the Board of Directors, dated 13 July 2015:



**CHEW CHOO SOON**  
Chairman Director



**CHANG WAI HOONG**  
Executive Director

**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2015**

	<b><u>Note</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Cashflows from operating activities</b>			
<i>Cash was provided from:</i>			
Cash receipts from customers		7,868,609	7,442,794
Interest received		8,181	8,607
Other cash receipts		19,897	47,241
<i>Cash was applied to:</i>			
Cash payments to suppliers and employees		(6,145,968)	(5,864,243)
Income tax paid		(36,870)	(17,947)
Interest paid		(6,394)	(5,707)
Net cashflows from operating activities	(28)	<b><u>1,707,455</u></b>	<b><u>1,610,745</u></b>
<b>Cashflows from investing activities</b>			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		13,677	1,903
Sale of subsidiary	(15)	-	38
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(16)	(2,073,657)	(1,272,397)
Purchase of intangible assets	(17)	(17,336)	(103,442)
Purchase of investment properties	(18)	-	(305,876)
Net cash flows from investing activities		<b><u>(2,077,316)</u></b>	<b><u>(1,679,774)</u></b>
<b>Cashflows from financing activities</b>			
<i>Cash was provided from:</i>			
Related party receivables		-	135,688
Proceeds from borrowings		117,446	-
<i>Cash was applied to:</i>			
Related party payables		-	(146,387)
Repayment of borrowings		(56,162)	(38,742)
Dividends paid to the owners of the company		-	(479,361)
Net cashflows from financing activities		<b><u>61,284</u></b>	<b><u>(528,802)</u></b>
Net cash flows for the year		<b><u>(308,577)</u></b>	<b><u>(597,831)</u></b>
Cash and cash equivalents at the beginning of the year		1,148,215	1,747,956
Cash and cash equivalents disposed through sale of subsidiary	(15)	-	(1,910)
Cash and cash equivalents at the end of the year	(11)	<b><u>\$ 839,638</u></b>	<b><u>\$ 1,148,215</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015****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 FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements of Mykris Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') have been prepared in accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

The Company's subsidiaries are listed in note 14.

The Company and Group are for-profit entities.

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

The consolidated financial statements were authorised for issue by the directors on 13 July 2015.

**2. BASIS OF PREPARATION OF THE FINANCIAL REPORT****Compliance with IFRS**

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

**Historical cost convention**

These consolidated 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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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***

The following new standards, amendments and interpretations to existing standards mandatory for the first time for the financial period ended 31 March 2015:

- Amendments to NZ IAS 32, 'Financial Instruments: Presentation', the clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The adoption of this amendment did not have any presentation or disclosure impacts on the Group's financial statements.
- There are a number of other new and amended standards, and interpretations mandatory for first time adoption for the financial year ended 31 March 2015 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.

***(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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***2. BASIS OF PREPARATION OF THE FINANCIAL REPORT** *Continued****New and amended standards and interpretations*** *Continued****(iii) New and amended standards, and interpretations mandatory for first time adoption for the financial period ended 31 March 2015 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 2015 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 2015 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 2015 or later periods, but the Group has not early adopted them.

- NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. 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 2018.
- NZ IFRS 15 'Revenue from Contracts with Customers' provides a five-step model to be applied to the recognition of revenue arising from contracts with customers:
  - identify the contract with the customer;
  - identify the performance obligations in the contract;
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract; and
  - recognise revenue when (or as) the entity satisfies a performance obligation.
 NZ IFRS 15 also introduces new disclosures about revenue. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess NZ IFRS 15's full impact and intends to adopt NZ IFRS 15 no later than the accounting period beginning on or after 1 January 2018.
- There are a number of other new standards, amendments and interpretations issued but not effective for the financial period ended 31 March 2015 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.



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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 functional currency of the Group is Malaysian Ringgit. The Group's financial statements are presented in New Zealand dollars (NZD), which is the Group's 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**

Mykris Limited, the parent Company is not registered for GST in New Zealand. Accordingly, all parent Company revenue and expense transactions are recorded inclusive of GST and all assets and liabilities are similarly stated inclusive of GST.

Subsidiary companies, MyKRIS Asia Sdn Bhd and MyKRIS Net (MSC) Sdn Bhd are both incorporated and domiciled in Malaysia. Accordingly, for all revenue and expense transactions of these subsidiaries are recorded exclusive of GST and all assets and liabilities of these subsidiaries are similarly stated exclusive of GST.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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).

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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 twelve 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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction and acquisition of the assets to the date that the assets are completed and ready for commercial use.

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:

<u>Class of property, plant and equipment</u>	<u>Depreciation Rate</u>
Freehold building	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.



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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 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. Goodwill has been assessed to be an indefinite useful life intangible asset.

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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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) Investment Properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 90 years to 95 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***3. SIGNIFICANT ACCOUNTING POLICIES** *Continued***(t) 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.

**(u) 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.

**(v) 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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***3. SIGNIFICANT ACCOUNTING POLICIES** *Continued***(w) 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).

**(x) Comparative figures**

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

**(y) Changes in accounting policies**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**(vi) Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Refer also note 18.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***5. REVENUE**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Operating revenue:</b>		
- Wireless internet access	7,512,081	6,158,549
- Project sales	221,659	601,908
- IT based products and services	576,745	537,787
- Royalties fees	<u>38,673</u>	<u>30,368</u>
	<u>8,349,158</u>	<u>7,328,612</u>
<b>Non-operating revenue:</b>		
- Sundry non operating revenue	<u>32,634</u>	<u>47,948</u>
	<u>32,634</u>	<u>47,948</u>
<b>Total revenue</b>	<b><u>\$ 8,381,792</u></b>	<b><u>\$ 7,376,560</u></b>

**6. PROFIT / (LOSS) BEFORE INCOME TAX**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net loss for the year before income tax has been determined after:</b>		
Depreciation of property, plant and equipment	(16) 922,564	676,469
Amortisation of intangible assets	(17) 1,025,458	1,060,727
Impairment of intangible assets - goodwill	(17) 73,865	12,685
Depreciation of investment properties	(18) 3,262	280
Movement in the impairment of trade receivables	(12) -	1,914
Net bad debts (recovered) / expense	(12) (1,858)	90,816
Salaries and wages	1,986,780	1,773,521
Development expenditure writeoff	(17) 135,112	-
Property, plant and equipment writeoff	(16) 4,598	-
Donations	14,987	26,451
Rental of data centre	372,929	347,929
Rental of equipment	60,858	-
Rental of premises	145,464	116,225
Rental income	(11,080)	-
Directors fees	87,500	86,250
Net foreign exchange gains - realised	10,338	(20,190)
New Zealand Alternative Stock Exchange fees	13,688	7,322
Loss on disposal of subsidiary	(15) -	350
Gain on disposal of property, plant and equipment	(16) (12,737)	(707)
<b>Auditors remuneration</b>		
Audit fees - Crowe Horwath New Zealand Audit Partnership	31,611	44,644
Audit fees - Crowe Horwath AF 1018 (Malaysia)	<u>14,588</u>	<u>13,700</u>
<b>Total audit remuneration</b>	<b><u>\$ 46,199</u></b>	<b><u>\$ 58,344</u></b>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***6. PROFIT / (LOSS) BEFORE INCOME TAX** *Continued*

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net finance costs</b>		
Finance income:		
- Interest income	8,181	8,607
Finance costs:		
- Interest expense	<u>(6,394)</u>	<u>(5,707)</u>
<b>Total net finance income / (costs)</b>	<b><u>\$ 1,787</u></b>	<b><u>\$ 2,900</u></b>

**7. INCOME TAX****(a) Income tax**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Net profit / (loss) before taxation	(288,759)	(163,673)
Income taxation at prevailing tax rates	(73,668)	(33,935)
Non assessable income	(458,531)	(345,310)
Non-deductible expenses	82,434	(18,091)
Tax losses not recognised	71,372	136,689
Effect of change in tax rate on deferred tax	<u>(59,946)</u>	<u>-</u>
Taxation benefit per the statement of comprehensive income	<b><u>\$ (438,339)</u></b>	<b><u>\$ (260,647)</u></b>
Comprising:		
- Current tax	68,477	(37,936)
- Deferred tax	<u>(506,816)</u>	<u>(222,711)</u>
	<b><u>\$ (438,339)</u></b>	<b><u>\$ (260,647)</u></b>

The statutory tax rate of the subsidiaries of the Group will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

**(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.

	<b><u>2015</u></b>	<b><u>2014</u></b>
Deferred tax assets:		
- To be recovered within 12 months	32,066	35,525
- To be recovered after more than 12 months	<u>-</u>	<u>-</u>
	<b><u>32,066</u></b>	<b><u>35,525</u></b>
Deferred tax liabilities:		
- To be recovered within 12 months	249,552	353,428
- To be recovered after more than 12 months	<u>1,268,820</u>	<u>1,665,278</u>
	<b><u>1,518,372</u></b>	<b><u>2,018,706</u></b>
Net deferred tax assets/(liabilities)	<b><u>\$(1,486,306)</u></b>	<b><u>\$(1,983,181)</u></b>



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***7. INCOME TAX** *Continued***(b) Deferred tax** *Continued*

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

	<b>Accelerated Depreciation</b>	<b>Accelerated Amortisation</b>	<b>Intangibles</b>	<b>Receivables Impairment Provision</b>	<b>Total</b>
Balance at 1 April 2013	(236,864)	(96,829)	(1,942,550)	46,678	(2,229,565)
Charged to profit and loss	(4,947)	17,125	224,994	(14,461)	222,711
Foreign exchange movement	19,927	6,804	(213)	(2,845)	23,673
Balance at the 31 March 2014	<u>\$ (221,884)</u>	<u>\$ (72,900)</u>	<u>\$ (1,717,769)</u>	<u>\$ 29,372</u>	<u>\$ (1,983,181)</u>
Charged to profit and loss	164,720	63,524	278,941	(369)	506,816
Foreign exchange movement	(7,618)	(2,793)	124	346	(9,941)
Balance at the 31 March 2015	<u>\$ (64,782)</u>	<u>\$ (12,169)</u>	<u>\$ (1,438,704)</u>	<u>\$ 29,349</u>	<u>\$ (1,486,306)</u>

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) Deferred tax not recognised**

	<b>2015</b>		<b>2014</b>	
	<b>Gross</b>	<b>Tax Effect</b>	<b>Gross</b>	<b>Tax Effect</b>
Tax losses	1,102,122	308,594	847,221	237,222
Temporary differences	237,757	66,572	47,726	13,363
Total	<u>\$ 1,339,879</u>	<u>\$ 375,166</u>	<u>\$ 894,947</u>	<u>\$ 250,585</u>

**(d) Imputation credit account**

	<b>2015</b>	<b>2014</b>
Balance at the beginning of the year	-	-
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

	<b><u>2015</u></b>	<b><u>2014</u></b>
Weighted average number of ordinary shares on issue for earnings per share	59,920,100	59,920,100
Basic earnings per share (cents per share)	0.25	0.16

**(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 no category of dilutive potential ordinary shares; (2014: 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.

	<b><u>2015</u></b>	<b><u>2014</u></b>
Weighted average number of ordinary shares on issue for diluted earnings per share	59,920,100	59,920,100
Diluted earnings per share (cents per share)	0.25	0.16

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***9. SHARE CAPITAL**

		<u>Group</u>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Share capital consists of:			
- Ordinary shares (refer below)	9 (i)	15,000,000	14,980,000
- Warrants (refer below)	9 (ii)	-	20,000
		<u>\$15,000,000</u>	<u>\$15,000,000</u>

**(i) Ordinary shares**

		<b><u>Number of Ordinary Shares</u></b>	<b><u>Value</u></b>	<b><u>Number of Ordinary Shares</u></b>	<b><u>Value</u></b>
	<b><u>Note</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2014</u></b>
<i><u>Movements in ordinary shares</u></i>					
Balance at the beginning of the year		59,920,100	14,980,000	59,920,100	14,980,000
Warrants expired during the year	9 (ii)	-	20,000	-	-
Balance at the end of the year		<u>59,920,100</u>	<u>\$15,000,000</u>	<u>59,920,100</u>	<u>\$14,980,000</u>

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 (2014: none).

No dividends were declared or paid during the period. (2014: On 12 June 2013 the Company declared a dividend of \$479,361 which as paid out on 16 August 2013, no further dividends were declared or paid during the period.)

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***9. SHARE CAPITAL** *Continued***(ii) Warrants**

		<b>Number of Warrants</b>	<b>Value</b>	<b>Number of Warrants</b>	<b>Value</b>
	<b>Note</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
<i><u>Movements in warrants</u></i>					
Balance at the beginning of the year		6,000,000	20,000	6,000,000	20,000
Warrants expired during the year	9 (i)	<u>(6,000,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Balance at the end of the year		<u>-</u>	<u>\$ -</u>	<u>6,000,000</u>	<u>\$ 20,000</u>

These warrants enabled the warrant holder to subscribe for ordinary shares in the Company. 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 exercised at any time up to 31 December 2014.

These warrants were not exercised by 31 December 2014 and on 1 January 2015 these warrants expired.

No other warrants were issued, exercised, cancelled or forfeited during the year (2014: no warrants were issued, exercised, cancelled or forfeited.).

**10. FOREIGN CURRENCY TRANSLATION RESERVE**

	<b>2015</b>	<b>2014</b>
<i><u>Movements in foreign currency translation reserve</u></i>		
Balance at the beginning of the year	(566,449)	(152,472)
Movement in foreign currency translation reserve	<u>20,037</u>	<u>(413,977)</u>
Balance at the end of the year	<u>\$ (546,412)</u>	<u>\$ (566,449)</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***11. CASH AND CASH EQUIVALENTS**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Cash on hand	1,627	1,590
Cash at bank - on call	800,433	942,698
Cash at bank - on deposit	<u>37,578</u>	<u>203,927</u>
	<b><u>\$ 839,638</u></b>	<b><u>\$ 1,148,215</u></b>

In the previous financial year, included in cash at bank - on deposit was an amount of \$167,907 that had been pledged to a financial institution as security for banking facilities granted to the Group. The fixed deposits bore effective interest rates ranging from 3.05% to 3.15% per annum (2014: 3.05% to 3.15% per annum). The fixed deposit has a maturity period ranging from 3 to 12 months (2014: 3 to 12 months).

**12. TRADE RECEIVABLES**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Trade receivables	1,672,731	1,497,787
Allowance for impairment losses	<u>(117,419)</u>	<u>(117,877)</u>
Net trade receivables	<b><u>\$ 1,555,312</u></b>	<b><u>\$ 1,379,910</u></b>

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
<i><u>Movements in the allowance for impairment losses</u></i>		
Balance at the beginning of the year	117,877	273,141
Disposal of a subsidiary	-	(7,339)
Addition during the financial year	-	1,914
Write back during the financial year	(1,858)	(23,223)
Trade receivables written off during the year	-	(114,039)
Foreign exchange movement	<u>1,400</u>	<u>(12,577)</u>
Balance at the end of the year	<b><u>\$ 117,419</u></b>	<b><u>\$ 117,877</u></b>

**13. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Prepayments	418,786	346,014
Other receivables	40,521	280,473
Security deposits	204,560	293,451
NZAX listing deposit	20,000	20,000
Bartercard trade dollars	<u>422,782</u>	<u>432,655</u>
	<b><u>\$ 1,106,649</u></b>	<b><u>\$ 1,372,593</u></b>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***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.

**14. INVESTMENT IN UNLISTED SUBSIDIARY - PARENT**

MyKRIS Limited has the following investments in subsidiary companies:

	<b>Parent</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
MyKRIS Asia Sdn Bhd	10,807,542	10,807,542
MyKRIS Net (MSC) Sdn Bhd	<u>3,192,458</u>	<u>3,192,458</u>
	<b><u>\$14,000,000</u></b>	<b><u>\$14,000,000</u></b>

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 owns 25% of the direct shareholding of MyKRIS Asia, 75% of the indirect shareholding of MyKRIS Asia held through MyKRIS Net (MSC) Sdn Bhd ('MyKRIS Net') and holds 100% of the voting power.

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 ecommerce providers and facilitators. MyKRIS Net's balance date is 31 March. MyKRIS Limited owns 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 %	
		2015	2014
<i>The subsidiary company of MyKRIS Asia Sdn Bhd is:</i>			
- MyKRIS (PG) Sdn Bhd	Managed internet service provider	- %	- %

MyKRIS (PG) Sdn Bhd ('MyKRIS Penang') was a company incorporated and domiciled in Malaysia. MyKRIS Penang's balance date is 31 March. On 28 June 2013 MyKRIS Asia disposed of its equity interest in MyKRIS Penang (now Asia Network Management Sdn. Bhd).

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***15. INVESTMENT IN SUBSIDIARIES - GROUP** *Continued*

The following summarises the effect of the disposal:

***Consideration received:*****2014**

Consideration received in cash and cash equivalents  
Total consideration received

38  
\$ 38

***Analysis of assets and liabilities over which control was lost:*****2014***Current assets*

Cash and cash equivalents

1,910

*Current liabilities*

Trade and other payables

(1,522)

Net assets

\$ 388

***Loss on disposal of subsidiary:*****2014**

Consideration received  
Less net assets disposed  
Loss on disposal

38  
(388)  
\$ (350)

The loss on disposal is included in other expenses in the consolidated statements of comprehensive income.

***Net cash outflow on disposal of subsidiary:*****2014**

Consideration received in cash and cash equivalents  
Less: cash and cash equivalents disposed  
Net cash outflow

38  
(1,910)  
\$ (1,872)

The consolidated statement of comprehensive income includes sales revenue and net profit / (loss) for the year ended 31 March 2014 of \$Nil and \$(19) respectively.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***16. PROPERTY PLANT AND EQUIPMENT****(a) Carrying values of property, plant and equipment****2015**

	<u>Note</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Carrying Value</u>
Freehold building		44,235	(9,991)	429	34,673
Motor vehicles		354,386	(135,880)	(1,844)	216,662
Furniture and fittings		27,399	(12,476)	240	15,163
Office equipment		100,874	(82,018)	524	19,380
Computer equipment		139,873	(92,011)	1,164	49,026
Broadband equipment		576,296	(259,662)	261	316,895
Data centre equipment		356,576	(226,823)	4,393	134,146
Cabling		197,695	(106,720)	2,679	93,654
Renovation		81,182	(41,416)	1,113	40,879
Wireless equipment		2,061,928	(1,440,532)	20,201	641,597
Infrastructure		46,005	(16,498)	736	30,243
Capital work-in-progress	29, 32	<u>1,408,273</u>	<u>-</u>	<u>(43,532)</u>	<u>1,364,741</u>
		<u>\$ 5,394,722</u>	<u>\$(2,424,027)</u>	<u>\$ (13,636)</u>	<u>\$ 2,957,059</u>

**2014**

		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Carrying Value</u>
Freehold building		48,222	(9,872)	(3,183)	35,167
Motor vehicles		254,903	(127,700)	(10,686)	116,517
Furniture and fittings		27,793	(9,676)	(1,519)	16,598
Office equipment		106,245	(77,526)	(2,486)	26,233
Computer equipment		140,737	(72,342)	(5,673)	62,722
Broadband equipment		380,123	(127,663)	(19,274)	233,186
Data centre equipment		383,692	(169,242)	(17,940)	196,510
Cabling		191,487	(53,539)	(9,901)	128,047
Renovation		87,663	(26,986)	(5,172)	55,505
Wireless equipment		1,998,556	(1,006,134)	(76,873)	915,549
Infrastructure		<u>50,150</u>	<u>(7,421)</u>	<u>(3,625)</u>	<u>39,104</u>
		<u>\$ 3,669,571</u>	<u>\$(1,688,101)</u>	<u>\$ (156,332)</u>	<u>\$ 1,825,138</u>



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***16. PROPERTY PLANT AND EQUIPMENT** *Continued***(b) Movements in the carrying values of property, plant and equipment**

<b>2015</b>	<b>Opening Net Book Value</b>	<b>Additions</b>	<b>Disposals /Write-offs</b>	<b>Depreciation</b>	<b>Foreign Exchange Movement</b>	<b>Closing Net Book Value</b>
Freehold building	35,167	-	-	(923)	429	34,673
Motor vehicles	116,517	160,046	-	(58,057)	(1,844)	216,662
Furniture and fittings	16,598	1,883	-	(3,558)	240	15,163
Office equipment	26,233	3,387	-	(10,764)	524	19,380
Computer equipment	62,722	14,512	(1,333)	(28,039)	1,164	49,026
Broadband equipment	233,186	226,272	(328)	(142,496)	261	316,895
Data centre equipment	196,510	3,878	-	(70,635)	4,393	134,146
Cabling	128,047	20,224	-	(57,296)	2,679	93,654
Renovation	55,505	714	-	(16,453)	1,113	40,879
Wireless equipment	915,549	234,468	(3,875)	(524,746)	20,201	641,597
Infrastructure	39,104	-	-	(9,597)	736	30,243
Capital work-in-progress	-	1,408,273	-	-	(43,532)	1,364,741
	<b>\$ 1,825,138</b>	<b>\$ 2,073,657</b>	<b>\$ (5,536)</b>	<b>\$ (922,564)</b>	<b>\$ (13,636)</b>	<b>\$ 2,957,059</b>

<b>2014</b>	<b>Opening Net Book Value</b>	<b>Additions</b>	<b>Disposals /Write-offs</b>	<b>Depreciation</b>	<b>Foreign Exchange Movement</b>	<b>Closing Net Book Value</b>
Freehold building	39,301	-	-	(951)	(3,183)	35,167
Motor vehicles	140,667	29,598	(1,196)	(41,866)	(10,686)	116,517
Furniture and fittings	19,808	1,665	-	(3,356)	(1,519)	16,598
Office equipment	37,602	2,039	-	(10,922)	(2,486)	26,233
Computer equipment	69,897	26,360	-	(27,862)	(5,673)	62,722
Broadband equipment	125,522	198,302	-	(71,364)	(19,274)	233,186
Data centre equipment	231,304	57,636	-	(74,490)	(17,940)	196,510
Cabling	18,317	144,362	-	(24,731)	(9,901)	128,047
Renovation	73,074	4,143	-	(16,540)	(5,172)	55,505
Wireless equipment	581,096	808,292	-	(396,966)	(76,873)	915,549
Infrastructure	50,150	-	-	(7,421)	(3,625)	39,104
	<b>\$ 1,386,738</b>	<b>\$ 1,272,397</b>	<b>\$ (1,196)</b>	<b>\$ (676,469)</b>	<b>\$ (156,332)</b>	<b>\$ 1,825,138</b>

**(c) Pledged property, plant and equipment**

The net book value of the assets pledged to a licensed bank for banking facilities granted to the Group is as follows:

	<b>2015</b>	<b>2014</b>
Freehold building	-	35,167
Capital work-in-progress	1,364,741	-
<b>Total</b>	<b>\$ 1,364,741</b>	<b>\$ 35,167</b>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***17. INTANGIBLE ASSETS****(a) Carrying values of intangible assets**

<b>2015</b>	<b>Cost</b>	<b>Accumulated Amortisation /Impairment</b>	<b>Foreign Exchange Movement</b>	<b>Carrying Value</b>
Computer software	99,714	(62,155)	548	38,107
Goodwill	4,639,652	515	3,089	4,643,256
Customer lists	8,878,000	(2,885,350)	-	5,992,650
Development	644,955	(607,152)	11,250	49,053
	<u>\$14,262,321</u>	<u>\$(3,554,142)</u>	<u>\$ 14,887</u>	<u>\$10,723,066</u>

<b>2014</b>	<b>Cost</b>	<b>Accumulated Amortisation /Impairment</b>	<b>Foreign Exchange Movement</b>	<b>Carrying Value</b>
Computer software	89,582	(46,395)	(3,575)	39,612
Goodwill	4,733,270	(12,685)	(6,553)	4,714,032
Customer lists	8,878,000	(1,997,550)	-	6,880,450
Development	931,297	(612,926)	(27,187)	291,184
	<u>\$14,632,149</u>	<u>\$(2,669,556)</u>	<u>\$ (37,315)</u>	<u>\$11,925,278</u>

**(b) Movements in the carrying values of intangible assets**

<b>2015</b>	<b>Opening Net Book Value</b>	<b>Additions</b>	<b>Disposals /Write-offs</b>	<b>Amortisation /Impairment</b>	<b>Foreign Exchange Movement</b>	<b>Closing Net Book Value</b>
Computer software	39,612	17,336	-	(19,389)	548	38,107
Goodwill	4,714,032	-	(73,865)	-	3,089	4,643,256
Customer lists	6,880,450	-	-	(887,800)	-	5,992,650
Development	291,184	-	(135,112)	(118,269)	11,250	49,053
	<u>\$11,925,278</u>	<u>\$ 17,336</u>	<u>\$ (208,977)</u>	<u>\$(1,025,458)</u>	<u>\$ 14,887</u>	<u>\$10,723,066</u>

<b>2014</b>	<b>Opening Net Book Value</b>	<b>Additions</b>	<b>Disposals /Write-offs</b>	<b>Amortisation /Impairment</b>	<b>Foreign Exchange Movement</b>	<b>Closing Net Book Value</b>
Computer software	43,468	17,499	(1,522)	(16,258)	(3,575)	39,612
Goodwill	4,733,270	-	-	(12,685)	(6,553)	4,714,032
Customer lists	7,768,250	-	-	(887,800)	-	6,880,450
Development	387,575	87,465	-	(156,669)	(27,187)	291,184
	<u>\$12,932,563</u>	<u>\$ 104,964</u>	<u>\$ (1,522)</u>	<u>\$(1,073,412)</u>	<u>\$ (37,315)</u>	<u>\$11,925,278</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***17. INTANGIBLE ASSETS** *Continued***Goodwill**

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
Allocated to MyKRIS Asia and MyKRIS Net	4,643,256	4,714,032
	<u>\$ 4,643,256</u>	<u>\$ 4,714,032</u>

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:

	<b><u>MyKRIS Net &amp; MyKRIS Asia</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Gross margin	80.0 - 90.0%	80.0 - 90.0%
Growth rate	10.0 - 13.5%	10.0 - 25.0%
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

Management has evaluated the sensitivity of the value-in-use calculations to assess the impact of reasonably possible changes in any of the above key assumptions.

Management's sensitivity assessment considered the following reasonably possible changes:

- reducing the gross margin by 10%
- reducing the growth rate by 5%
- increasing the discount rate by 2.5%

None of these assessments resulted in the carrying value of goodwill to be materially lower than its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***18. INVESTMENT PROPERTIES****(a) Carrying values of investment properties****2015**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Carrying Value</u>
Shop premises	284,433	(3,523)	3,335	284,245
	<u>\$ 284,433</u>	<u>\$ (3,523)</u>	<u>\$ 3,335</u>	<u>\$ 284,245</u>

**2014**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Carrying Value</u>
Shop premises	305,876	(280)	(21,424)	284,172
	<u>\$ 305,876</u>	<u>\$ (280)</u>	<u>\$ (21,424)</u>	<u>\$ 284,172</u>

**(b) Movements in the carrying values of investment properties****2015**

	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals /Write-offs</u>	<u>Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Closing Net Book Value</u>
Shop premises	284,172	-	-	(3,262)	3,335	284,245
	<u>\$ 284,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,262)</u>	<u>\$ 3,335</u>	<u>\$ 284,245</u>

**2014**

	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals /Write-offs</u>	<u>Depreciation</u>	<u>Foreign Exchange Movement</u>	<u>Closing Net Book Value</u>
Shop premises	-	305,876	-	(280)	(21,424)	284,172
	<u>\$ -</u>	<u>\$ 305,876</u>	<u>\$ -</u>	<u>\$ (280)</u>	<u>\$ (21,424)</u>	<u>\$ 284,172</u>

**19. TRADE AND OTHER PAYABLES AND ACCRUALS**

	<u>2015</u>	<u>2014</u>
Trade creditors	89,407	263,128
Accruals	219,481	121,743
Deposits received	220,857	121,762
Other payables	14,712	43,641
	<u>\$ 544,457</u>	<u>\$ 550,274</u>

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***20. DEFERRED INCOME**

	<u>2015</u>	<u>2014</u>
Deferred income	374,118	785,922
	<u>\$ 374,118</u>	<u>\$ 785,922</u>

Deferred income represents service contract billings prior to reporting date for services to be rendered subsequent to reporting date and recognised through the profit and loss.

**21. TERM BORROWINGS**

	<u>2015</u>	<u>2014</u>
<b>Current</b>		
Lease and hire purchase payables (refer note (22))	65,002	28,900
	<u>\$ 65,002</u>	<u>\$ 28,900</u>
<b>Non Current</b>		
Lease and hire purchase payables (refer note (22))	75,882	51,677
	<u>75,882</u>	<u>51,677</u>
	<u>\$ 140,884</u>	<u>\$ 80,577</u>

**22. FINANCE LEASE AND HIRE PURCHASE PAYABLES**

	<u>2015</u>	<u>2014</u>
Minimum finance lease and hire purchase payments:		
- not later than one year	70,659	32,532
- later than one year and not later than five years	80,115	54,717
Total minimum finance lease and hire purchase payments	150,774	87,249
Less: Future finance charges	(9,890)	(6,672)
<b>Present value of finance lease and hire purchase payables</b>	<u>\$ 140,884</u>	<u>\$ 80,577</u>
<b>Current portion:</b>		
- not later than one year	65,002	28,900
<b>Non current portion:</b>		
- not later than one year and not later than five years	75,882	51,677
<b>Present value of finance lease and hire purchase payables</b>	<u>\$ 140,884</u>	<u>\$ 80,577</u>

The finance lease and hire purchase payables were subjected to interest rates ranging from 2.33% to 3.32% (2014: 2.33% to 3.32%) 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 \$198,105 (2014: \$92,665) and are included in the property, plant and equipment category 'motor vehicles' (refer note 16).

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***23. RELATED PARTY BALANCES AND TRANSACTIONS****Related party transactions and balances**

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

<b>Related party</b>	<b>Relationship</b>
MyKRIS Asia Sdn Bhd	Subsidiary company of MyKRIS Limited
MyKRIS Net (MSC) Sdn Bhd	Subsidiary company of MyKRIS Limited
Chang Wai Hoong	Director and Shareholder of MyKRIS International Sdn Bhd
Chew Choo Soon	Director and Shareholder of MyKRIS International Sdn Bhd
MyKRIS International Sdn Bhd	Shareholder of MyKRIS Limited
N-BASE (M) Sdn Bhd	Common directors Chang Wai Hoong and Chew Choo Soon
Investment Research Group Limited	Common director Brent Douglas King

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Related party payables:</b>		
<i><u>Directors</u></i>		
Chang Wai Hoong	92,666	-
Chew Choo Soon	100,903	-
	<u>\$ 193,569</u>	<u>\$ -</u>
Included in accruals (note 19): payable to Siow Hock Lee	\$ 7,500	\$ -

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.

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Transactions with related parties</b>		
Deposits paid by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	-	179,891
Expenses recharged by MyKRIS Asia Sdn Bhd to N-BASE (M) Sdn Bhd	-	2,283
Services provided by Investment Research Group Limited.	25,112	22,883

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***23. RELATED PARTY BALANCES AND TRANSACTIONS** *Continued*

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 was paid in during the year ended 31 March 2014 (refer also Note 29).

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.

	<u>2015</u>	<u>2014</u>
<b>Transactions with key management personnel</b>		
Short term employee benefits	351,195	299,355
Directors fees	87,500	86,250

**24. FINANCIAL ASSETS AND LIABILITIES**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 (h) to the financial statements.

**Categories of financial assets and liabilities**

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	<u>2015</u>	<u>2014</u>
<u>Financial assets:</u>		
Loans and receivables:		
- Cash and cash equivalents	839,638	1,148,215
- Trade receivables	1,555,312	1,379,910
- Other receivables	40,521	280,473
	<u>\$ 2,435,471</u>	<u>\$ 2,808,598</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost:		
- Trade payables	89,407	263,128
- Other payables	14,712	43,641
- Related party payables	193,569	-
- Hire purchase payables	140,884	80,577
	<u>\$ 438,572</u>	<u>\$ 387,346</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***25. FINANCIAL RISK MANAGEMENT**

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

**(i) Market risk*****Foreign currency risk***

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

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
United States dollar (USD)	76,388	74,172
Malaysian ringgit (MYR)	<u>3,807,625</u>	<u>2,550,309</u>
	<b><u>\$ 3,884,013</u></b>	<b><u>\$ 2,624,481</u></b>

***Foreign currency risk sensitivity analysis***

A 5% weakening/strengthening of the New Zealand dollar against the United States dollar and the Malaysian ringgit would have the following effect on profit and equity. This assumes that all other variables remain constant.

<b><u>2015</u></b>	<b><u>- 5% Profit</u></b>	<b><u>- 5% Equity</u></b>	<b><u>+ 5% Profit</u></b>	<b><u>+ 5% Equity</u></b>
United States dollar (USD)	3,819	2,750	(3,819)	(2,750)
Malaysian ringgit (MYR)	<u>190,381</u>	<u>137,074</u>	<u>(190,381)</u>	<u>(137,074)</u>
	<b><u>\$ 194,200</u></b>	<b><u>\$ 139,824</u></b>	<b><u>\$ (194,200)</u></b>	<b><u>\$ (139,824)</u></b>
<b><u>2014</u></b>	<b><u>- 5% Profit</u></b>	<b><u>- 5% Equity</u></b>	<b><u>+ 5% Profit</u></b>	<b><u>+ 5% Equity</u></b>
United States dollar (USD)	3,709	2,670	(3,709)	(2,670)
Malaysian ringgit (MYR)	<u>127,515</u>	<u>91,811</u>	<u>(127,515)</u>	<u>(91,811)</u>
	<b><u>\$ 131,224</u></b>	<b><u>\$ 94,481</u></b>	<b><u>\$ (131,224)</u></b>	<b><u>\$ (94,481)</u></b>

***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.



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***25. FINANCIAL RISK MANAGEMENT** *Continued***(ii) Credit risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an 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 Group's major concentrations of credit risk relate to the amounts owing two (2) customers which constituted approximately 23% of its total trade receivables as at the end of the reporting period (2014: The Group has no major concentrations of credit risk).

*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:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Malaysia	1,555,312	1,352,352
United Kingdom	-	380
China	-	27,178
Net trade receivables	<u><b>\$ 1,555,312</b></u>	<u><b>\$ 1,379,910</b></u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***25. 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:

**2015**

	<b>Gross amount</b>	<b>Individual impairment</b>	<b>Collective impairment</b>	<b>Carrying value</b>
Not past due	741,772	-	-	741,772
Past due:				
- 0 to 30 days	146,068	-	-	146,068
- 31 to 90 days	464,772	-	-	464,772
- more than 90 days	320,119	(117,419)	-	202,700
Net trade receivables	<u>\$ 1,672,731</u>	<u>\$ (117,419)</u>	<u>\$ -</u>	<u>\$ 1,555,312</u>

**2014**

	<b>Gross amount</b>	<b>Individual impairment</b>	<b>Collective impairment</b>	<b>Carrying value</b>
Not past due	644,762	-	-	644,762
Past due:				
- 0 to 30 days	377,944	-	-	377,944
- 31 to 90 days	164,878	-	-	164,878
- more than 90 days	310,203	(117,877)	-	192,326
	<u>\$ 1,497,787</u>	<u>\$ (117,877)</u>	<u>\$ -</u>	<u>\$ 1,379,910</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***25. FINANCIAL RISK MANAGEMENT** *Continued***(iii) Liquidity risk**

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

**2015**

	<b><u>Carrying amount</u></b>	<b><u>Total</u></b>	<b><u>0-6 mths</u></b>	<b><u>7-12 mths</u></b>	<b><u>1-2 yrs</u></b>	<b><u>2-5 yrs</u></b>
Trade payables	89,407	89,407	89,407	-	-	-
Other payables	14,712	14,712	14,712	-	-	-
Related party payables **	193,569	193,569	193,569	-	-	-
Hire purchase payables *	140,884	150,774	34,912	35,747	47,260	32,855
	<u>\$ 438,572</u>	<u>\$ 448,462</u>	<u>\$ 332,600</u>	<u>\$ 35,747</u>	<u>\$ 47,260</u>	<u>\$ 32,855</u>

\* The weighted average effective interest rate for hire purchase payables is 2.54%.

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

**2014**

	<b><u>Carrying amount</u></b>	<b><u>Total</u></b>	<b><u>0-6 mths</u></b>	<b><u>7-12 mths</u></b>	<b><u>1-2 yrs</u></b>	<b><u>2-5 yrs</u></b>
Trade payables	263,128	263,128	263,128	-	-	-
Other payables	43,641	43,641	43,641	-	-	-
Hire purchase payables *	80,577	87,249	16,678	15,853	29,425	25,293
	<u>\$ 387,346</u>	<u>\$ 394,018</u>	<u>\$ 323,447</u>	<u>\$ 15,853</u>	<u>\$ 29,425</u>	<u>\$ 25,293</u>

\* The weighted average effective interest rate for hire purchase payables is 5.97%.

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***25. FINANCIAL RISK MANAGEMENT** *Continued***(iv) Capital risk**

The Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings.

The capital of the Group is monitored to ensure equity holder objectives are met, the primary of which is to ensure the Group's continued ability to provide a consistent return to its equity shareholders through a combinations of capital growth and distributions.

In order to achieve the objectives of equity holders, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable to Group to meet its working capital and strategic investment needs.

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, or new share issue, the Group takes into consideration not only its short-term position but also its long-term operational and strategic objectives.

**26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The estimated fair value of the Group's financial assets and liabilities are noted below. The purpose of reporting the carrying and fair values is to show the extent to which the Group is carrying an exposure from its foreign exchange and interest rate hedging activities. The table below identifies whether the Group is in a notional gain or loss position as if the Group had closed out the instruments at reporting date.

The carrying values of short term financial assets and liabilities are equivalent to their fair values. Short term financial assets include cash, trade and other receivables and related party receivables. Related party receivables carrying values are equivalent to their fair values.

**2015**

	<b><u>Carrying value</u></b>	<b><u>Fair value</u></b>
<b><i>Financial assets</i></b>		
Cash and cash equivalents	839,638	839,638
Trade receivables	1,555,312	1,555,312
Other receivables	40,521	40,521
<b><i>Financial liabilities</i></b>		
Trade payables	89,407	89,407
Other payables	14,712	14,712
Related party payables	193,569	193,569
Hire purchase payables	140,884	140,884

**2014**

	<b><u>Carrying value</u></b>	<b><u>Fair value</u></b>
<b><i>Financial assets</i></b>		
Cash and cash equivalents	1,148,215	1,148,215
Trade receivables	1,379,910	1,379,910
Other receivables	280,473	280,473
<b><i>Financial liabilities</i></b>		
Trade payables	263,128	263,128
Other payables	43,641	43,641
Hire purchase payables	80,577	80,577

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***27. OPERATING SEGMENTS**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
External revenue	8,349,158	7,328,612
Inter-segment revenue	-	-
Total	<u>\$ 8,349,158</u>	<u>\$ 7,328,612</u>
Net segment profit / (loss) before taxation	(288,759)	(163,673)
Taxation expense	438,339	260,647
Net profit / (loss) after taxation	<u>\$ 149,580</u>	<u>\$ 96,974</u>
Interest income	\$ (8,181)	\$ (8,607)
Interest expense	\$ 6,394	\$ 5,707
Depreciation of property, plant and equipment	\$ (922,564)	\$ (676,469)
Amortisation of intangible assets	\$(1,025,458)	\$(1,060,727)
Depreciation of investment properties	\$ (3,262)	\$ (280)
Other material non-cash items:		
- Impairment intangible assets - goodwill	\$ (73,865)	\$ (12,685)
- Impairment of trade receivables	\$ -	\$ (1,914)
- Bad debts recovered / (expense)	\$ 1,858	\$ (90,816)
<b>Assets</b>		
Total segment assets	\$17,498,376	\$17,992,838
Additions to non-current assets other than financial instruments:		
- Property, plant and equipment	\$ 2,073,657	\$ 1,272,397
- Intangible assets	\$ 17,336	\$ 104,964
- Investment properties	\$ -	\$ 305,876
<b>Liabilities</b>		
Total segment liabilities	\$ 2,771,400	\$ 3,435,479

The Group operated predominantly in Malaysia.

	<b><u>2015</u></b>	<b><u>2014</u></b>
The Group's revenues from external customers by geographic area are:		
- United States of America	-	(1,705)
- United Kingdom	-	1,626
- China	14,200	29,227
- Indonesia	25,736	-
- Malaysia	8,309,222	7,299,464
Total external revenue	<u>\$ 8,349,158</u>	<u>\$ 7,328,612</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***27. OPERATING SEGMENTS** *Continued*

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
<i>Malaysia</i>		
- Property, plant and equipment	2,957,059	1,825,138
- Intangible assets	10,723,066	11,925,278
- Investment properties	284,245	284,172
Total non-current assets	<u>\$13,964,370</u>	<u>\$14,034,588</u>

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

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Profit / (loss) after tax</b>	149,580	96,974
<i>Add/(less) non-cash items:</i>		
- Depreciation of property, plant and equipment	(16) 922,564	676,469
- Amortisation	(17) 1,025,458	1,060,727
- Impairment of intangible assets - goodwill	(17) 73,865	12,685
- Depreciation of investment properties	(18) 3,262	280
- Impairment of trade receivables	(12) -	1,914
- Bad debts	(12) -	114,039
- Current tax	156,443	(38,697)
- Deferred tax	(496,875)	(246,384)
- Property, plant and equipment written off	4,598	-
- Development expenditure written off	(17) 135,112	-
- Gain on disposal of property, plant and equipment	(12,737)	(707)
- Loss on disposal of subsidiary	(15) -	350
- Effects of exchange rates	14,472	(198,906)
<i>Adjustment for items shown in financing activities:</i>		
- Movement in related party balances	193,569	-
<i>Add / less movements in working capital items:</i>		
- Decrease / (increase) in trade receivables	(175,402)	247,914
- Decrease / (increase) in prepayments and other current assets	265,944	(178,087)
- Decrease / (increase) in tax receivables	(134,777)	16,690
- Decrease / (increase) in deferred income	(411,804)	44,356
- (Decrease) / increase in trade and other payables and accruals	(5,817)	11,330
- (Decrease) / increase in tax payables	-	(10,202)
Net cashflows from operating activities	<u>1,707,455</u>	<u>1,610,745</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***29. COMMITMENTS****Capital commitments**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Approved and contracted for:			
- purchase of 6 storey corner shop office	16, 32	1,996,896	-
		<u>\$ 1,996,896</u>	<u>\$ -</u>

On 8 April 2014, Mykris Asia entered into a conditional Sale and Purchase Agreement with Berjaya Golf Resort Berhad for the acquisition of a unit of 6 storey corner shop office for a total purchase consideration of \$3,328,200 (RM9,298,880). At reporting date, the progress payment of the shop office was included in capital work-in-progress in property, plant and equipment (note 16).

**Other commitments**

There were no other material commitments at reporting date (2014: none).

**30. CONTINGENT LIABILITIES****ACN System Solutions Sdn. Bhd contingency**

ACN System Solutions Sdn. Bhd. ("Plaintiff") had vide Kuala Lumpur High Court Summons No. S-22-720-2010 instituted legal action against MyKRIS Asia and 7 other defendants ("Defendants") for inter alia, special damages amounting to RM11,626,400 (NZD\$4,114,400) and general, exemplary and punitive damages together with interests.

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 the Defendants to injure the Plaintiff and thereby cause losses and damages to the Plaintiff.

On 20 March 2014, the Court allowed Plaintiff's claim but only granted nominal damages of RM10,000 (NZD\$3,500) to the Plaintiff. The Learned Judge also awarded a sum of RM30,000 (NZD\$10,600) as costs to the Plaintiff. Therefore, MyKRIS Asia was required to pay a total sum of RM40,000 (NZD\$14,200) to the Plaintiff.

On 16 April 2014, the Plaintiff vide Court of Appeal Summons No. W-02-708-04/2014 instituted an appeal against the outcome of the aforesaid decision by the High Court. The Plaintiff appealed against the quantum of damages granted by the High Court.

On 17 April 2014, MyKRIS Asia vide Court of Appeal Summons No. W-02-737-04/2014, appealed against the High Court's decision on both the liability and quantum.

On 7 July the Court of Appeal dismissed both appeals, however the court in the first appeal awarded costs of RM20,000 (NZ\$7,000) to be paid to the plaintiff and in the second appeal awarded costs of RM10,000 (NZ\$3,500) to be paid to the Defendants. The total sum MyKRIS Asia is required to pay the plaintiff is RM50,000 (NZ\$17,700).

**Other contingent liabilities**

There were no other material contingent liabilities at reporting date (2014: none).

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015** *Continued***31. LICENCE RENEWAL REQUIREMENTS**

In the previous year, the Network facilities and Network services licences granted to Mykris Asia under the Communications and Multimedia Act 1998 were extended to 10 March 2019. The licences are subject to the requirement that Mykris Asia shall not have foreign shareholding greater than 49% and have Bumiputera equity not less than 30%. The Group has 12 months to comply with these conditions.

During the year, the Group had met the requirement for MyKRIS Asia to not have foreign shareholding greater than 49%. In view of MyKRIS Asia not yet having the Bumiputera equity of not less than 30%, the Group has applied for an extension of time to meet the Bumiputera equity requirement from the relevant authority. The Directors are continuing considering options to ensure these conditions are met.

**32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

On 8 April 2014, Mykris Asia entered into a conditional Sale and Purchase Agreement with Berjaya Golf Resort Berhad for the acquisition of a unit of 6 storey corner shop office for a total purchase consideration of \$3,328,200 (RM9,298,880). On completion the Malaysian operations will be located at this facility. The purchase of the facility is to be financed from cash balances and Bank funding. There were no loan disbursements by the banking facility as at the end of reporting period. However subsequent to balance date \$665,632 (RM1,859,776) was drawn down against the loan facility.

**33. SUBSEQUENT EVENTS**

There were no material events subsequent to reporting date, except as disclosed in note 32.