

**Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 30 September 2016**

**Internet New Zealand
Table of Contents
For the Quarter Ended 30 September 2016**

Compilation Report	1
Consolidated Income Statement	2
Statement of Movements in Equity	3
Balance Sheet	4
Statement of Cash Flows	5
Cash Flow Reconciliation	5

**Internet New Zealand
Compilation Report
For the Quarter Ended 30 September 2016**

1. Scope

On the basis of information you provided, we have compiled the Financial Statements, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, for Internet New Zealand. These are special purpose financial statements.

2. Responsibilities:

You are solely responsible for the information contained in the Financial Statements and have determined that the Financial Reporting Act 1993 used is appropriate to meet your needs and for the purpose that the Financial Statements were prepared. The Financial Statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the Financial Statements.

3. No Audit or Review Engagement Undertaken:

Our procedures use accounting expertise to undertake the compilation of the Financial Statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

4. Disclaimer of Liability:

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the information from which the Financial Statements have been compiled nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

Deloitte
Wellington NZ
15-Nov-16

**Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 30 September 2016**

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	2,513,399	5,008,289	100,915	200,825	2,509,261	5,001,018	467,460	934,920
Other Income	76,545	111,545	30,345	30,345	26,200	51,200	20,000	30,000
Dividends Received	0	0	1,934,136	1,934,136	0	0	0	0
Interest Received	88,180	172,258	2,623	8,588	78,924	156,738	6,633	6,932
Managed Funds Income	66,611	78,004	66,611	78,004	0	0	0	0
Total Income	2,744,735	5,370,096	2,134,630	2,251,898	2,614,385	5,208,956	494,093	971,852
Less Expenses								
Direct Expenses	171,431	356,263	0	0	638,891	1,291,183	0	0
Other Expenses	2,232,877	4,193,043	1,040,289	1,809,893	900,757	1,800,575	388,608	776,129
Total Expenses	2,404,308	4,549,306	1,040,289	1,809,893	1,539,648	3,091,758	388,608	776,129
Net Profit (Loss) Before Tax	340,427	820,790	1,094,341	442,005	1,074,737	2,117,198	105,485	195,723
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	340,427	820,790	1,094,341	442,005	1,074,737	2,117,198	105,485	195,723

Notes:

The income and expenditure lines for the individual entities do not add to the Group totals due to the following intra-group entries being eliminated:

1. GSE paid by NZRS and DNCL to INZ
2. The DNCL fee paid by NZRS to DNCL
3. The dividend paid by NZRS to INZ

The Group year to date net profit is \$1,934,136 (quarter \$1,934,136) less than the sum of the individual entities due to the dividend received by INZ from NZRS being removed from income while the payment by NZRS shows under their statement of movements in equity on page 3.

Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 30 September 2016

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	9,683,343	9,202,980	5,040,998	5,693,334	4,211,850	3,169,389	430,495	340,257
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	340,427	820,790	1,094,341	442,005	1,074,737	2,117,198	105,485	195,723
Less:								
Dividend Paid	0	0	0	0	1,934,136	1,934,136	0	0
Closing Equity	10,023,770	10,023,770	6,135,339	6,135,339	3,382,451	3,382,451	1,115,980	1,115,980

**Internet New Zealand
Balance Sheet
As at 30 September 2016**

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	14,397,807	2,991,424	10,200,827	1,205,556
Managed Funds	2,527,245	2,527,245	0	0
Other Current Assets	1,405,116	45,882	1,342,223	17,011
Total Current Assets	<u>18,330,168</u>	<u>5,564,551</u>	<u>11,543,050</u>	<u>1,222,567</u>
Property, Equipment & Software	840,407	266,017	515,196	59,194
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	<u>19,170,575</u>	<u>6,440,568</u>	<u>12,058,246</u>	<u>1,281,761</u>
Less Liabilities:				
Deferred Income	8,311,019	0	8,311,019	0
Trade and Other Payables	835,786	305,229	364,776	165,781
Total Liabilities	<u>9,146,805</u>	<u>305,229</u>	<u>8,675,795</u>	<u>165,781</u>
Net Book Value of Assets	<u>10,023,770</u>	<u>6,135,339</u>	<u>3,382,451</u>	<u>1,115,980</u>
Represented By:				
Total Equity	<u>10,023,770</u>	<u>6,135,339</u>	<u>3,382,451</u>	<u>1,115,980</u>

**Internet New Zealand
Statement of Cashflows
For the Quarter Ended 30 September 2016**

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,816,922	5,413,341
Interest Received	88,180	172,258
Managed Funds Income	66,611	78,004
Total Received	<u>2,971,713</u>	<u>5,663,603</u>
Cash was distributed to:		
Payments to Suppliers and Employees	2,289,542	4,363,533
Total Payments	<u>2,289,542</u>	<u>4,363,533</u>
Net Flows From Operating Activities	<u>682,171</u>	<u>1,300,070</u>
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	74,700	136,022
Net Cash Flows From Investing & Financing Activities	<u>(74,700)</u>	<u>(136,022)</u>
Net Increase Decrease in Cash & Cash Equivalents	<u>607,471</u>	<u>1,164,048</u>
Plus Opening Cash	16,317,581	15,761,004
Closing Cash Carried Forward	<u><u>16,925,052</u></u>	<u><u>16,925,052</u></u>
Closing Cash Comprises		
Cash & Cash Equivalents	14,397,807	14,397,807
Managed Funds	2,527,245	2,527,245
	<u>16,925,052</u>	<u>16,925,052</u>
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	340,012	820,790
Plus (Less) non cash items		
Depreciation	161,179	340,731
Subtotal	<u>501,191</u>	<u>1,161,521</u>
Movement in Working Capital		
(increase) decrease in receivables	(102,610)	173,844
increase (decrease) in payables	56,612	(328,802)
increase (decrease) in deferred income	226,978	293,507
Net Cash Flows From operations	<u>682,171</u>	<u>1,300,070</u>

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