

Internet New Zealand  
Consolidated Financial Statements  
For the Quarter Ended 31 December 2016

**Internet New Zealand  
Table of Contents  
For the Quarter Ended 31 December 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 31 December 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  
8-Feb-17

**Internet New Zealand  
Consolidated Income Statement  
For the Quarter Ended 31 December 2016**

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	2,536,036	7,544,325	101,006	301,831	2,531,807	7,532,825	467,460	1,402,380
Other Income	11,368	122,913	0	30,345	1,200	52,400	10,168	40,168
Dividends Received	0	0	1,200,000	3,134,136	0	0	0	0
Interest Received	90,890	263,148	8,987	17,575	79,245	235,983	2,658	9,590
Managed Funds Income	34,481	112,485	34,481	112,485	0	0	0	0
<b>Total Income</b>	<b>2,672,775</b>	<b>8,042,871</b>	<b>1,344,474</b>	<b>3,596,372</b>	<b>2,612,252</b>	<b>7,821,208</b>	<b>480,286</b>	<b>1,452,138</b>
Less Expenses								
Direct Expenses	191,171	547,434	0	0	658,631	1,949,814	0	0
Other Expenses	2,387,647	6,580,690	1,135,616	2,945,509	844,116	2,644,691	504,692	1,280,821
<b>Total Expenses</b>	<b>2,578,818</b>	<b>7,128,124</b>	<b>1,135,616</b>	<b>2,945,509</b>	<b>1,502,747</b>	<b>4,594,505</b>	<b>504,692</b>	<b>1,280,821</b>
<b>Net Profit (Loss) Before Tax</b>	<b>93,957</b>	<b>914,747</b>	<b>208,858</b>	<b>650,863</b>	<b>1,109,505</b>	<b>3,226,703</b>	<b>(24,406)</b>	<b>171,317</b>
Less Provision for Tax	0	0	0	0	0	0	0	0
<b>Net Profit (Loss) After Tax</b>	<b>93,957</b>	<b>914,747</b>	<b>208,858</b>	<b>650,863</b>	<b>1,109,505</b>	<b>3,226,703</b>	<b>(24,406)</b>	<b>171,317</b>

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 \$3,134,136 (quarter \$1,200,000) 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 31 December 2016**

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	10,023,770	9,202,980	6,135,339	5,693,334	3,352,451	3,169,389	535,980	340,257
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	93,957	914,747	208,858	650,863	1,109,505	3,226,703	(24,406)	171,317
Less:								
Dividend Paid	0	0	0	0	1,200,000	3,134,136	0	0
Closing Equity	10,117,727	10,117,727	6,344,197	6,344,197	3,291,956	3,291,956	1,091,574	1,091,574

-4-

**Internet New Zealand  
Balance Sheet  
As at 31 December 2016**

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	14,578,535	3,054,179	10,261,309	1,263,047
Managed Funds	2,561,556	2,561,556	0	0
Other Current Assets	933,824	41,573	881,706	10,545
Total Current Assets	<u>18,073,915</u>	<u>5,657,308</u>	<u>11,143,015</u>	<u>1,273,592</u>
Property, Equipment & Software	942,977	292,833	598,983	51,161
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	<u>19,016,892</u>	<u>6,560,141</u>	<u>11,741,998</u>	<u>1,324,753</u>
Less Liabilities:				
Deferred Income	8,042,568	0	8,042,568	0
Trade and Other Payables	856,597	215,944	407,474	233,179
Total Liabilities	<u>8,899,165</u>	<u>215,944</u>	<u>8,450,042</u>	<u>233,179</u>
Net Book Value of Assets	<u>10,117,727</u>	<u>6,344,197</u>	<u>3,291,956</u>	<u>1,091,574</u>
Represented By:				
Total Equity	<u>10,117,727</u>	<u>6,344,197</u>	<u>3,291,956</u>	<u>1,091,574</u>

**Internet New Zealand  
Statement of Cashflows  
For the Quarter Ended 31 December 2016**

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,278,953	7,692,294
Interest Received	90,890	263,148
Managed Funds Income	34,481	112,485
Total Received	2,404,324	8,067,927
Cash was distributed to:		
Payments to Suppliers and Employees	1,935,141	6,298,674
Total Payments	1,935,141	6,298,674
Net Flows From Operating Activities	469,183	1,769,253
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	254,144	390,166
Net Cash Flows From Investing & Financing Activities	(254,144)	(390,166)
Net Increase Decrease in Cash & Cash Equivalents	215,039	1,379,087
Plus Opening Cash	16,925,052	15,761,004
<b>Closing Cash Carried Forward</b>	<b>17,140,091</b>	<b>17,140,091</b>
<b>Closing Cash Comprises</b>		
Cash & Cash Equivalents	14,578,535	14,578,535
Managed Funds	2,561,556	2,561,556
	17,140,091	17,140,091
<b>Cash Flow Reconciliation</b>		
Net Profit (Loss) After Tax	93,957	914,747
Plus (Less) non cash items		
Depreciation	151,574	492,305
Subtotal	245,531	1,407,052
Movement in Working Capital		
(increase) decrease in receivables	471,292	645,136
increase (decrease) in payables	20,811	(307,991)
increase (decrease) in deferred income	(268,451)	25,056
Net Cash Flows From operations	469,183	1,769,253

INTENTIONAL BLANK PAGE