

Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 31 December 2017



Internet New Zealand
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For the Quarter Ended 31 December 2017

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Internet New Zealand
Compilation Report
For the Quarter Ended 31 December 2017

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.

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
5-Feb-18

Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 31 December 2017

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Registry Fees	2,641,032	7,846,340	-	-	2,641,032	7,846,340	-	-
Broadband Map	1,240	52,660	-	-	1,240	52,660	-	-
Management Fees	-	-	-	-	-	-	467,460	1,402,380
Dividends Received	-	-	1,375,000	3,353,236	-	-	-	-
Interest Received	100,819	284,246	15,519	31,293	85,120	245,363	180	7,589
Managed Funds Income	125,678	246,173	125,678	246,173	-	-	-	-
Sundry Income	27,102	115,053	114,863	377,938	-	-	9,000	27,256
Total Income	2,895,871	8,544,472	1,631,060	4,008,641	2,727,392	8,144,363	476,640	1,437,226
Less Direct Expenses								
DNC Fee	-	-	-	-	467,460	1,402,380	-	-
Other IT	199,624	569,259	-	-	199,624	569,259	-	-
Total Direct Expenses	199,624	569,259	-	-	667,084	1,971,639	-	-
Less Other Expenses								
Audit Costs	3,900	12,064	-	364	3,900	11,700	-	-
Governance Costs	122,408	334,757	50,813	118,163	34,620	110,770	36,975	105,825
International Travel	138,570	263,591	24,555	52,234	21,860	103,675	92,155	107,682
Legal Fees	56,189	128,466	35,911	62,112	15,500	24,287	4,778	42,067
Office Costs	145,163	423,501	117,590	352,113	62,081	186,142	62,253	175,387
Staff Costs	1,154,571	3,429,215	423,282	1,215,871	491,579	1,455,941	239,710	757,403
Other Operating Expenses	874,017	2,146,015	583,036	1,381,917	245,959	656,455	45,022	107,643
Total Expenses	2,494,818	6,737,610	1,235,187	3,182,773	875,499	2,548,970	480,893	1,296,008
Net Profit (Loss) Before Tax	201,429	1,237,603	395,873	825,868	1,184,809	3,623,754	(4,253)	141,218
Less Provision for Tax	-	-	-	-	-	-	-	-
Net Profit (Loss) After Tax	201,429	1,237,603	395,873	825,868	1,184,809	3,623,754	(4,253)	141,218

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 \$3,353,236 (quarter \$1,375,000) 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 4.

Internet New Zealand
 Consolidated Income Statement - Activity Based
 For the Quarter Ended 31 December 2017

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Registry Fees	2,641,032	7,846,340	-	-	2,641,032	7,846,340	-	-
Broadband Map	1,240	52,660	-	-	1,240	52,660	-	-
Management Fees	-	-	-	-	-	-	467,460	1,402,380
Dividends Received	-	-	1,375,000	3,353,236	-	-	-	-
Interest Received	100,819	284,246	15,519	31,293	85,120	245,363	180	7,589
Managed Funds Income	125,678	246,173	125,678	246,173	-	-	-	-
Sundry Income	27,102	115,053	114,863	377,938	-	-	9,000	27,256
Total Income	2,895,871	8,544,472	1,631,060	4,008,641	2,727,392	8,144,363	476,640	1,437,226
Less Activity Expenditure								
Issues Programme	130,639	387,676	130,639	387,676	-	-	-	-
Community Funding	239,198	474,956	239,198	474,956	-	-	-	-
Community Engagement	185,200	408,723	185,200	408,723	-	-	-	-
International Engagement	146,283	271,366	32,268	60,009	21,860	103,675	92,155	107,682
Governance & Members	272,486	660,357	200,891	443,762	34,620	110,770	36,975	105,825
.nz Operations	724,925	2,152,600	-	-	950,360	2,797,061	338,786	1,048,060
.nz Marketing	58,966	156,778	-	-	58,966	156,778	-	-
Technical Research	70,181	241,865	-	-	70,181	241,865	-	-
Business Development	54,824	142,311	-	-	54,824	142,311	-	-
Other Operating Expenses	811,740	2,410,237	446,991	1,407,647	351,772	968,149	12,977	34,440
Total Expenses	2,694,442	7,306,869	1,235,187	3,182,773	1,542,583	4,520,609	480,893	1,296,008
Net Profit (Loss) Before Tax	201,429	1,237,603	395,873	825,868	1,184,809	3,623,754	(4,253)	141,218
Less Provision for Tax	-	-	-	-	-	-	-	-
Net Profit (Loss) After Tax	201,429	1,237,603	395,873	825,868	1,184,809	3,623,754	(4,253)	141,218

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 \$3,353,236 (quarter \$1,375,000) 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 4.

Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 31 December 2017

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	11,011,513	9,975,339	6,816,102	6,386,107	3,563,535	3,102,826	631,876	486,405
Plus:								
Shares Subscribed	-	-	-	-	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	201,429	1,237,603	395,873	825,868	1,184,809	3,623,754	(4,253)	141,218
Less:								
Dividend Paid	-	-	-	-	1,375,000	3,353,236	-	-
Closing Equity	11,212,942	11,212,942	7,211,975	7,211,975	3,403,344	3,403,344	1,207,623	1,207,623

Internet New Zealand
Balance Sheet
As at 31 December 2017

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	15,501,073	3,640,536	10,557,711	1,302,826
Managed Funds	2,900,815	2,900,815	-	-
Other Current Assets	975,102	47,304	921,948	5,850
Total Current Assets	<u>19,376,990</u>	<u>6,588,655</u>	<u>11,479,659</u>	<u>1,308,676</u>
Property, Equipment & Software	949,449	295,219	623,548	30,682
Intangible Assets	-	-	-	-
Investments				
Shares and Loans	-	610,000	-	-
Total Assets	<u>20,326,439</u>	<u>7,493,874</u>	<u>12,103,207</u>	<u>1,339,358</u>
Less Liabilities:				
Deferred Income	8,340,245	-	8,340,245	-
Trade and Other Payables	773,252	281,899	359,618	131,735
Total Liabilities	<u>9,113,497</u>	<u>281,899</u>	<u>8,699,863</u>	<u>131,735</u>
Net Book Value of Assets	<u>11,212,942</u>	<u>7,211,975</u>	<u>3,403,344</u>	<u>1,207,623</u>
Represented By:				
Total Equity	<u>11,212,942</u>	<u>7,211,975</u>	<u>3,403,344</u>	<u>1,207,623</u>

Internet New Zealand
Statement of Cashflows
For the Quarter Ended 31 December 2017

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,416,740	8,039,513
Interest Received	100,819	284,246
Managed Funds Income	125,678	246,173
Total Received	2,643,237	8,569,932
Cash was distributed to:		
Payments to Suppliers and Employees	2,313,080	6,720,589
Total Payments	2,313,080	6,720,589
Net Flows From Operating Activities	330,157	1,849,343
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	76,051	398,922
Net Cash Flows From Investing & Financing Activities	(76,051)	(398,922)
Net Increase Decrease in Cash & Cash Equivalents	254,105	1,450,421
Plus Opening Cash	18,147,782	16,951,467
Closing Cash Carried Forward	18,401,888	18,401,888
Closing Cash Comprises		
Cash & Cash Equivalents	15,501,073	15,501,073
Managed Funds	2,900,815	2,900,815
	18,401,888	18,401,888
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	201,429	1,237,603
Plus (Less) non cash items		
Depreciation	142,653	426,294
Subtotal	344,082	1,663,897
Movement in Working Capital		
(increase) decrease in receivables	448,018	632,385
increase (decrease) in payables	(209,308)	(472,400)
increase (decrease) in deferred income	(252,634)	25,460
Net Cash Flows From operations	330,157	1,849,343