CONNECTING OUR COMMUNITY

Fibre Broadband

ENABLE SERVICES LIMITED

2017 ANNUAL REPORT

CONNECTING OUR COMMUNITY WITH UNLIMITED OPPORTUNITY

Enable's vision is for our fibre network to be an essential enabler of an economically and socially vibrant, connected, innovative and globally competitive Christchurch.

With more and more families, businesses, schools, healthcare providers and community organisations embracing fibre broadband this vision is being realised today.

TABLE OF CONTENTS

OUR CUSTOMERS ENJOYING THE VERY BEST BROADBAND EXPERIENCE

50,000 homes, businesses, schools, healthcare providers and community organisations in greater Christchurch are connected to Enable fibre broadband. This translates into tens of thousands of people within our community enjoying the very best internet experience and using it to connect to the world in exciting new ways.

Rangiora Bakery

My advice to anyone considering fibre is you're doing yourself a disservice by not having it. Don't compromise – open your business to the freedom of fibre.

Rangiora New Life School

Being on fibre opens opportunities for our students to learn subjects we can't physically offer – and the evolution of digital means it's absolutely critical to have a seamless connection.

The Leighs Family

Since we've had fibre, we don't need to think about the internet. We can keep in touch with our family overseas – and fibre is great for that.

Dylan McNeice

Having a reliable connection is a big part of my life for both my coaching business and streaming during my downtime. Most importantly when I'm competing overseas it helps me maintain my relationship with my partner at home.

OUR COMMUNITY – ENABLE'S CONTRIBUTION

A deep and meaningful relationship with the greater Christchurch community is something we value very highly at Enable – and we work hard to nurture and grow this relationship.

> *"Our children are taking advantage of exciting ways to explore the world*

SUPPORTING THE ECONOMIC AND SOCIAL GROWTH OF OUR COMMUNITY

With almost every school, thousands of businesses and tens of thousands of homes now connected, Enable fibre broadband is having a transformational impact on many aspects of our community.

Teachers are embracing different ways to teach and our children are taking advantage of exciting ways to explore the world with new ways of learning. Families are connecting with each other differently and providers are transforming how community services are delivered. Businesses are growing through online innovation and better ways to connect with customers. We continue to support the Canterbury Mayoral Forum's Digital Strategy by providing our expertise to support the strategy and funding specific initiatives that support economic growth.

We also continue to support other economic and social initiatives by sponsoring fibre connectivity. These include free Wi-Fi for visitors to the Re:Start central city shopping district, Youthline Central South Island and small business hub GreenHouse.

ENABLING OUR PEOPLE TO SUPPORT OUR COMMUNITY

We are proud to provide opportunities for our people to bring Enable to life within their own communities. We support team fundraising initiatives within our business and empower our people outside of work through our quarterly people-inspired sponsorship scheme.

In 2017 we sponsored five baby boxes for Little Sprouts to distribute to vulnerable families. We also kept 100 young Cashmere Technical Football Club players hydrated with free Enable drink bottles and kept the Under 10 Red team of the Saracens Rugby Club warm on the sidelines with new sports jackets.

In our second round of sponsorships awarded we will support the children's music charity The New Zealand Suzuki Institute, the Selwyn Community Choir and Hornby Junior Hockey.

We have also supported the Canterbury Men's Centre, Foster Hope and Help for the Homeless.

SUPPORTING LOCAL FAMILIES TO CHEER ON THE CRUSADERS

Like the Crusaders, Christchurch is our hometown too. That's why we're proud to have sponsored The Crusaders Take a Kid to Footy in 2017. It provided us with a special opportunity to connect with families and children from across our region – and to work with the Crusaders team to make going to the rugby a very special experience for Crusaders fans. We focused our efforts on giving local children the opportunity to connect to the Crusaders in a number of ways: through Enable Take a Kid to Footy game tickets, our Enable Kids website and by taking Crusader players to 15 schools around the city.

> We focused our efforts on giving local children the opportunity to connect to the Crusaders

THE ENABLE GROUP & UFB IN GREATER CHRISTCHURCH

The Enable Group is made up of Enable Services Limited (ESL) and local fibre company Enable Networks Limited (ENL).

ESL is a wholly owned subsidiary of Christchurch City Holdings Limited (CCHL), the investment arm of the Christchurch City Council (the Council). It was launched in 2007 to build a commercial fibre network providing better quality broadband services to businesses and schools in Christchurch.

In May 2011, ESL entered into a partnership with the Government (through Crown Fibre Holdings Limited (CFH)) as part of the national ultra-fast broadband (UFB) initiative. The partnership is providing fibre broadband services to two UFB candidate areas making up approximately 180,000 homes, businesses, schools and healthcare facilities across Christchurch and parts of the Waimakariri and Selwyn districts. These candidate areas are Christchurch (including Rolleston, Lincoln, Prebbleton and Templeton) and Rangiora (including Kaiapoi and Woodend).

Focused only on our region and wholly owned by the greater Christchurch community, Enable is inherently linked to the people and is committed to making a positive contribution to them and our community. The UFB initiative investment is supported by CCHL and is commercially funded including a loan from the Crown. This annual report covers the activities of the Enable Group.

> *"Enable is linked closely to the people of greater Christchurch*

10 YEARS OF ENABLE

MAY 2007
Christchurch City Networks Limited established

JULY 2007
First fibre customers connected

MAY 2009
The Enable brand launched

AUG 2010
Enable bids for UFB in Christchurch

LATE 2010
500 customers connected

MAY 2011
Enable wins UFB contract – local fibre company established

NOV 2011
Enable begins the UFB build

SEPT 2012
Enable launches residential fibre

JUNE 2013
30,000 homes and businesses reached

OCT 2013
Rolleston and Lincoln – first fully fibred towns in NZ

APRIL 2015
10,000 customers connected

DEC 2015
100,000 homes and businesses reached – including all schools

APRIL 2016
Half of Rolleston connected to Enable fibre broadband

JUNE 2016
Christchurch City takes full ownership of Enable

AUG 2016
Residential Gigabit fibre broadband launched

MAY 2017
150,000 homes and businesses reached

JUNE 2017
50,000 customers connected to Enable fibre broadband

2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017

2017 – OUR ANNUAL REVIEW

CHAIRMAN AND CEO INTRODUCTION

2017 was a year when our community's demand for fibre broadband grew well beyond the expectations of the telecommunications industry, Government, and ourselves. When we began our fibre network rollout in 2011, our forecast was to connect around 70 customers per day at peak uptake – and this would likely occur in 2019. In June 2017, we connected an average of 135 customers per day. We entered the year with demand already well beyond previous peak forecast customers connected levels and we were working very hard to meet and deliver upon this demand – and achieve a great customer experience at the same time.

Our annual review focuses on how we have responded to this tremendous demand and the needs of our community with over 50,000 customers connected to fibre broadband – 32 percent ahead of the original business case. It examines how we accelerated our network build to reach more of our community, delivered an increasingly better customer experience and created an organisational culture that will ensure our continued success – while managing our investment carefully.

2017 was the first full year of operation for Enable as a company fully owned by our Christchurch community. Being owned by the people of Christchurch has driven our response to a challenging year for our business. Our people have responded with great motivation, determination, resilience and innovative thinking, empowered by the belief that we are connecting our community with unlimited opportunity.

Steve Fuller, CEO

Mark Bowman, Chairman

50,000 CUSTOMERS CONNECTED

> "Our total customers connected grew by 24,289 through the year – almost 100 new customers connected per business day

At year end, 50,106 homes, businesses, schools, healthcare providers and community organisations were connected to Enable fibre broadband realising the benefits and opportunities of an ultra-fast, reliable and always present service. Reaching this customer milestone was made possible by a tremendous effort and focus right across our business and from our partners.

Our total customers connected grew by 24,289 through the year, with almost 100 new customers connected per business day – meeting our target as set out in our Statement of Intent.

The growth in business customers connected was one of the highlights of the year, with 2,142 businesses taking the opportunity to gain a competitive advantage and innovate and grow with Enable fibre broadband. Enable now has 6,240 business customers connected to greater success and opportunity.

We grew the number of customers that have access to Enable fibre broadband to 157,277 – an increase of 38,500 from last year.

Demand for fibre broadband in suburbs where our network has been established for the longest is still growing with no signs of slowing down. Rolleston continues to make a strong case for being the most connected community in New Zealand with 69 percent of the town connected and five other suburbs are now over 50 percent connected to Enable fibre broadband.

50,106 customers connected

6,240 businesses connected

155 schools connected

All hospitals connected

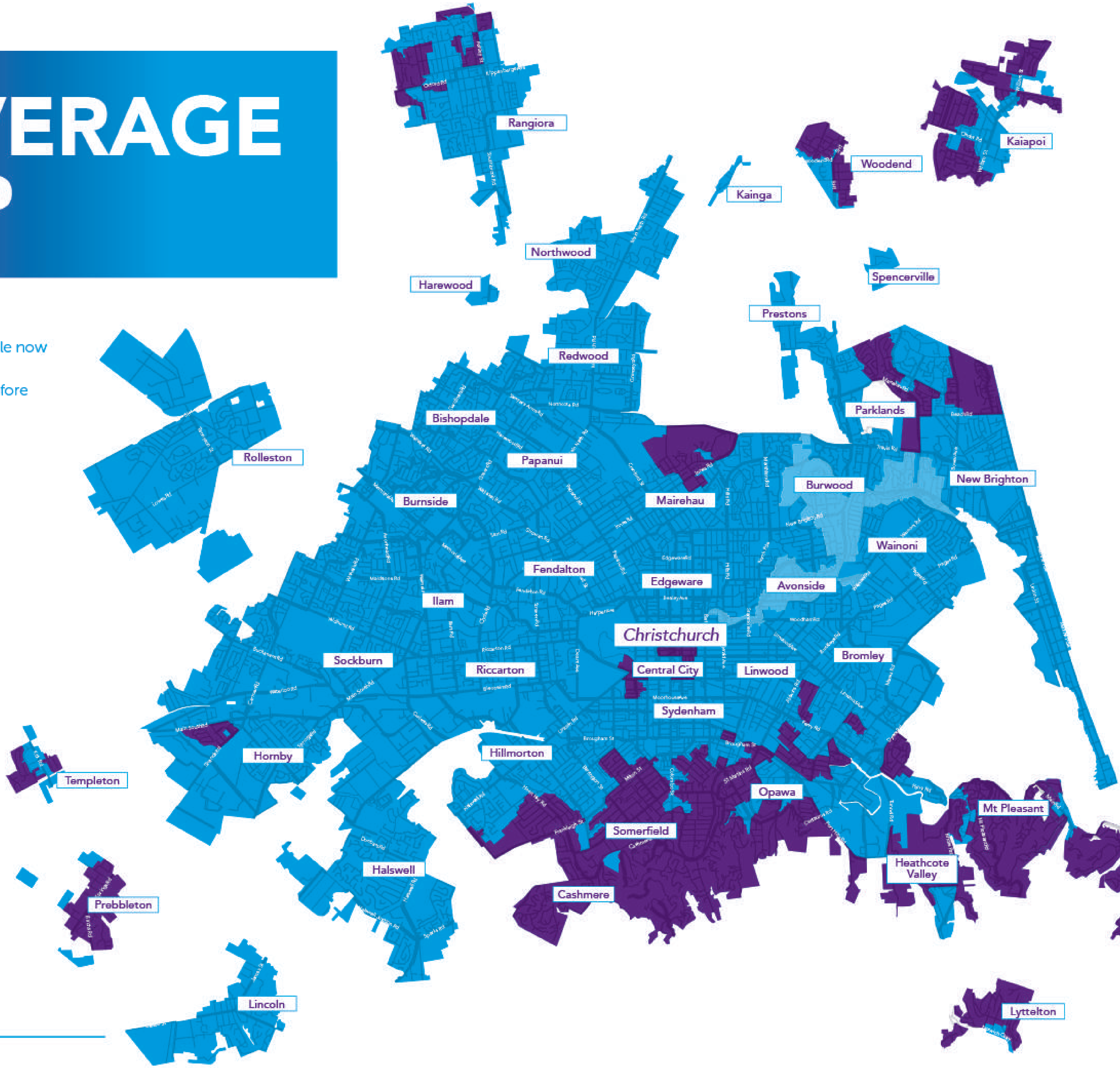
157,277 homes and businesses have access to fibre broadband

Build completion by 31 December 2018 – a year early

COVERAGE MAP

Coverage available now

Fibre available before December 2018



TOP 10 SUBURBS FOR FIBRE BROADBAND UPTAKE (30 JUNE 2017)

1. Rolleston 69%
2. Wigram 67%
3. Halswell 57%
4. Lincoln 55%
5. Harewood 52%
6. Burnside 51%
7. Casebrook 47%
8. Bryndwr 47%
9. Bishopdale 44%
10. Redwood 43%

CUSTOMER EXPERIENCE – A POINT OF DIFFERENCE

As a fibre broadband wholesaler, we work extremely closely with our retail service providers to provide their customers with an excellent customer experience as they switch to Enable fibre broadband. We know that broadband customers have choice on whether they use Enable fibre broadband services, or not. Our retail service providers – 22 serving the residential market and 36 in the business market – value the experience their customers receive above all else.

Installing new network infrastructure into someone's home or business to connect them to our broadband service can be invasive at times and ease of the connection is what our customers demand.

We continued our investment in customer experience to make it easy for the customer to work with us, keep the customer informed throughout the connection process connect the customer as quickly as possible and always respect the customer's home or business. These goals resulted in around 60 individual initiatives aimed at improving the experience our customers received from us.

Initiatives included introducing end-to-end case management for all business orders, increasing the information visible to our retailer service providers about the connection journey, partnering with our retail service providers to provide single day installations, reinventing our website to include much more information about what was involved in a connection, proactively providing customers with an online pack explaining what was involved in their specific type of connection, and better aligning our field-force connection capability with the connection volumes.

A significant shift in our customers' perceptions of connecting to fibre broadband has resulted. We ended the 2016 financial year with a net promoter score (NPS) of negative 4, and our average NPS from January to June 2017 has been positive 32 – a remarkable shift and one that was well received by our retail service provider partners.

The average time it takes to connect a customer to fibre broadband has halved. We delivered service to 94 percent of customers on the date agreed – well above our key performance indicator of 75 percent.

We have made excellent progress in customer experience and this will remain a key focus of our business particularly for the next year as we continue our investment.

> *“We continued our investment in customer experience*

WE CARE FOR EACH OTHER – HEALTH, SAFETY AND WELLNESS

We believe Health, Safety and Wellness is more than an objective, priority or imperative: it needs to be a constant part of everything we do – part of our DNA at Enable.

The leaders of our business (Board of Directors and the Senior Leadership Team) started 2017 with personal commitments to drive our Health, Safety and Wellness culture through every action and conversation. We are focused on instilling this approach into the whole of Enable.

We conducted a Safety Perception Survey (based on the globally recognised DuPont Bradley safety performance model) to understand our people's Health, Safety and Wellness mindset. We commenced a cultural journey by introducing over 30 leaders to safety behaviours and how to engage their people and shift their mindset. We established a Health, Safety and Wellness Committee to strengthen our leadership across our business along with new Health, Safety and Wellness management and reporting systems which have been independently audited.

During the year we conducted 8,092 site audits and safety interactions, and worked closely with our contract partners to recognise their performance and assist in continuous improvement as we strive for a work environment where our people can be safe.

At year end, our Loss of Time Injury Frequency Rate (LTIFR) was 2.5 injuries per million hours worked with a Total Recordable Injury Frequency Rate (TRIFR) of 5.5. Both results were ahead of target and significant improvements on the previous year.

Most importantly, the importance of Health, Safety and Wellness is being recognised by our people with it being one of the highest scoring categories in our 2017 Engagement Survey.

HEALTH & SAFETY STATS

	2015	2016	2017
Lost Time Injury Frequency Rate	5.0	5.2	2.5
Total Recordable Injury Frequency Rate	8.6	8.5	5.5






OUR PURPOSE AND OUR PEOPLE

Our people have redefined our collective purpose – the reason why Enable exists and why we all come to work each day.

"Connecting our Community with Unlimited Opportunity" is a rallying call within our business. We believe it is something that is unique to Enable. It ties together the potential of our fibre broadband to create opportunities – whatever they might be – in homes, businesses, schools and community organisations in greater Christchurch with our unique position as being owned by our community and solely focused on it. It also looks to the future and growth potential of our city and the contribution Enable can make.

Exploring what our purpose means and ensuring we are set up to deliver on it has been the focal point of our approach to growing our people and culture in 2017.

We established a robust performance management and individual development framework within Enable last year and this was the first full year with it in place. We strengthened our leadership model and extended our leadership training to more people within Enable.

We focused on improving engagement across Enable by growing people's ability to do their job and helping them to make a difference. Internal communication has significantly improved across our business and we have made our customers more real to our people. This resulted in a 19 percent improvement in engagement (measured by Aon Hewitt) across Enable to 63 percent. Enable's people engagement now sits above the telecommunications industry average for Asia Pacific and just short of the top quartile for employers across Australia and New Zealand.

Some of the highlights of the year included our first Enable Summit, the introduction of our intranet (Enable Me) and creating a range of new internal communications channels. Our talented 139 Enable people are highly engaged in realising our purpose and achieving a great customer experience.

There continues to be an extensive broader team working with our business, our contract partners, building our network and connecting customers to it. This team includes our Network Delivery Alliance (Broadspectrum), Downer, Huawei, MultiMedia Communications and Clearvision Communications – all of which play a significant role in our business and success. In total, approximately 600 people are employed connecting our community to Enable fibre broadband.

OPERATIONAL EXCELLENCE AS AN INFRASTRUCTURE PROVIDER

Our promise to our customers and community is that our high performing network is managed with great efficiency and responsibility. We build and manage our network to deliver to our customers' performance and reliability expectations, and with great care for the impact our work and network has on our environment.

We are rapidly approaching the end of our core network build – due to the fantastic performance of our Network Delivery Alliance.

We anticipate that we will complete our network deployment programme by 31 December 2018 – significantly ahead of schedule.

Included in our premises passed of 128,196, are 9,285 premises in new suburbs or commercial areas – an increase of 2,407 during FY2017. In total, Enable has won 334 separate contracts to deliver fibre broadband into new suburbs in greater Christchurch since we began our network deployment six years ago.

Once deployed, we ensure the efficient management of our network - including ensuring uninterrupted fibre broadband service and network operations, completing the connection of new premises and ongoing service provision to retail service providers and their customers, and planning to ensure the network has capacity and capability to deliver to our customers today and for the next 50 years.

We employed a third customer connection partner – Clearvision Communications – and continued to work closely with our connection partners Downer and MultiMedia Communications to manage double the physical connection volumes (compared with the previous year). At the same time, our operational teams and partners worked closely with other parts of our business to help realise our customer experience improvements. All three of our connection partners have responded tremendously to the demand for fibre broadband from our community.

We also increased our investment in and focus on ensuring we have the appropriate systems and processes to support our connection demand and achieve operational excellence in the management of the network today and into the future.

BUILD PROGRESS - BY CANDIDATE AREA

	CHRISTCHURCH	RANGIORA	GREENFIELDS
Total premises	*112,671*	*6,240*	*9,285*
Build complete	*87%*	*62%*	*N/A*

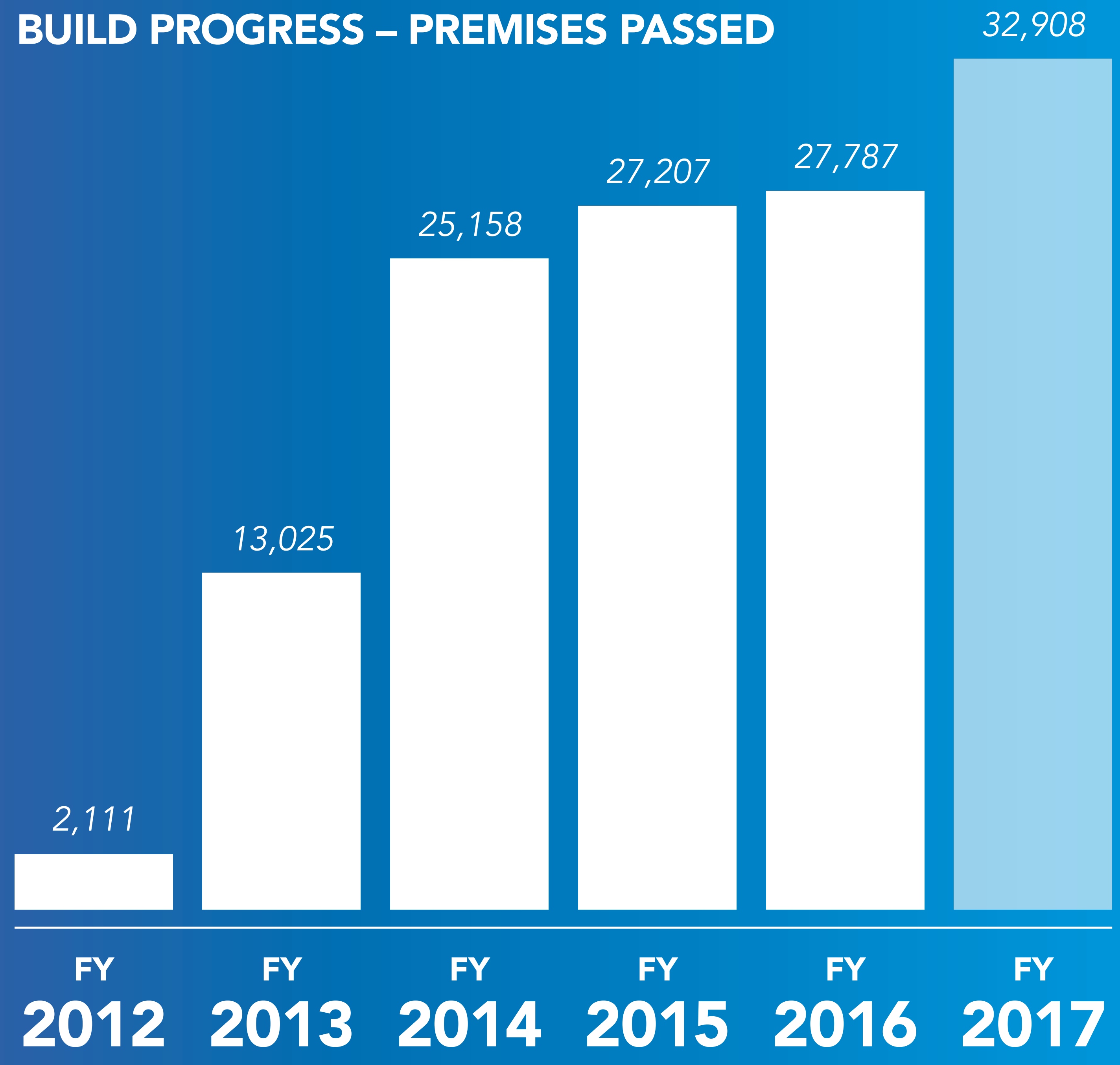
We consistently delivered network performance well above contracted service levels with 100% core network availability, greater than 99.99% access network reliability achieved and all average customer downtime metrics being within service level targets.

Throughout the network build and management of our network, we use highly sustainable ducting with an expected lifespan of 50 years. We deployed our network using drilling, shallow and narrow trenching technologies to reduce the impact on the physical environment and our community – along with a range of low-impact installation methods when connecting buildings to our network.

CORE NETWORK AVAILABLITY
100%

ACCESS NETWORK RELIABILITY
>99.99%

BUILD PROGRESS – PREMISES PASSED



FINANCIAL PERFORMANCE

We had another strong year in terms of financial performance. All financial targets as set out in our 2017 Statement of Intent (SOI) have been exceeded.

Total group operating revenue has decreased from $63.3m to $36.3m. This is due to accounting disclosure changes as a result of the reorganisation. The group no longer derives construction contract revenue from ENL (prior year $43.1m) or receives reimbursement (prior year $9.6m) for services provided to ENL.

Gross telecommunications revenue grew by 80 percent from $14.3m last year to $25.7m.

This strong performance is a direct result of the increasing demand for fibre broadband by our community. With our network deployment programme yet to be completed and considerable room for further market uptake, we anticipate further strong growth in telecommunications revenue in the future. For FY16 this revenue appeared within the share of loss of associate.

EBITDA of $14.3m was realised which exceeded the SOI target by $2.6m. This was achieved as a result of the strong increase in telecommunications revenue, and our firm ongoing focus on cost management and cost reduction.

The Group is now EBIT positive as a result of recurring business operations. This impressive outcome has occurred one year earlier than planned.

Total Group operating expenses decreased by $41m to $22m as a result of the Group no longer incurring construction contract expenses.

While we invest to support the strong ongoing growth in telecommunications revenue, we still expect the business to incur an operating loss next year, before an NPAT positive position becomes the norm.

Property, plant and equipment additions of $92.4m were made during FY17 – a record year of investment for the Group resulting in a closing property, plant and equipment balance of $378.4m. This significant investment is due to the ongoing acceleration of the network deployment programme and a record uplift in connections.

Share capital increased by $46.6m to $164.5m as a result of CCHL continuing to strongly support the growth of Enable. The Group's overall financial position continues to strengthen, leaving us well placed to grow further in FY18 and beyond.

FINANCIAL SUMMARY

- **$36.3m** total revenue
- **$25.7m** telecommunications revenue $11.4m growth
- **$14.3m** EBITDA $2.6m above target
- **$22m** operating expenses
- **$378.4m** property, plant and equipment balance
- **$164.5m** Share capital increase of $46.6m

ENGAGING WITH INDUSTRY AND GOVERNMENT

We continued to work closely with our central Government partner, CFH, to deliver on our greater Christchurch UFB project. We also engaged closely with them on the opportunity to extend our network reach to more parts of our community under the UFB2 initiative – resulting in Kennedys Bush, and more parts of Prestons, Hornby and Kainga being added to our coverage plans and incorporated in our core network build planned to be complete by the end of 2018.

2017 was a significant year for the industry with the Government conducting and finalising its considerations of the Telecommunications Act 2001 and announcing the regulatory model that will come into effect in 2020. Throughout the review process we worked closely with Government officials, the industry including the local fibre companies (Ultrafast Fibre and Northpower) and Chorus, and a range of other stakeholders to ensure our perspective on regulatory matters and interests were heard and considered. The current position is that we will have information disclosure requirements under a regulated asset base (historical costs) regime from 2020 and will not be price-quality regulated. This was our desired outcome from the regulatory review.

We continue to actively participate in a number of industry related forums and bodies. We are members of the Canterbury Tech Cluster, Telecommunications User Association of New Zealand and the Telecommunications Carriers Forum (TCF). We actively contribute to the TCF's work programme through working parties addressing various matters across the sector, policy and communications, including the UFB Product Forum.

2018 – THE YEAR AHEAD

With a good year behind us, we look forward with a clear understanding that the job is not yet done. We have a clear strategy to ensure another successful year for Enable.

1

Our culture will drive our success

We will continue to empower our people to take ownership and take action to deliver on our purpose, to grow, and to care for each other and our community.

2

Our customers deserve a great experience from us

We will build on our momentum in the experience we provide our retail service providers and their customers and achieve a great customer experience.

3

Our growth journey must continue

We will ensure our growth trajectory continues – by connecting more homes and businesses to Enable fibre broadband.

4

Our investment must be managed carefully

We will pride ourselves on continuing to innovate and find efficiencies and build on our operational excellence to ensure a strong financial performance.

5

Our community is central to our success

We will continue to build a bond with the greater Christchurch community – ensuring they know who we are, what we stand for and the opportunities we can help them realise.

2018 WILL BE ANOTHER VERY SIGNIFICANT YEAR FOR ENABLE IN TERMS OF ITS GROWTH

We are on the final stretch of our network deployment and are now connecting customers to fibre broadband faster than what we forecast. We will maintain our growth trajectory, while continuing to transform our business to provide better all-round customer experiences and outcomes.

1 *Our culture will drive our success*

We know that every interaction we have with each other, our customers, our partners, our stakeholders and our community is an opportunity to reinforce who we are and what we stand for. Our people strategy – under the Enable Way banner – underpins how we will act in all our interactions.

The Enable Way will focus on encouraging growth and development, caring for each other, recognising our people appropriately and holding them to account for their actions.

Health, Safety & Wellness will continue to be a central part to the Enable Way. We will continue to empower our people to own their Health, Safety and Wellness actions and behaviours and continue to improve our daily operations to show that we really do care for each other.

2 *Our customers deserve a great experience from us*

Delivering a great customer experience will remain one of our most important strategic imperatives. We are determined to ensure our retail service providers and their customers have great confidence in Enable, and that when they order fibre broadband from Enable they will get an excellent experience.

We believe that if we get this right – the order process, the accountability for the customer within our business, the information we provide about what is involved, the time it takes to connect and the quality of the work we do – then we can truly differentiate ourselves in a competitive broadband market. By delivering an excellent experience, our community will choose Enable above all other broadband services.

3 *Our growth journey must continue*

We will grow our total number of customers connected to fibre broadband in greater Christchurch. We will do so by engaging extensively with our community, including local businesses, to explain the benefits and address any barriers in making the switch to Enable fibre broadband. We will continue to work in established fibre broadband suburbs to continue the strong uptake and simulate the demand in areas yet to have availability of Enable fibre broadband services. We will look for opportunities to partner with our retail service providers and other local stakeholders to ensure the Christchurch community are embracing Enable fibre broadband and maximising its benefits. We are well into our seventh and final network deployment programme – having completed our previous programme ahead of schedule. We have approximately 30,000 homes and businesses to reach in this programme of work and we are on schedule to have it completed by 31 December 2018.

We will make fibre broadband available to the remaining parts of Rangiora early in this deployment programme, followed by Kaiapoi and Woodend. The majority of the remaining work in Christchurch will be focused on the hill suburbs. All our community can now find more specific timeframes of when fibre broadband is available at their home or business by visiting the Enable website.

4 *Our investment must be managed carefully*

As we move towards the completion of our infrastructure build programme, we also move closer to reaching our peak debt levels. Through this period, we will maximise our connection revenue while continuing to reduce and manage cost right across our business.

Generating a fair rate of return to our owner (CCHL – representing our Christchurch community) is one of our strategic objectives, and the rate at which we can reduce our debt and generate a return to this shareholder will determine our success against this objective.

We will continue to work closely with Government and the telecommunications industry to ensure the future operating and regulatory environment will provide a fair opportunity to generate this return. More significantly this means ensuring that we work closely with Government to demonstrate our commitment to the new regulatory regime.

5 *Our community is central to our success*

We fundamentally believe we hold a unique position in the Christchurch community and this provides us with an opportunity to help our community grow economically and socially. This starts with continuing to deliver our core fibre broadband services exceptionally well – so our customers can grow businesses, learn in new ways and connect with each other and the world.

The opportunity we have goes well beyond providing these core services as our community looks towards the future. We are wholly owned by our community and are focused only on greater Christchurch; we own and operate a world-class fibre network; we have exceptional expertise in the transformation potential of technology and we are becoming a sizable corporate citizen of Christchurch. We want to make an even greater difference to our community through new initiatives in the coming year.

BOARD OF DIRECTORS

1. Mark Bowman
Chairman

Mark Bowman is a Christchurch-based professional director specialising in the governance and leadership of high growth businesses.

Mark has experience in the technology, telecommunications, healthcare, tourism, industrial, and energy sectors. Prior to his governance roles, Mark held senior executive roles with Navman, HP and Hitachi.

Mark has been Chair of ESL since 1 July 2013 and became the Chair of ENL on 29 June 2016. He stood down as Chair of both Boards at the end of the financial year and will remain a Director.

2. Brett Gamble
Director

Brett Gamble is the CEO of the Ben Gough Family Office and Tailorspace Limited. He is responsible for all portfolio investment, financial and philanthropic activities. He has a 20-year background in corporate finance and private equity investment, and has held executive roles in the energy and technology sectors.

Brett is currently a director of Mike Greer Homes Ltd, Southbase Construction Limited, Masterguard Fire and Security Limited and Canterbury Seismic Instruments Limited. Brett also chairs the Foundation Trust Board at St Margaret's College.

Brett has accepted the appointment to Chair of ESL and ENL effective from 1 July 2017.

3. Charlotte Walshe
Director

Charlotte Walshe is CEO of Dynamic Controls, a leading global designer and manufacturer of electronic control systems for power wheelchairs and mobility scooters. Charlotte has run the company from its Christchurch base for ten years.

Before her current role, Charlotte held senior operations, sales and general management roles in the packaging and print industry working for AEP Flexipac and Filmpac. Charlotte is a Director of ESL and ENL.

4. Bill Luff
Director

Bill Luff has spent the last 35 years working in government and multinational business roles. Much of his experience has been with British Petroleum (BP) in New Zealand and overseas.

Since returning to New Zealand he has held a number of significant executive and board positions. Bill is currently Chairman of Ballantynes; a Director of Isaac Construction Limited, Overseer Limited, and Central Plains Water Limited; and a Trustee of the Christchurch Symphony Orchestra, the Isaac Conservation and Wildlife Trust and the Lighthouse Vision Trust.

Bill is a previous Chair of ESL. He is a Director of ESL and ENL.

5. Owen Scott
Director

Owen Scott has 25 years experience in the New Zealand technology sector. Since 2004 he has been Managing Director of Christchurch-based strategic marketing company Concentrate. Prior to establishing Concentrate, he held a number of senior roles at Jade Software Corporation including Vice President Operations, Jade USA and General Manager Marketing.

Owen is an Adjunct Senior Fellow for the University of Canterbury's Engineering Management Programme, a trustee of the New Zealand Hi-Tech Trust, a member of the New Zealand Institute of Management and a Chartered Member of the New Zealand Institute of Directors.

Owen is a Director of ESL and ENL.

6. Tim Lusk
Director

Tim Lusk was Chairman of ENL from the formation of the joint venture company in 2011 until the change of ownership on 29 June 2016. Tim is a Director of ESL and ENL.

Tim recently retired from a 40 year executive management career largely in the communications and utilities infrastructure sectors. His most recent role was CEO of Meridian Energy NZ Limited, a role Tim held for almost four years, and he has held senior executive roles at Telecom, Transpower and Power New Zealand Limited.

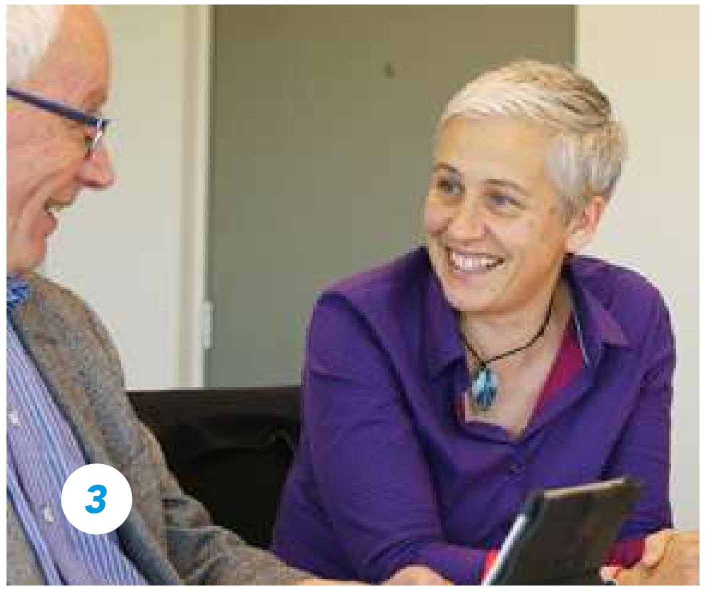
Tim is a director of Transpower NZ Limited, the Environmental Protection Authority and the Wairarapa Rural Fire Authority, and has previously been on the Board of Meridian Energy Limited and Unison Networks Limited.

Chris Birkett (not pictured)
Director

Chris stood down as Director of ESL and ENL on 26 September 2016.

At the time of leaving the Board, Chris Birkett was Chief Financial Officer at Watson & Son, a leading supplier of manuka products globally. Prior to this, he was Managing Director of General Cable Oceania which encompasses New Zealand, Australia and the Pacific Islands.

Chris has held a number of senior finance roles in New Zealand and abroad through his career including with General Cable, RockShox Inc. and PwC. Chris holds a degree in commerce and accounting from the University of Victoria, and is a member of the Chartered Accountants Australia & New Zealand.



GOVERNANCE AT ENABLE SERVICES LIMITED AND ENABLE NETWORKS LIMITED (THE ENABLE GROUP)

Enable Services Limited (ESL) is a fully owned subsidiary of Christchurch City Holdings Limited (CCHL).

ESL partnered with Crown Fibre Holdings Limited (CFH) to build and operate the ultra-fast broadband (UFB) network for Christchurch and surrounding centres – which resulted in the establishment of Enable Networks Limited (ENL).

On 29 June 2016, ESL became the sole shareholder in ENL, meaning ENL and its world class fibre infrastructure became fully owned by Christchurch City.

Governing documents

The documents that govern the establishment of Enable and the ongoing partnership are as follows.

- The Network Infrastructure Project Agreement sets out the relationship between and the obligations of ENL, ESL and CFH in creating and managing the network.
- The Network Infrastructure Assets Transfer Agreement transferred ESL's existing fibre network to ENL.

In addition, and as required by the Telecommunications Act 2001, Enable has entered into a Deed of Open Access Undertakings for Fibre Services in favour of the Crown. The purpose of the Deed is to promote market competition in telecommunications.

Copies of all three documents are available from Enable's website: enable.net.nz.

Board role and responsibilities

The Board is responsible for the company's overall direction and formulation of policies that will support the deployment and uptake of fibre broadband within Enable's coverage area.

Board structure and appointment

The Board of ESL consists of no more than seven Directors appointed by CCHL. The Board of ENL consists of no more than seven Directors appointed by ESL.

Board Subcommittees

The Audit and Risk Committee assists the Boards in discharging their responsibilities in financial reporting and external audits, risk management and assurance and capital structure and treasury. The Committee is made up of no more than four members.

The People and Performance Committee assists the Boards in establishing remuneration, recruitment, retention and termination policies and practices. The Committee is made up of at least two members.

The Health, Safety and Wellness Committee assists the Boards to fulfil its corporate governance responsibilities relating to Health, Safety and Wellness policies and practices of the company and to improve the Health and Safety performance of the company, the Network Delivery Alliance and other contractors.

Management Services Agreement

ESL operates under a thin company structure with strategic and operational services provided to ESL by ENL under contract. A Management Services Agreement (MSA) between ESL and ENL sets out this relationship.

It covers the provision of Chief Executive, Finance, Legal, Administrative, Health and Safety services, and other executive management services required by ESL.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

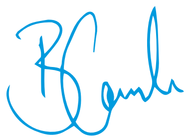
STATEMENT OF RESPONSIBILITY

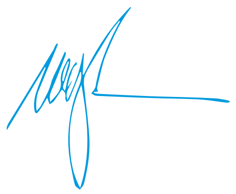
The Board is responsible for the preparation of Enable Services Limited Group's financial statements and for the judgements made in them.

The Board of Enable Services Limited Group has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, the financial statements fairly reflect the financial position and operations of Enable Services Limited Group for the year ended 30 June 2017.

Signed on behalf of the Board





Brett Gamble
Director
22 August 2017

Mark Bowman
Director
22 August 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	Note	2017 $'000	2016 $'000
Income statement			
Operating revenue	5	36,272	63,370
Gain arising from business combination	20(c)	-	11,838
Total revenue		**36,272**	**75,208**
Operating expenses	6	(21,982)	(62,955)
Share of loss of associate	15	-	(2,953)
Earnings before interest, tax, depreciation and amortisation		**14,290**	**9,300**
Depreciation and amortisation	3,14	(14,223)	(938)
Earnings before interest and tax		**67**	**8,362**
Finance income	7	181	2,811
Finance costs	7	(11,987)	(10,083)
Net finance costs		**(11,806)**	**(7,272)**
Profit/(loss) before income tax		**(11,739)**	**1,090**
Income tax credit	8	3,221	2,221
Profit/(loss) for the year		**(8,518)**	**3,311**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents	10	6,483	3,056
Trade and other receivables	11	4,955	19,414
Inventories	12	3,856	4,280
Current tax asset	8(c)	4,394	2,336
Total current assets		19,688	29,086
Non-current assets			
Property, plant and equipment	3	378,438	299,720
Construction contract work in progress	13	22,220	10,609
Intangible assets	14	4,360	2,971
Total non-current assets		405,018	313,300
Total assets		424,706	342,386
Current liabilities			
Creditors and other liabilities	16	14,870	11,580
Employee entitlements	17	1,839	1,373
Deferred revenue	18	111	87
Total current liabilities		16,820	13,040
Non-current liabilities			
Borrowings	4	257,900	218,900
Employee entitlements	17	493	461
Deferred tax liability	8(d)	9.921	8,861
Deferred revenue	18	684	325
Total non-current liabilities		268,998	228,547
Total liabilities		285,818	241,587
Net assets		138,888	100,799
Equity			
Share capital	19	164,503	117,896
Retained earnings		(25,615)	(17,097)
Total equity		138,888	100,799

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

	Note	Share capital $'000	Retained earnings $'000	Total $'000
Balance as at 1 July 2015		34,000	(20,408)	13,592
Profit for the year		-	3,311	3,311
Issue of redeemable preference shares	19	83,896	-	83,896
Balance as at 30 June 2016		117,896	(17,097)	100,799
Loss for the year		-	(8,518)	(8,518)
Issue of ordinary shares	19	10,000	-	10,000
Issue of redeemable preference shares	19	36,607	-	36,607
Balance as at 30 June 2017		164,503	(25,615)	138,888

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers and other sources		37,197	49,392
Interest received		181	2,461
Payments to suppliers and employees		(13,937)	(101,657)
Interest and other finance costs paid		(13,498)	(9,681)
Subvention receipts	21	2,223	2,280
Net cash provided by/(used in) operating activities	22	**12,166**	**(57,205)**
Cash flows from investing activities			
Payment for property, plant and equipment	3	(92,423)	(274)
Payment for intangible assets		(1,923)	(1,591)
Cash acquired in business combination	20(a)	-	1,550
Loan advances repaid		-	5,000
Net cash provided by/(used in) investing activities		**(94,346)**	**4,685**
Cash flows from financing activities			
Proceeds from borrowing	21	39,000	54,400
Proceeds from issue of shares		46,607	-
Net cash provided by financing activities		**85,607**	**54,400**
Net increase in cash and cash equivalents		3,427	1,880
Cash and cash equivalents at beginning of year		3,056	1,176
Cash and cash equivalents at end of year	10	**6,483**	**3,056**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. Statement of accounting policies

Reporting entity

The financial statements are for the Group, consisting of Enable Services Limited (ESL) and its subsidiary Enable Networks Limited (ENL). ESL is a limited liability company incorporated in New Zealand under the Companies Act 1993, and is a profit-oriented entity.

ESL is a wholly-owned subsidiary of Christchurch City Holdings Limited, itself a wholly owned subsidiary of Christchurch City Council (CCC).

Explanatory note – comparative figures

On 29 June 2016, as part of a re-organisation of the Group, ESL acquired all of the shares in ENL previously held by Crown Fibre Holdings Limited (CFH), and ENL became a wholly-owned subsidiary of ESL.

Prior to the re-organisation ENL was accounted for as an associated company using the equity method. The results and cash flows for the 2016 year thus reflect the results and cash flows of ESL and the equity accounted results of ENL, whereas the Statement of Financial Position reflects the consolidated assets, liabilities and equity of the Group.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit-oriented entities.

These financial statements were approved by the Board of Directors on 22 August 2017.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the UFB network assets, which has been measured at fair value as described in Note 3.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest one thousand dollars ($'000). The functional currency of the Group is New Zealand dollars.

Accounting policies

Accounting policies are included in the individual notes to the financial statements, as follows:

	Note		Note
Property, plant & equipment	3	Borrowings	4
Operating revenue	5	Operating expenses	6
Finance income and costs	7	Income taxes	8
Cash and cash equivalents	10	Trade and other receivables	11
Creditors and other liabilities	16	Deferred revenue	18
Share capital	19	Classification of assets and liabilities	23

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2017

Changes in accounting policies and disclosures

There have been no changes in accounting policies and all policies have been applied on bases consistent with the prior year.

2. Critical judgements, estimates and assumptions

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the specific accounting note as shown below.

Area of estimate or judgement	Note	
Valuation of UFB network assets	3	Property, plant & equipment
Deferred tax recognition	8	Income taxes

KEY ASSETS AND LIABILITIES

3. Property, plant and equipment

	Note	UFB network Layer 1 $'000	UFB network Layer 2 $'000	Central offices $'000	Other plant and equipment $'000	Total $'000
Gross carrying amount						
Cost/valuation at 1 July 2015		-	-	-	1,232	1,232
Additions		-	-	-	274	274
Acquired through business combination		266,048	21,678	8,916	930	297,572
Transferred from intangible assets	14	-	-	-	643	643
Cost/valuation at 30 June 2016		266,048	21,678	8,916	3,079	299,721
Additions		83,545	8,575	6	297	92,423
Disposals		-	-	-	(1)	(1)
Cost/valuation at 30 June 2017		349,593	30,253	8,922	3,375	392,143
Accumulated depreciation and impairment						
Accumulated balance at 1 July 2015		-	-	-	(751)	(751)
Depreciation expense		-	-	-	(471)	(471)
Disposals		-	-	-	1,221	1,221
Accumulated balance at 30 June 2016		-	-	-	(1)	(1)
Depreciation expense		(7,640)	(5,507)	(254)	(303)	(13,704)
Accumulated balance at 30 June 2017		(7,640)	(5,507)	(254)	(304)	(13,705)
Carrying amount at 30 June 2016		266,048	21,678	8,916	3,078	299,720
Carrying amount at 30 June 2017		341,953	24,746	8,668	3,071	378,438

Property, plant and equipment includes the original fibre optic network owned by the Group and the subsequent capital cost of deploying the UFB network covering circa 85% of Christchurch; all of Rolleston and Lincoln; and parts of Rangiora, Kaiapoi and Woodend. The UFB network assets are long term infrastructure assets with long term investment horizons.

UFB network Layer 1 assets comprise the physical fibre network assets which are essentially the unlit pipeline or pathway that the electronics use to transmit data, otherwise known as dark fibre. These assets include ducting and optical fibre.

UFB network Layer 2 assets comprise the electronics necessary to light the optical fibre or the means by which communication occurs down the Layer 1 pathway. These assets are located in Central Offices and in the premises of end users.

Central Offices include both building costs and setup costs – fire protection, security and backup generator assets.

KEY ASSETS AND LIABILITIES (CONT.)

Recognised fair value measurements

The UFB network Layers 1 and 2 assets, together with the Central Offices (collectively described as UFB network assets), are owned by ESL's 100% subsidiary ENL. These UFB network assets were revalued to fair value as at 30 June 2016 by independent valuers EY. EY are considered to have the appropriate qualifications and experience in the fair value measurement of such assets.

EY considered that the discounted cash flow (DCF) methodology was the most appropriate method of valuation, given that:

- long term cash flow forecasts were available
- there is a reasonable degree of predictability around the cash flows
- a potential buyer of these assets would primarily be interested in the future economic benefits they could generate.

The DCF methodology involved assessing:

- the future free cash flows of the business (excluding expansionary capital expenditure and related revenue)
- a terminal value for cash flows beyond the forecast period
- discounting the above cash flows using a discount rate based on weighted average cost of capital
- whether there were any surplus assets.

Using this methodology the mid-point enterprise value of ENL at 30 June 2016 was assessed at $307m. Working capital of $9m was deducted from this figure to arrive at the estimated value of UFB network assets at 30 June 2016 of $298m. The current book value of $389m reflects this value plus the net effect of additions and disposals at cost, and depreciation, in the 2017 financial year.

The carrying value of property, plant and equipment as at 30 June 2017 approximates fair value, supported by the current business plan, financial forecasts and performance of the Group remain consistent with the forecasts underpinning the 2016 valuation.

All property, plant and equipment is classified as Level 3 within the fair value hierarchy under NZ IFRS 13 – Fair Value Measurement. Assets are classified as Level 3 where one or more significant inputs into the determination of fair value are not based on observable market data. The Group had no other Level 1, Level 2 or Level 3 non-financial assets measured at fair value during the year.

Useful lives and residual values of UFB network assets

At balance date, the Group reviews the useful life and residual value of its UFB network assets. Assessing the appropriateness of useful life and residual value estimates of UFB network assets requires the Group to consider a number of factors, such as the physical condition of the assets, expected period of use of the assets by the Group, and expected disposal proceeds from the future sale of the assets.

An incorrect estimate of the useful life or residual value will impact on the depreciation expense recognised in the profit or loss, and the carrying amount of the asset in the statement of financial position. The Group minimises the risk of this estimation uncertainty by:

- investing in high quality, class-leading assets and infrastructure
- physical inspections of assets; and
- asset replacement programmes in line with useful life expectations.

Security

CFH has a first ranking security over the Group's assets.

KEY ASSETS AND LIABILITIES (CONT.)

Accounting policy – property, plant and equipment

Property, plant and equipment asset classes consist of the UFB network assets, being Layer 1 (relating to the provision of unlit optical fibre), Layer 2 (relating to the provision of communication equipment on the un-lit fibre), and Central Offices (buildings which contains Layer 2 assets, with fire protection, security and backup generator assets).

UFB network assets, and Central Offices are recognised at fair value based on valuations by external independent valuers, less subsequent depreciation.

Valuations are performed with sufficient regularity to ensure that the fair value of the assets does not vary materially from their carrying value. Any revaluation increase arising on the revaluation of these assets is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense through profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of these assets is charged as an expense through profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are recognised at historical cost less depreciation.

Additions

Additions are recorded at historical cost less depreciation until the next revaluation. The cost of an item is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are recognised through profit or loss. When revalued assets are sold, any revaluation reserve relating to the particular asset is transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of UFB network assets are recognised in the profit or loss as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

UFB Network assets:	
Layer 1 (Provision of unlit optical fibre)	20 – 50 years
Layer 2 (Ethernet communication equipment)	5 – 12 years
Central Offices	5 – 50 years
Property, plant and equipment	1 – 25 years

Land is not depreciated.

The residual value and useful life of an asset is reviewed, and adjusted, if applicable, annually.

Impairment of non-financial assets

UFB network assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised if 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.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

KEY ASSETS AND LIABILITIES (CONT.)

4. Borrowings

	Note	2017 $'000	2016 $'000
Loan from CCHL	21	257,900	218,900
		257,900	**218,900**

The Group has a subordinated loan agreement with CCHL. The loan is unsecured and the interest rate is a base rate reflecting CCHL's cost of borrowing plus a 1% margin. At 30 June 2017 the weighted average interest rate was 4.9% (2016: 5.0%).

The line of credit under the loan agreement is available to the Group until March 2023 and totals $285m (2016: $285m).

Accounting policy – borrowings

Debt is initially measured at fair value net of transaction costs and subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Amounts which may be required to be settled within 12 months are presented as current liabilities, and the remainder is presented as non-current liabilities.

PROFIT AND LOSS INFORMATION

5. Operating revenue

	Note	2017 $'000	2016 $'000
Gross telecommunications revenue	(i)	25,675	390
Sale of inventory		8,781	8,538
Construction contract revenue	21	-	43,144
Reimbursement for services provided to associate	21	-	9,552
Other		1,816	1,746
		36,272	**63,370**

(i) Gross telecommunications revenue is required to be disclosed in accordance with the information disclosure requirements under section 83 of the Telecommunications Act 2001. There were no allowable deductions (2016: $234k).

Accounting policy – revenue

Construction contract revenue
When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of the consideration received or receivable in relation to that activity.

Revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred.

When it is probable that total contract costs will exceed total revenue, the expected loss is recognised immediately in profit and loss.

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date including milestones for the project work to be carried out.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase; that is by comparing overall revenues that ESL expects from its construction contract with the profit expected to be made on fulfilling the corresponding milestone. Progress and related contract revenue in between milestones is determined by comparing costs incurred to date with the total estimated costs for that particular milestone (this procedure is sometimes referred to as the "cost-to-cost" method).

6. Operating expenses

	Note	2017 $'000	2016 $'000
Audit fees	6(a)	139	118
Directors' fees		349	303
Net foreign exchange (gains)/losses		(23)	5
Operating leases		741	598
Employee costs	6(b)	11,747	9,172
Other		9,029	9,615
Construction contract costs		-	43,144
		21,982	**62,955**

6 (a). Remuneration of auditors

	Note	2017 $'000	2016 $'000
Audit New Zealand			
Audit of the financial statements		110	118
Regulatory audit work		15	-
Total		125	118
Other auditor - KPMG			
Assurance-related		14	-
		14	-
Total auditor remuneration	6	139	118

6 (b). Employee costs

	Note	2017 $'000	2016 $'000
Salaries and wages		10,948	8,754
Defined contribution plan employer contributions		301	237
Other		498	181
Total employee costs	6	11,747	9,172

7. Finance income and costs

	Note	2017 $'000	2016 $'000
Finance income			
Interest - bank		172	105
Interest - external loan		-	229
Interest - loan to ENL	21	-	2,477
Interest - other		9	-
		181	2,811
Financing costs			
Interest paid/payable to CCHL	21	11,987	10,083

PROFIT AND LOSS INFORMATION (CONT.)

Accounting policy – finance income and costs

Finance income

Interest income is recognised using the effective interest method.

Financing costs

Financing costs primarily comprise interest on the Group's borrowings, and are expensed in the period in which they are incurred and reported in finance costs.

8. Income taxes

8 (a). Components of tax expense

	2017 $'000	2016 $'000
Components of tax expense		
Current tax (income)	(4,281)	(2,221)
Adjustments to current tax of prior years	-	135
Deferred tax expense/(income)	1,060	(135)
Total tax (income)	(3,221)	(2,221)

8 (b). Reconciliation of prima facie income tax

	2017 $'000	2016 $'000
Profit/(loss) before tax	(11,739)	1,090
Tax at statutory rate of 28%	(3,287)	305
Non-deductible expenses	-	827
Non-assessable income and deductible items	-	(3,315)
Over provision of income tax in previous year	66	(38)
Income tax credit	(3,221)	(2,221)

8 (c). Current tax asset

	2017 $'000	2016 $'000
Current tax asset		
Opening balance	2,336	2,529
Tax asset for the year	4,281	2,087
Subvention receipts	(2,223)	(2,280)
Closing balance	4,394	2,336

8 (d). Deferred taxation

	30 June 2016				30 June 2017	
	Opening balance $'000	Profit/ loss $'000	Acquired through business combination $'000	Closing balance $'000	Profit/ loss $'000	Closing balance $'000
Deferred tax liabilities:						
Property, plant and equipment	46	(46)	9,796	9,796	734	10,530
	46	(46)	9,796	9,796	734	10,530
Deferred tax assets:						
Provisions/employee entitlements	125	89	-	214	388	602
Doubtful debts and impairment losses	-	-	-	-	7	7
Other	671	-	50	721	(721)	-
	796	89	50	935	(326)	609
Net deferred tax (asset)/liability	(750)	(135)	9,746	8,861	1,060	9,921

ESL is a member of the CCC tax group, which comprises CCC, CCHL and a number of other group entities. The Group pays or receives subvention payments to/from other members of the CCC tax group. The amount recognised as a receivable for the 2017 tax year is $4.4m (2016: $2.3m). The Group received a subvention payment from other members of the CCC tax group of $2.2m (2016: $2.3m). These payments are treated as if they were payments/receipts of income tax and they are reflected as part of the taxation payable/(receivable) amount.

Following the change in shareholding as part of the re-organisation in June 2016, the Group reviewed its ability to utilise previous tax losses. While the matter is finely balanced, the ability to utilise historical ENL losses may not meet the probable threshold for financial reporting purposes, and therefore no deferred tax asset has been recognised in 2016 or 2017 with respect to these losses, which in total amount to $29.5m. Unrecognised deferred tax assets are reassessed at each reporting date.

8 (e). Imputation credits

The amount of imputation credits available for use in subsequent reporting periods by the Group is $485k (2016: $485k).

Accounting policy – income tax

Income tax expense includes current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised directly in equity, in which case the tax is also recognised directly in equity.

9. Financial risk management

The Group's activities expose it to a variety of financial instrument risks, including liquidity risk, interest rate risk and credit risk. The Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

9 (a). Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Group's primary mechanism for managing liquidity risk is through issuing shares and debt to CCHL.

As described in Note 4, the Group has guaranteed debt funding from CCHL of up to $285m until March 2023. Following the 2016 re-organisation, CCHL passes on funding to the Group received from CFH for stage sale settlements, equivalent to the amounts that would have been provided directly by CFH to ENL under the original UFB contract. This funding is in the form of redeemable preference shares or debt.

In meeting its liquidity requirements, the Group maintains a target level of cash which is available within specified timeframes.

Contractual maturity analysis of financial liabilities

The following table analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. The contractual undiscounted amounts are equal to the carrying amounts.

	Balance sheet $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years + $'000
June 30 2017						
Cash, cash equivalents and deposits	6,483	6,483	6,483	-	-	-
Trade and other receivables	4,955	4,955	4,955	-	-	-
Creditors and other payables	(14,870)	(14,870)	(14,870)	-	-	-
Borrowings from CCHL	(257,900)	(340,289)	(13,508)	(13,508)	(40,525)	(272,748)
	(261,332)	**(343,721)**	**(16,940)**	**(13,508)**	**(40,525)**	**(272,748)**
30 June 2016						
Cash, cash equivalents and deposits	3,056	3,056	3,056	-	-	-
Trade and other receivables	19,414	19,414	19,414	-	-	-
Creditors and other payables	(11,580)	(11,580)	(11,580)	-	-	-
Borrowings from CCHL	(218,900)	(308,127)	(11,492)	(11,492)	(34,477)	(250,666)
	(208,010)	**(297,237)**	**(602)**	**(11,492)**	**(34,477)**	**(250,666)**

9 (b). Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Group's exposure to fair value interest rate risk is with its bank current account balances. Borrowings from CCHL are at floating rates of interest. These are not accounted for at fair value and fluctuations in interest rates do not have an impact on the profit/loss of the Group or the carrying amount of the financial instruments recognised in the statement of financial position.

The average interest rate on ESL's bank current account is 1.8% (2016: 2.5%).

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. At call cash deposits and borrowings at variable interest rates expose the Group to cash flow interest rate risk.

To mitigate interest rate risk, the Group has completed agreements with CCHL whereby CCHL has entered into a series of forward start swaps in respect of its own borrowing to on-lend to the Group. The swaps are in CCHL's name and accounted for by CCHL. The effect of the swaps is to fix the rate for a significant portion of the on-lending that CCHL provides to the Group. However, the remainder of the Group's borrowing from CCHL is at floating rate. As CCHL charges the Group a weighted average interest rate based on its total lending to the Group, including hedging, effectively the whole CCHL loan is at floating rate (albeit moderated by the hedging entered into by CCHL).

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short term fluctuations on its earnings. Over the longer term however, changes in interest rates will affect reported profits.

The following table summarises the impact of a 1% movement in the interest rates, all other variables being held constant.

	Effect on equity 2017 $'000	Effect on equity 2016 $'000	Effect on profit 2017 $'000	Effect on profit 2016 $'000
1% increase in interest rates	(807)	(311)	(807)	(311)
1% decrease in interest rates	807	311	807	311

9 (c). Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Credit risk arises in the Group from exposure to counterparties from trade and other receivables and cash deposits.

The Group invests surplus cash with major registered trading banks and limits exposure to any one institution.

The Group's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (Note 10) and trade and other receivables (Note 11). There is no collateral held as security against these financial instruments and no instruments are overdue or impaired. The Group's deposits are currently held with the BNZ, a registered New Zealand bank.

FINANCIAL RISK MANAGEMENT (CONT.)

Ageing of receivables

	Note	2017 $'000	2016 $'000
Gross receivables			
Not past due		2,623	17,031
Past due 0-30 days		836	565
Past due 31-60 days		30	146
Past due more than 60 days		47	18
	11	3,536	17,760
Impairment			
Not past due		-	-
Past due 0-30 days		-	-
Past due 31-60 days		-	-
Past due more than 60 days		(24)	-
	11	(24)	-
Gross trade receivables		3,536	17,760
Individual impairment		-	-
Collective impairment		(24)	-
Trade receivables (net)		3,512	17,760

The Group maintains a provision for impairment losses when there is objective evidence of its customers being unable to make required payments and makes provision for doubtful debt where debt is more than 90 days overdue. There have been no significant individual impairment amounts recognised as an expense. Trade receivables are net of disputed balances with customers.

OTHER ASSETS AND LIABILITIES

10. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash balances	6,483	3,056
	6,483	3,056

All cash on hand is held with the Bank of New Zealand. The carrying value approximates its fair value.

Accounting policy – cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

11. Trade and other receivables

	Note	2017 $'000	2016 $'000
Current			
Trade receivables		3,536	17,760
	9(c)	3,536	17,760
Prepayments		247	337
GST receivable		1,196	1,317
		4,979	19,414
Provision for impairment - trade receivables	9(c)	(24)	-
		4,955	19,414

The carrying value of receivables and prepayments approximates their fair value.

Accounting policy – trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable.

12. Inventories

	2017 $'000	2016 $'000
Current		
Inventory	3,856	4,280
	3,856	4,280

Inventory is generally held short term for resale to contractors building the UFB network and connecting customers to it. Certain inventories are subject to security interests created by retention of title clauses.

Accounting policy – inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

13. Construction contract work in progress

	2017 $'000	2016 $'000
Opening balance	10,609	48,861
Additions	103,731	96,676
Transferred to property, plant and equipment	(92,120)	(136,291)
Total construction contract work in progress	22,220	10,609

OTHER ASSETS AND LIABILITIES (CONT.)

14. Intangible assets

	Note	Goodwill $'000	Software $'000	Work in progress $'000	Total $'000
Gross carrying amount					
Cost/valuation at 1 July 2015		-	1,361	1,187	2,548
Additions		848	14	1,579	2,441
Transfers	3	-	545	(1,188)	(643)
Cost/valuation at 30 June 2016		848	1,920	1,578	4,346
Additions		-	796	1,127	1,923
Transfers	3	-	1,563	(1,563)	-
Disposals		-	(17)	-	(17)
Cost/valuation at 30 June 2017		848	4,262	1,142	6,252
Accumulated depreciation and impairment					
Accumulated balance at 1 July 2015		-	(908)	-	(908)
Amortisation expense		-	(467)	-	(467)
Accumulated balance at 30 June 2016		-	(1,375)	-	(1,375)
Amortisation expense		-	(519)	-	(519)
Disposals		-	2	-	2
Accumulated balance at 30 June 2017		-	(1,892)	-	(1,892)
Carry amount at 30 June 2017		848	545	1,578	2,971
Carry amount at 30 June 2017		848	2,370	1,142	4,360

Intangible asset costs are predominantly software-related. The intangible asset work in progress relates primarily to the development of operating support systems and business support systems.

Management have reviewed intangible assets at balance date and concluded that there were no indicators of impairment (2016: nil).

Accounting policy – intangible assets

Intangible assets comprise costs incurred in purchasing and installing software systems for use by the business. The software is a non-monetary asset without physical substance. The costs relating to the project can be reliably measured from invoices and allocation of internal costs. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis at a rate of 25-40% over their estimated useful lives, from when the asset is available for use. They are reviewed at each reporting date to determine whether there is any indication of impairment.

OTHER ASSETS AND LIABILITIES (CONT.)

15. Investment in associate

	Note	2017 $'000	2016 $'000
Opening balance			40,790
Share of loss of associate		-	(2,953)
Reclassification to subsidiary	20	-	(37,837)
Closing balance		-	-
A shares received for UFB network		-	43,497
B shares received for UFB network Layer 2		-	3,205
B shares received for existing network built by CCNL		-	324
B shares received for working capital		-	6,550
Total cost of shares in ENL		-	53,576
Less share of cumulative losses of ENL		-	(15,739)
Reclassification to subsidiary	20	-	(37,837)
		-	-

Following the re-organisation referred to in Note 1, ENL ceased being an associate on 29 June 2016, and became a wholly-owned subsidiary.

16. Creditors and other liabilities

	Note	2017 $'000	2016 $'000
Trade payables and accrued expenses		13,845	9,655
Income in advance		672	35
Interest payable to CCHL	21	353	1,890
		14,870	11,580

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

OTHER ASSETS AND LIABILITIES (CONT.)

Accounting policies – creditors and other liabilities, employee entitlements and GST

Creditors and other payables
Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements
Employee entitlements that the Group expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. A liability and an expense are recognised for bonuses where there is a contractual obligation.

Goods and services tax
All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

17. Employee entitlements

	2017 $'000	2016 $'000
Current		
Employee incentives	672	622
Annual leave	553	480
Accrued pay	614	271
	1,839	1,373
Non-current		
Employee incentives	493	461
	493	461

18. Deferred revenue

	2017 $'000	2016 $'000
Current portion	111	87
Non-current portion	684	325
	795	412

Deferred revenue arises from IRUs (irrevocable rights of use) sold to retail service providers. This revenue is amortised over the life of the IRUs.

Accounting policy – deferred revenue

Where the Group receives payment in advance for network access (an indefeasible right of use), the revenue is deferred and recognised on a straight line basis over the period of access. The deferred revenue is recognised as a liability in the statement of financial position.

OTHER DISCLOSURES

19. Share capital

	Note	Ordinary shares $'000	Redeemable Preference shares $'000	Total shares $'000
Balance at 1 July 2015		34,000	-	34,000
Shares issued during year:		-	83,896	83,896
Balance at 1 July 2016		34,000	83,896	117,896
Shares issued during year:	21	10,000	36,607	46,607
Balance at 30 June 2016		**44,000**	**120,503**	**164,503**

All issued share capital is in the form of ordinary shares or redeemable preference shares. During the year there were no costs associated with share issues (2016: Nil).

Capital management

The Group's capital is its equity, which comprises retained earnings and share capital. Equity is represented by net assets.

The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the Group effectively achieves its objectives and purpose, whilst remaining a going concern.

Accounting policy – equity instruments

An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting the Group's liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

20. Business combination

20 (a). Assets and liabilities acquired under business combination

The following net assets of ENL, stated at fair value, were acquired on 29 June 2016 as a consequence of the re-organisation referred to in Note 1:

	Note	2017 $'000	2016 $'000
Cash and cash equivalents		-	1,550
Trade debtors and other receivables		-	1,494
Property, plant and equipment		-	207,118
Intangible assets		-	148
Deferred tax liability		-	(9,746)
Creditors and accrued expenses		-	(3,974)
Borrowings		-	(63,419)
Other liabilities		-	(447)
Net assets	20(b)	-	132,724

The fair value of the trade debtors and other receivables shown above was considered to be equivalent to the gross contractual amounts receivable, with all contractual cash flows expected to be collected.

ENL had no significant contingent liabilities at the date of the re-organisation.

20 (b). Goodwill on acquisition

The purchase consideration and consequent goodwill on acquisition comprised the following:

	Note	2017 $'000	2016 $'000
Fair value of equity investment in ENL prior to acquisition		-	49,676
Consideration paid for CFH shares in ENL		-	83,896
Total fair value of consideration		-	**133,572**
Less fair value of net assets acquired	20(a)	-	(132,724)
Goodwill on acquisition		-	848

20 (c). Gain arising from business combination

The gain in the 2016 financial year arising from the business combination reflected the revaluation of ESL's investment in ENL as an associate immediately prior to the purchase of CFH's shares in ENL:

	2017 $'000	2016 $'000
Revaluation of investment in associate prior to full acquisition	-	11,838
	-	**11,838**

The business combination resulted in an overall gain as a result of the revaluation of the network assets to fair value, and the purchase of CFH's shares in ENL at $1 per share.

As the business combination took place on 29 June 2016, no revenue or expenditure of the acquiree (ENL) was recognised in the 2016 financial statements. ESL recorded its equity-accounted share of ENL's losses for the period up to 29 June 2016.

ENL's reporting date is the same as ESL's.

20 (d). If business combination had taken place at start of financial year

The business combination did not result in any net cash outflow for the group in the 2016 financial year, as the consideration for the purchase of the shares in ENL held by CFH was satisfied by the issue of redeemable preference shares to CCHL for an equivalent value. Both of these transactions were completed by book entry, with no cash flowing in or out, of the group.

Acquisition-related costs of $377k were included in the 2016 financial year in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

Accounting policy – consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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 acquisition method of accounting is used to account for business combinations by the Group.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

21. Related party disclosures

Identification of related parties

The Group is 100% owned by CCHL. CCHL is 100% owned by CCC. ENL is a 100%-owned subsidiary of ESL.

Related parties of the Group comprise ESL, ENL, CCHL, other members of the CCC Group, CCHL and CCC key management personnel, and the key management personnel of the Group.

During the period, no transactions were entered into by the Group with any of its Directors other than the payment of Directors' fees and the reimbursement of valid Group-related expenses. Positano Holdings Limited, a company in which Brett Gamble is a director and shareholder, provided professional services totalling $nil of which $nil was owing at balance date (2016: $72k; with $nil owing). Concentrate Limited, a company in which Owen Scott is a director and shareholder, provided professional services totalling $23k of which $nil was owing at balance date (2016: $nil; with $nil owing).

Payments made by the Group to its key management personnel including Directors were as follows.

	2017 $'000	2016 $'000
Key management personnel compensation		
Short term employee benefits (inc. salaries and Directors' fees)	3,300	2,688
KiwiSaver employer contributions	82	65
Other long term employee benefits	249	243
Total	3,631	2,996

Key management personnel comprise the Directors and the members of the executive team.

Key management personnel of the Group did not make any purchases of goods and services from either ESL or ENL during the period.

CCHL is a party to the UFB contract documents signed with CFH on 31 May 2011 under which it undertakes some of the obligations of ESL, and has provided a performance bond of $40m as at 30 June 2017 (2016: $40m).

The total owed by ENL to ESL at 30 June 2017 was $1.4m (2016: $3.7m).

Significant transactions and balances with related entities

	Note	2017 $'000	2016 $'000
Transactions during year			
Issue of equity to CCHL	(i)	46,607	83,896
Borrowed from CCHL	(ii)	39,000	54,400
Interest paid to CCHL	(iii)	11,987	10,083
Construction contract revenue from ENL (as associate)		-	43,144
Reimbursement for services to ENL (as associate)	(iv)	-	9,552
Senior Notes issued by ENL	(v)	-	28,270
Interest charged to ENL (as an associate)	(v)	-	2,477
Subvention payments from CCC tax group	(vi)	2,223	2,280
Sales to CCC		37	38
Sales to City Care Ltd		5	-
Sales to Orion New Zealand Ltd		-	18
Sales to Christchurch International Airport Ltd		-	11
Payments to Crown, CCC and controlled entities		390	452
Payments to Connetics Ltd for network-related services		9	152
Payments to Canterbury Development Corporation for services		13	-
Payments to Vbase Ltd for services		31	20
Balances at end of year			
Loan balance due to CCHL	(vii)	257,900	218,900
Interest payable to CCHL	(viii)	353	1,890
Accounts payable to CCC		14	19
Accounts payable to Connetics Ltd		-	1
Accounts payable to Canterbury Development Corporation		15	-
Accounts receivable from Orion New Zealand Ltd		-	17
Accounts receivable from Civic Building Ltd		-	3

(i) The Group issued $10m of ordinary shares and $36.6m of redeemable preference shares during the year as per Note 19. As part of the 2016 re-organisation, the Group issued redeemable preference shares to the value of $83.9m. At the same time, the Group acquired the shares in ENL held by CFH for the same value. These transactions were completed by book entry, with no cash flowing in or out.

(ii) The Group borrows from CCHL under a subordinated loan agreement, as outlined in Note 4, to fund its operations.

(iii) Interest is charged on the CCHL loan at CCHL's weighted average cost of borrowing, plus a fixed margin of 1%.

(iv) Prior to the 2016 re-organisation, ESL provided support services to ENL under a management services agreement, operations and maintenance services under the UFB contract and other minor contract on-charges.

(v) Prior to the 2016 re-organisation, ENL issued senior notes to ESL to fund its operations. Following the re-organisation, the senior notes were replaced by a subordinated loan facility. In both cases, interest was/is charged at ESL's own cost of borrowing from CCHL.

(vi) The Group is a member of the CCC tax group, which comprises CCC, CCHL and a number of subsidiaries of each entity. In exchange for the use of its tax losses, the Group receives subvention payments from other CCC tax group entities. In 2017 the subvention payment of $2.2m was received from Lyttelton Port Company Group, a subsidiary of CCHL.

(vii) The loan balance due to CCHL at balance date is outlined in Note 4.

(viii) Interest is payable to CCHL on a quarterly basis, and the balance accrued at balance date is included in trade creditors.

Other related party disclosures

The Group enters into various transactions with Government departments, Crown entities, state-owned enterprises, CCC and related council organisations. These transactions occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted if dealing with those entities at arms-length in the same circumstances. These have not been disclosed as related party transactions

In conducting its activities, the Group is required to pay various taxes and levies (such as income tax, GST, PAYE, ACC levies, and rates) to the Crown and entities related to the Crown and CCC. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.

22. Reconciliation of profit to net operating flows

	Note	2017 $'000	2016 $'000
(Loss)/profit for the year		(8,518)	3,311
Add/(less) non-cash items			
Depreciation, amortisation and impairment expense	3, 14	14,223	938
Deferred tax charged/(credited) to income	8 (d)	1,060	(135)
Share of associate's loss		-	2,953
Deferred revenue		359	412
Net foreign exchange (gains)/losses		(23)	5
Gain recognised on business combination	20 (c)	-	(11,838)
Shares and Notes from ENL for construction contract		-	(28,270)
		15,619	(35,935)
Add/(less) items classified as investing or financing activities			
Deferred CO receivable - non-current		-	4,020
Loss on disposal of non-current assets		16	-
Other		23	-
		39	4,020
Add/(less) movement in working capital items			
Trade and other receivables, prepayments - current		14,459	(23,412)
Inventories and work in progress - current		(11,187)	(10,568)
Inventories and work in progress - non-current		-	1,363
Deferred CO receivable - current		-	1,596
Debtors - non-current		-	2,088
Creditors and other payables		3,314	(43)
Employee entitlements - current		466	198
Employee entitlements - non-current		32	(16)
Income tax		(2,058)	193
		5,026	(28,601)
Net cash used in operating activities		12,166	(57,205)

OTHER DISCLOSURES (CONT.)

In addition to the cash transactions noted above, the Group had the following significant non-cash transactions:

	2017 $'000	2016 $'000
Non-cash transactions		
Senior Notes for communal infrastructure	-	21,439
Deferred purchase payable for Central Offices	-	1,645

23. Classifications of assets and liabilities

	2017 $'000	2016 $'000
Loans and receivables		
Cash and cash equivalents	6,483	3,056
Trade and other receivables	4,955	19,414
	11,438	**22,470**
Financial liabilities measured at amortised cost		
Creditors and other payables	14,870	11,580
Borrowings from CCHL	257,900	218,900
	272,770	**230,480**

OTHER DISCLOSURES (CONT.)

24. Statement of service performance

The Statement of Intent (SoI) issued by ESL last year in respect of the 2017 financial year included both financial and non-financial performance measures. The following table compares ESL's actual results for the year ended 30 June 2017 with the targets contained within the SoI.

	Unit	Actual 2017	Target 2017
Financial			
Gross telecommunications revenue	$'000	25,675	23,100
EBITDA	$'000	14,290	11,700
Net profit/(loss) after tax	$'000	(8,518)	(9,700)
Operational performance targets			
Number of premises passed (brownfield, cumulative)	Number	118,911	108,610
Number of connections (cumulative)	Number	50,106	50,009
Operational service level agreement achievement	%	94%	>=85%
Core network availability	%	100%	>=99.999%
Health and safety performance targets			
Km's built/utility strike	Number	1.10	1.50
TRIFR (per million hours)	Number	5.50	<8
Serious harm injuries	Number	Nil	Nil
Site audits and safety observations conducted	Number	8,092	1,200
Corporate social responsibility targets			
Businesses/residences connected (uptake)	%	32%	33%
Ducting and optical fibre underground	%	100%	70%

Variances between the actual results for the year ended 30 June 2017 and the targets contained within the SoI are as follows.

Gross telecommunications revenue

Gross telecommunications revenue represents all sales to retail service providers. The positive variance is driven by customers opting for higher value services.

EBITDA

EBITDA represents Group profitability prior to the deduction of net interest, tax, depreciation and amortisation expenses.

Net profit/(loss) after tax

Net (loss) after tax was $1.2m less than SoI target of ($9.7m) at ($8.5m), because of additional gross telecommunications revenue, and the tax implications therein.

OTHER DISCLOSURES (CONT.)

Number of premises passed (cumulative)/Kms built per utility strike

The Network Delivery Alliance continued to deliver high productivity in 2017 – as a result of continuous improvements in deployment performance and methodology. This resulted in the delivery of significantly more premises than our target. Kms built per utility strike was under target and is a focus area as an important part of safety and quality in the network build.

Number of connections / Businesses/residences connected (uptake) / Operational service level agreement achievement

As the market for fibre broadband has matured and our retail service providers have become more focused on connecting their customers to fibre, forecasting of connections and uptake has become more accurate. As a result, our actual results aligned very closely with our target. Our operational service levels (with >94% of customers connected on time) performance was a reflection of close management of our connection field force.

TRIFR per million hours / Serious harm injuries / Site audits

The business continues to set very high standards and improvement goals in health and safety. This is reflected in the number of site audits and safety observations undertaken being much higher than anticipated. The success of our health and safety programme is evidenced by our zero serious harm injury record and better than target result in the Total Recordable Injury Frequency Rate.

UNRECOGNISED ITEMS

25. Capital and operating lease commitments

Capital commitments

Under the terms of the UFB contract and subsequent Re-organisation as outlined in Note 1, the Group is required to build Communal Infrastructure and Central Offices, and to connect the network to relevant premises when an end user requests this from a retail service provider.

The Group must pass at least 21,000 Premises (excluding Greenfield Premises) per annum, and to meet quarterly milestone targets.

The estimated cost of the communal network build programme over the remainder of the contractual period (through to 31 December 2019) is $45m. The estimated cost of network connections through to June 2022 is $99m. The Group will use net operating cashflows and committed funding from CCHL to meet these obligations, as outlined in Note 9(a).

Lease payments as lessee under operating leases

The future aggregate minimum lease payments to be paid as lessee under operating leases are as follows.

Lease payments as lessee under operating leases

	2017 $'000	2016 $'000
Not later than one year	628	596
Later than one year and not later than five years	676	1,424
Later than five years	-	567
Total non-cancellable operating leases	1,304	2,587

The Group's premise lease on Wrights Road has two years remaining, with two further rights of renewal for six years each.

26. Contingent liabilities and assets

Contingent liabilities

As part of the 2016 re-organisation, the Group has provided a guarantee of CFH's loan to CCHL. At 30 June 2017 this loan amounted to $120.5m (2016: $83.9m).

The Group had no other material contingent liabilities as at 30 June 2017 (2016: $nil).

Contingent assets

Network Delivery Alliance (NDA)

BroadSpectrum has lodged a $45m performance bond with the Group under the Network Delivery Alliance agreement (2016: $45m).

The Group had no other material contingent assets as at 30 June 2017 (2016: Nil).

27. Events after the balance sheet date

In August 2017 the Group entered into an additional premise lease agreement on Wrights Road for $210k per annum, for two years, with a commencement date of 1 October 2017.

GOVERNANCE AND RELATED INFORMATION

Governance

Corporate governance framework

Enable's Board and management are committed to ensuring that our people act ethically, with integrity and in accordance with Enable's policies and values.

Enable (which for the purposes of this governance statement, comprises ESL and ENL) is ultimately owned by CCC, and its corporate governance practices and policies reflect the wider public accountability that this ownership structure entails. The contractual arrangements with CFH regarding the construction of the UFB network also have a major influence on Enable's policies and practices.

The Board regularly reviews and assesses Enable's policies, processes and practices to ensure they reflect Enable's operations and culture, and to identify opportunities for improvement.

Board role and responsibilities

The Board is appointed by 100% shareholder CCHL, and is responsible for Enable's strategy, culture, governance and performance.

The Board effectively represents, and promotes the interests of the shareholders with a view to adding long-term value to the company's shares. The Board has all the powers necessary for managing, and for directing and supervising the management of the business and affairs of the Group. Having regard to its role, the Board directs and overviews the business and affairs of the Group, including in particular:

- ensuring that Enable's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of Enable, to ensure enhancement of shareholder value;
- deciding on whatever steps are necessary to protect Enable's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring the financial statements present fairly Enable's financial position and financial performance and otherwise conform with law;
- ensuring that Enable adheres to high standards of ethics and corporate behaviour;
- ensuring that Enable has appropriate risk management/ regulatory compliance policies in place;
- approving and implementing the business plan and Statement of Intent; and
- reviewing and approving capital investments and distributions.

The Board monitors economic, political, social and legal issues and other relevant external matters that may influence or affect the development of the business or the interests of the shareholder and, if thought appropriate, will take outside expert advice on these matters.

Board relationship with shareholder

The Board uses its best endeavours to familiarise itself with issues of concern to the shareholder. The Board aims to ensure that CCHL is informed of all major developments affecting Enable's state of affairs. Information is communicated to CCHL through periodic reports and briefings, and through both the annual report and the half yearly report.

Conduct of Directors

The conduct of Directors is required to be consistent with their duties and responsibilities to Enable and, indirectly, to the shareholder. In carrying out their roles the Boards places emphasis on strategic issues and policy.

Directors are expected to keep themselves abreast of changes and trends in the business and in Enable's environment and markets. Directors use their best endeavours to attend board meetings and to prepare thoroughly and are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table.

A Director may, with the Chairperson's prior approval, take independent professional advice (including legal advice) and request the attendance of such an advisor at a Board or Board Committee meeting.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to management. Directors are expected to strictly observe the provisions of the Companies Act 1993 applicable to the use and confidentiality of company information.

Board Chairperson

The Chairperson is responsible for representing the Board to the shareholder, and for ensuring the integrity and effectiveness of the governance process of the Board.

The Chairperson is responsible for maintaining regular dialogue with the Chief Executive Officer over all operational matters and consults with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chairperson acts as facilitator at meetings of the Board to ensure that discussion results in logical and understandable outcomes. The Chairperson leads a Board and Director evaluation exercise every two years. The Deputy Chairperson may fulfil the Chairperson's responsibilities in the absence of the latter.

Remuneration and Performance

Enable's remuneration model is based on principles of alignment to shareholder value, simplicity, clarity and fairness, and remuneration outcomes based on both individual and company performance.

Directors' remuneration

Total remuneration paid to Directors for the year ended 30 June 2017 was determined by the shareholder, and was allocated as follows.

	ESL $	ENL $	Group Total $
Mark Bowman*	22,362	67,087	89,449
Chris Birkett (retired 26 September 2016)	2,849	8,546	11,395
Brett Gamble**	14,027	42,082	56,109
William Luff	11,167	33,500	44,667
Tim Lusk	11,613	34,838	46,451
Murray Milner (retired 29 June 2016)	-	2,917	2,917
Owen Scott	12,687	38,062	50,749
Charlotte Walshe	11,816	35,448	47,264
	86,521	**262,480**	**349,001**

*Chair through to 30 June 2017 **Chair from 1 July 2017

Additional remuneration was paid to Concentrate Limited, a company in which Owen Scott is a director and shareholder, as outlined in Note 21.

Chief executive officer's remuneration

The Chief Executive Officer's (CEO) remuneration consists of fixed and variable remuneration. The CEO's package is reviewed annually by the People and Performance Committee and the Board after reviewing the CEO's and Enable's performance, taking advice from external remuneration specialists.

The CEO's total remuneration paid in the year ending 30 June 2017 was as follows:

	Note	$'000
Fixed remuneration		441
Performance-based	(i)	367
Total		808

Notes:

(i) Performance based remuneration includes a short term incentive payment relating to the prior year, and the third payment relating to the long term incentive scheme established in 2012

(ii) In addition to the compensation noted above, $24k in KiwiSaver employer contributions were made on behalf of the CEO in the year ended 30 June 2017.

Employee remuneration range

The following table shows the number of employees and former employees who, in their capacity as such, received remuneration and other benefits in excess of $100,000 during the year ended 30 June 2017:

$	Number of employees Group
100,000 - 109,999	7
110,000 - 119,999	3
120,000 - 129,999	10
130,000 - 139,999	1
140,000 - 149,999	3
150,000 - 159,999	1
160,000 - 169,999	1
170,000 - 179,999	1
180,000 - 189,999	2
200,000 - 209,999	1
210,000 - 219,999	1
220,000 - 229,999	1
230,000 - 239,999	1
240,000 - 249,999	1
310,000 - 319,999	1
800,000 - 809,999	1

GOVERNANCE AND RELATED INFORMATION (CONT.)

Other disclosures

Principal activities

The principal activity of the Group is the supply of communication infrastructure and services in Christchurch.

Directors' interests

ESL maintains an interests register in which particulars of certain transactions and matters involving the Directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2017.

Director	Directors' Interests
Mark Bowman (retired as Chair 30 June 2017)	**Director** of Enable Networks Limited, Comrad Holdings Limited, Claremont Investments Limited, Napoleon Investments Limited **Director & Shareholder** of Magic Memories Group Holdings Limited, Scarlett Hydraulics Limited **Trustee** of MJ & RM Bowman Family Trust
Chris Birkett (retired 26 September 2016)	**Director** of Enable Networks Limited **Trustee** of Birkett (No.2) Family Trust
Brett Gamble (appointed as Chair 1 July 2017)	**Director** of Enable Networks Limited, Mike Greer Homes NZ Limited, Southbase Construction Limited **Director & Shareholder** of Aoraki Partners Holdings Limited, Aoraki Services Limited, Canterbury Seismic Instruments Limited, Chart Notice Boards Limited, Masterguard Fire and Security Limited, Positano Holdings Limited **Trustee** of Hammersmith Property Trust **Officer** of Mobile Surgical Services, Mobile Medical Technologies, Tailorspace Limited, Ben Gough Family Office
William Luff	**Director** of Enable Networks Limited, Luff Trading Limited, Isaac Construction Limited, J Ballantyne Company Limited, Central Plains Water Limited, Harewood Gravels Company Limited, Overseer Limited **Trustee** of Christchurch Symphony Orchestra Trust, Isaac Wildlife Conservation Trust, The Lighthouse Vision Trust
Timothy Lusk	**Director** of Enable Networks Limited, Transpower Limited **Director & Shareholder** of Dublin Days Limited **Member** of Transpower Limited Board Sub Committee on Network Risk, Environmental Protection Authority
Owen Scott	**Director** of Enable Networks Limited **Director & Shareholder** of Concentrate Limited, Concentrate NZ Limited, Scott Afforestation Limited, Elliotvale Afforestation Limited **Trustee** of Madgeo Trust, The New Zealand Hi-Tech Trust
Charlotte Walshe	**Director** of Enable Networks Limited, Cluster Limited, Invacare Holdings Limited, Dynamic Controls, Culture by Design Limited, Dynamic Suzhou Holdings New Zealand, New Zealand Trade and Enterprise **Member** of Callaghan Innovation Stakeholder Advisory Group

GOVERNANCE AND RELATED INFORMATION (CONT.)

Attendances of ENL Board and Committee meetings during the 2017 financial year

	ARC	P&P	H&S	Board
Total number of meetings	5	2	4	11
Mark Bowman	N/A	2	N/A	11
Chris Birkett (retired 26 September 2016)	2	N/A	1	2
Brett Gamble	5	N/A	N/A	10
William Luff	5	N/A	3	9
Tim Lusk	N/A	1	4	10
Owen Scott	N/A	N/A	4	10
Charlotte Walshe	N/A	2	N/A	10

Attendances of ESL Board and Committee meetings during the 2017 financial year

	ARC	P&P	H&S	Board
Total number of meetings	5	3	4	10
Mark Bowman	N/A	3	N/A	10
Chris Birkett (retired 26 September 2016)	2	N/A	N/A	2
Brett Gamble	5	N/A	N/A	9
William Luff	5	N/A	2	8
Tim Lusk	N/A	3	4	9
Owen Scott	N/A	N/A	3	9
Charlotte Walshe	N/A	3	N/A	9

ARC – Audit and Risk Committee
P&P – People and Performance Committee
H&S – Health and Safety Committee

Insurance

The Group has effected Directors' and Officers' Liability insurance. The Group indemnifies the Directors against costs and liabilities incurred by Directors for acts or omissions made in their capacity as Directors to the extent permitted by the Group's Constitution and the Companies Act 1993.

Donations

No Donations were made during the year.

Dividends

No dividends were paid during the year.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Enable Services Limited Group's financial statements and statement of service performance for the year ended 30 June 2017

The Auditor-General is the auditor of Enable Services Limited Group (the Group). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 37 to 69, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 67 and 68.

In our opinion:

- the financial statements of the Group on pages 37 to 69:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards.
- the statement of service performance of the Group on pages 67 and 68 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2017.

Our audit was completed on 22 August 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Group for preparing the financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONT.)

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported service performance within the Group's framework for reporting its service performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events of conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONT.)

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Local Government Act 2002.

Other information

The Board of Directors is responsible for the other information. The other information obtained at the date of our report is the governance and related information included on pages 70 to 74, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we were engaged to perform an assurance engagement pursuant to the Local Fibre Company Information Disclosure Determination 2012 for the 2017 disclosure year for a Group subsidiary. This engagement is compatible with those independence requirements.

Other than the audit, we have no relationship with, or interests in, the Group.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

GLOSSARY

Parties involved	
ENL	Enable Networks Limited (previously jointly-owned by CFH and ESL – now, since 29 June 2017, wholly owned by ESL)
ESL	Enable Services Limited (previously Christchurch City Networks Limited)
CFH	Crown Fibre Holdings Limited – the Crown entity that negotiated and administers the UFB contract.
CCHL	Christchurch City Holdings Limited – the 100% owner of ESL
CCC	Christchurch City Council – the 100% owner of CCHL

Physical network	
UFB Network	Ultra-Fast Broadband network, as contracted between CFL, ENL, ESL and CCHL
Network Layer 1	Passive fibre optic network infrastructure - the physical fibre network assets which are essentially the unlit pipeline or pathway that the electronics use to transmit, otherwise known as dark fibre. These assets include ducting and optical fibre
Network Layer 2	The electronics necessary to light the optical fibre or the means by which communication occurs down the Layer 1 pathway. These assets are located in ENL central offices, points of interconnect and in the premises of end users
Central Office	Point of interconnect facility - building which contains Layer 2 assets, with fire protection, security and backup generator assets
Communal Infrastructure	Fibre optic cables running down every street, to the boundary of premises

Contractual/financial	
Re-organisation	The series of transactions that took place on 29 June 2016, which resulted in ESL acquiring full ownership of ENL.
CPPP	Cost per Premise Passed for Communal Infrastructure
CPPC	Cost per Premises Connected to Communal Infrastructure
IRU	Indefeasible Right to Use
UAT	User Acceptance Testing
A shares	A shares in the capital of ENL having the rights and restrictions set out in the ENL Constitution; in particular, they carry voting but not dividend rights
B shares	B shares in the capital of ENL having the rights and restrictions set out in the ENL Constitution; in particular, they carry rights to dividends but not voting rights
Concession period	The period commencing on the date ENL was incorporated and ending on the tenth anniversary of the date of ENL's incorporation (31 May 2021)

DIRECTORY

Shareholder
Christchurch City Holdings Limited

Registered office
Enable House
2nd Floor
106 Wrights Road
Christchurch 8149
New Zealand

Contact address
PO Box 9228
Tower Junction
Christchurch 8149
New Zealand

Web: www.enable.net.nz
Email: admin@enable.net.nz
Phone: + 0800 434 273

Auditor
The Auditor-General is the auditor pursuant to section 14 of the Public Audit Act 2001.
Julian Tan of Audit New Zealand was appointed to perform the audit on behalf of the Auditor-General.

Solicitor
Simpson Grierson

Banker
BNZ

Enable Services Limited
2017 Annual Report

enable
Fibre Broadband