ANNUAL REPORT

TEAMTALK 2018

TeamTalk
HOW WORK GETS DONE

CONTENTS

TEAMTALK DELIVERS NICHE **TELECOMMUNICATIONS SERVICES TO A WIDE RANGE OF CLIENTS ANYWHERE IN NEW ZEALAND.**

TEAMTALK

TeamTalk has been providing and managing mobile radio networks since 1994. We are the leader in the mobile radio network market, providing the only commercial nationwide mobile radio infrastructure across New Zealand. Our customers include transport, construction and security industries amongst others. We also own and operate dedicated networks for emergency services, the largest of these is a nationwide network for Ambulance New Zealand. We also provide services across the network including:

- GPS location.
- Health and safety applications.
- Dispatch services.
- Integration to other networks such as cellular and other conventional networks.

CITYLINK

CityLink owns its own fibre optic based telecommunications networks in the Auckland and Wellington central business districts. Based on these networks we provide some of New Zealand's highest speed and most innovative telecommunications services to business and the telecommunications industry. The company also provides specialist services such as the internet exchanges which are at the heart of New Zealand's internet infrastructure and Wellington's cbdfree citywide Wi-Fi Service.

FROM THE **CHAIRMAN**

This year we have continued to work to ensure TeamTalk has delivered a good profit, whilst continuing the plan to develop and grow TeamTalk through our roll out of New Zealand's first national digital radio network.

TeamTalk provide the only commercial nationwide mobile radio infrastructure across New Zealand and the roll out of our new digital network will provide significant new business opportunities for the company. We see the radio network as a growth area of business which TeamTalk is uniquely placed to develop.

Our profit after tax of $4.4million was within our market guidance, though it was down on last years $5.2 million after tax profit. The difference was we had extinguished our previous tax losses; hence tax expense was an extra $1.3m.

Significantly for the company's future, our net debt was down 19.1 % from $21.9 million to $17.7 million. This significant reduction in debt exceeds the target announced by the company at the half year result in February 2016 and is further evidence of the change within TeamTalk where we now deliver on our targets.

Strategic milestones for the Board were the selling of our remaining minority stake in Farmside to Vodafone, securing the long-term access to Powerco's old gas ducts in Wellington and the commencement of the rolling out of the digital network.

GOVERNANCE:

As signalled at last year's Annual General Meeting, long serving Board member Geoff Davis stepped down in April 2018. Geoff had been a director and executive member of TeamTalk for over 15 years and we thank him for his contribution.

At this year's meeting, Board member Tone Borren will be stepping down after serving on the Board for 14 years. Tone has been involved in all aspects of TeamTalk over his time on the Board and has always been a strong contributor. We wish Tone well in his retirement.

The Board has decided not to replace Tone at this stage and believes the remaining five directors provide the appropriate governance required.

OUTLOOK

The Board are excited about the investments we are embarking on and the direction the company is heading. The strategic review undertaken by our CEO Andrew Miller and his leadership team nearly two years ago has resulted in a better understanding of the opportunities that exist in the market for our radio and fibre services. Whilst our fibre network was always viewed as having a clear future, many in the market including ourselves thought that there was not much of a future for our radio networks which resulted in a long period of under investment. The evolutionary developments in the radio market now mean that the services we will be able to offer with our new digital radio network will provide new opportunities beyond our existing customer base. Certainly the changes in the health and safety legislation have created an awareness across organisations for the need to be able to understand where their staff are at all times and that they are safe. With our radio network having a significantly better coverage capability than cellular along with services such as 'man down' monitoring and one emergency button to push, the radio offers a valuable and important solution to remote worker monitoring.

We will also be embarking on the transformation of our fibre network in Wellington later this year, which besides securing our existing revenue will provide a more efficient network along with enabling the delivery of new services.

We have in the last two years successfully achieved everything we set out to achieve. We have now embarked upon the next stage, our reinvestment into our infrastructure and we are confident that we will successfully complete this next step which will deliver significant returns to our shareholders.

An update on earning guidance will be provided at the AGM.

On behalf of the Board I want to thank CEO Andrew Miller and his management team for the leadership they have shown during the year.

ROGER SOWRY
Chairman

THE **BOARD**

ROGER SOWRY

INDEPENDENT CHAIRMAN

Roger became Teamtalk's Chairman in August 2014. He also serves as a member of the Electricity Authority, and chairs WelTec and Whitireia Polytechnics. He is currently a partner at Saunders Unsworth Limited.

Roger is Chair of Homecare Medical, a nationwide privately owned Telehealth service. Roger was a Member of Parliament from 1990 to 2005 and held a number of ministerial positions. Roger retired from Parliament in 2005, moving to become Chief Executive of Arthritis New Zealand.

NATHAN YORK

INDEPENDENT DIRECTOR

Nathan has held a number of senior management and governance positions, primarily in the Māori and property sectors, and is currently the Chief Executive Officer at Bluehaven Group and Chair of the Ahu Whenua Trust, Whaiti Kuranui 2D4 Sec1B. He has extensive portolfolio management and property development experience, having delivered a number of nationally recognised projects during his prior involvement at Tainui Group Holdings. Nathan has tribal affiliations to Ngāpuhi, Ngāti Raukawā/Tainui and Ngāti Tūwharetoa.

TONE BORREN

INDEPENDENT DIRECTOR

Tone has been involved in the telecommunications industry for more than 20 years in roles ranging from heading successful start-up company Mitel, to leading Telecom Wellington, through to turning around the performance of the New Zealand arm of multinational Alcatel. Tone is Chair of Holmes Group Limited and holds directorships in a variety of technology and communications companies such as Shift Limited and Pikselin Limited.

REG BARRETT

INDEPENDENT DIRECTOR

Reg is a Wellington based company director with assignments in both the commercial and government sector in New Zealand and overseas. He is a former CEO of three organisations with Central and Regional government spanning 13 years, a military engineer career spanning 21 years and over 10 years' executive experience with Vodafone. He has had over 25 years' governance experience as both a Chairman and Director of commercial enterprises and specialist knowledge in civil engineering projects, telecommunications, supply chain, land transport and use of technologies as enablers for enterprises.

JAMES SCLATER

INDEPENDENT DIRECTOR

James Sclater is a professional company director and trustee acting for a number of companies and investment trusts, including ProCare Health, Homecare Medical and Damar Industries. James is a chartered accountant and a member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Directors. Prior to 2009, James was chairman of Grant Thornton Auckland, where he was a business advisory services director for 18 years, specialising in small-to-medium enterprise accounting, taxation and management advice.

SUSAN FREEMAN-GREENE

INDEPENDENT DIRECTOR

Susan is currently Chief Executive of Engineering New Zealand (formerly IPENZ) where she has been since February 2015. She is leading a transformation agenda to meet the challenges of supporting and promoting the engineering profession in a world of rapid change.

Susan was formerly Chief Executive of the Broadcasting Standards Authority and before that was a senior leader and Chief Mediator with the Human Rights Commission. She has had over 25 years' experience across the public and private sector in law (including in the commercial and employment areas) and in mediation.

CHIEF EXECUTIVE'S REPORT

THE PAST YEAR

TeamTalk is continuing to make fantastic progress along our transformation journey which we started nearly two years ago. Apart from the usual commentary around the financials I will, in this report, provide an overview of some of our other successes within the business which are just as vital to the future sustainable success of the company.

Whilst the focus over the last year has been all about getting on with the preparation for the investments into our infrastructure, we have continued to focus on our costs and the reduction in our debt to ensure we can deliver on our plans. As a small company we have always operated with a lean and agile methodology without unnecessary bureaucracy. This has resulted in TeamTalk converting a higher percentage of revenue into profit.

RESULT HIGHLIGHTS

Our results show that we are delivering to our plan and ensuring that we can continue with the planned investment into our infrastructure. Our announcement to the market that we are going to invest into a new national digital radio network created both excitement in the market place but also created an inevitable slow down in orders as customers wait to see the new network in place before committing to upgrading. This has meant a delay in orders, resulting in our revenues over the last year only growing by 1.4%. Some of the sectors we have targeted for growth involve a long sales cycle and this, along with the additional caution in parallel to the general lack of confidence across the business community, is also a factor in the small increase in revenue growth.

Despite this, we have achieved good growth in both our EBITDA and EBIT, resulting in a net profit of $4.4m. Profit before tax was $6.3m up on last years $5.8m.

Our focus on costs and debt reduction has resulted in a debt to EBITDA ratio of 1.46, and although this is likely to increase over the next few years in line with our capital investment into our infrastructure, we are well placed to ensure this does not return to the levels of a few years ago.

As part of this strategy, we have been delighted to secure our new bank facility with BNZ. This new partnership is consistent with TeamTalk's transformation programme which involves building relationships with key business partners. Importantly the BNZ facility delivers the appropriate headroom for the company to deliver on our planned capital investments.

We also came to an agreement with Vodafone to sell the remaining 30% stake of Farmside for $3m, which allowed us to consolidate our business and focus on our key priorities: rolling out our National Digital Tier III Network

and undergrounding our Fibre Network in Wellington's CBD, to deliver greater resiliency and additional services to customers.

SETUP FOR SUCCESS:

- **We generate cash from operations**
- **Strong recurring revenue streams**

PEOPLE

The TeamTalk team is made up of 96 dedicated field and office-based staff across our three offices in Wellington, Christchurch and Auckland, with other staff located in Invercargill, Central Otago, New Plymouth and Hamilton.

Our ability to deliver excellent outcomes to our customers is dependent upon the skills and commitment of everyone in the team. Constant assessment of the company's requirements and ensuring we have the right balance of appropriate skills to deliver on our strategy is all part of transformation. This occurs at all levels, and I am pleased to say that I have now completed the changes in my executive team to ensure we are successful.

Andrew Hooker joined the team on 14 May as the Chief Technology Officer. He has over 30 years' experience in

RESULT HIGHLIGHTS

EBITDA is up 4.7% from $11.59m to $12.1m

EBIT for the period **increased 5.94%** to $7.8m

Net debt for the group was **down 19.1 percent** from $21.9m to $17.7m;

Profit after tax for the group was $4.4m

Revenue up 1.4% to **$35.25m**.

telecommunications across mobile networks, fixed line fibre networks, fixed line copper networks, microwave radio and UHF/VHF land mobile. He has strong financial, commercial and project management skills and has managed significant capital and operational programmes of work. Andrew's ability to think strategically and to connect the dots between commercial opportunities, people and technology will bring the leadership we desire across our Design, Delivery and Operational teams.

Phil Henderson joined the team on 18 June as the Head of Sales and Marketing. Phil came from Nokia where he was the General Manager of the New Zealand business and comes with an extremely good pedigree in building and leading successful sales teams. Phil is very excited to be joining us and has many ideas about how we can deliver added value services utilising our new digital network along with our fibre and DMR capabilities. Phil has over 20 years' experience in the telecommunications sector. He is extremely well connected and excels at building partnerships at executive level leading to successful outcomes for both parties.

Our staff in the field are on call 24/7 and in all conditions, although at times we are not able to get to sites because of dangerous conditions and inclement weather. However, when we do get there the conditions can be beautiful.

Over the last 12 months we had 20 employees leave the company which represents an annual churn of 21%, which we believe is sustainable considering the transformation we are currently undertaking.

In December we held our staff day and everyone from around the country were in Wellington for it, the first time in over 10 years. We took over the Poneke Rugby Club and started the day by announcing that we had selected Tait as our provider to supply the equipment to build out our new digital radio network. The day was a good mixture of work and fun along with a team building exercise which everyone enjoyed, and which supported the local community. Staff were split into teams and had to complete tasks to obtain parts to build a bicycle and have the finished product assessed. The highlight was when we were able to present the bikes to 12 children from St Anne's school in Newtown, some of whom had never ridden a bike before. I think it's safe to say that seeing the children with their early Christmas presents was an emotional moment for everyone.

In last year's report I mentioned how changes were underway regarding the development and adoption of robust policies and procedures. I am pleased to say that in the last year we have introduced the following;

- Code of Ethics and Code of Conduct
- Policy and process regarding Performance and Development plans
- Framework regarding Total Remuneration and Reporting

HEALTH AND SAFETY

The health and safety of our staff, contractors and suppliers is at the forefront of everything we do. The company encourages everyone to be proactive and accountable for the health, safety and wellbeing of all colleagues. We also empower all staff, contractors and suppliers to step in to either make changes or stop an activity including those of third-parties where there is a risk of danger that has not been mitigated. To be successful, health and safety must be a natural part of the culture of the company.

A successful health and safety regime is one of continuous improvement and ongoing reassessment, both of the risks and the policies to mitigate these risks. Within the last year our Health and Safety Committee has contributed to the new Health and Safety Manual along with a Mini Manual, which acts as a reminder and assists in day-to-day tasks.

We have completed in the last year an audit of all our installers and field maintenance suppliers, actively seeking input from all parties in the assessment of the risks and the development of our systems and processes. The Directors and the Executive team reviews health and safety matters including risks, policy changes and incidents monthly as part of a formal governance process. The Directors and the Executive team also participate in impromptu site visits including front line activities to observe activities and provide relevant guidance and feedback where required.

In the last year we have had one notifiable incident which was subsequently not investigated by Worksafe. This incident occurred during an aerial cable installation in Wellington when a contractor from All Traffic Management Services was hit by a motor cyclist who was speeding and lost control of their bike. All signs were set out correctly and to specification showing adjusted speed zones. Correct PPE was being worn and staff were clearly visible. Thankfully the contractor suffered no more than bruising and was able to return to work a day later.

IT

Project Bedrock

As part of TeamTalk's commitment to supplying high quality services to its customers, strategic partners and staff we are upgrading our IT platforms. During the year TeamTalk's corporate servers were all upgraded to the latest version of Microsoft's Server operating system and security has been hardened. The internal operations and ICT teams reviewed the platforms that were in place and designed a virtualised solution based upon the Nutanix system as used by several Fortune 500 companies. The Nutanix platform is very much aligned to TeamTalk's values of security, resilience and performance. The chassis' dynamically allocate processing resources across the TeamTalk server farm ensuring processing power is available as required whilst lowering the total cost of ownership. The chassis' have a smaller footprint and consume less power than traditional compute chassis reducing data centre costs and carbon emissions. Project Bedrock was established to procure and deploy two Nutanix chassis' and migrate TeamTalks 200 servers to them. This project has been operating since February 2018 and on target to be completed by the end of 2018 as scheduled. To date, over half of the server fleet has been migrated. Once all virtual servers have been migrated, the second chassis will be moved to one of TeamTalk's Auckland based data centres offering geographical diversity with hourly replication. This will be improved to 5-minute replication with the next software release from Nutanix meaning TeamTalk is very well prepared from a disaster recovery / business continuity perspective.

Cyber Security

The TeamTalk group utilises endpoint security software that is centrally managed by the internal ICT team. In addition, TeamTalk has established a Threat Advisory Board (TAB) that assess any potential threats and proactively manages processes to prevent risks becoming issues.
The endpoint security software has detected and removed 29 items of low risk malware from the network whilst the TAB managed patching of the Meltdown and Spectre exploits in January and two MikroTik exploits in April 2018. Because of the endpoint security and the proactive TAB TeamTalk has not suffered any data loss from cyber-attacks nor has TeamTalk been hacked. Security is taken very seriously and will continue to improve with smarter firewalls being implemented and a new DMZ being created to further isolate client and corporate traffic. The new hardware and software are backed up with 19 security policies that include acceptable use, password complexity, data encryption and secure disposal procedures.

COMMUNITY SUPPORT

At Teamtalk we want to nurture a spirit of community support and the bicycle building activity in December enabled everyone to become involved in this. We also have several long-term sponsorship programmes which include Life Flight, the SPCA and The Wellington Art Show.

The highlight this year has been working with Through The Blue, a charitable trust started in Wellington aimed at educating teachers and students about mental health. As the conversation about mental health becomes more public, many people have questions and discover gaps in their knowledge. The charity was started by eight friends and

through education, they hope to increase teachers' ability and confidence to raise mental health awareness amongst their students. This will hopefully contribute to an improved early intervention for students who experience mental health issues. Through The Blue is working with Victoria University's youth wellbeing study who have the professional knowledge in this area. While the project will initially be trialled in the Wellington region, the charity hopes to generate enough support for it to spread across New Zealand.

To raise funds the charity's big fundraiser this year was to row across the Cook Strait. Although the original row was planned for April the weather didn't allow it, with high winds and swells making it too dangerous. The crew of four, Rachel Gamble-Flint, Tina Manker, Johannah Kearney and Ellie Morris were finally able to set off on June 1 in far from perfect, but just about rowable conditions. With a revised route to optimise the conditions, they left Mana at 5am. Steep waves and chop made the Strait even more arduous than expected, and it took five hours to make it to the northern entrance to the Queen Charlotte Sound. It took another six hours, rowing against a strong southerly headwind, to make it into Picton. It was 94km and 11 hours in total of constant rowing.

This was the first time an all-female crew has rowed successfully across the Cook Strait, so a huge congratulations from everyone at TeamTalk.

Rachel Gamble-Flint said: "We would like to say a huge thanks to all the supporters and sponsors who made this possible, especially to TeamTalk for providing the radio communications which kept the rowing crew in contact with the support crew throughout the crossing!"

INVESTMENT FOR GROWTH

TeamTalk has started its comprehensive investment phase to grow and underpin its existing business and is on track to have the majority of these programmes completed by June 2020.

We have started the roll-out of our new digital radio network across New Zealand and at the time of writing we have completed the roll-out of the pilot area across Canterbury, on time and on budget, with the first customer on the network trialling the new services. By Christmas we will have 50% of phase one of the roll-out completed, and by June 2019 we will have phase one completed. TeamTalk will then have

a national digital radio network across New Zealand that provides similar coverage to our existing analogue networks. Phase two will roll out as we migrate customers from the analogue networks to the digital network. We will need to expand capacity and, in some instances, put in additional sites to increase coverage.

This is an exciting opportunity for TeamTalk as the new digital network will ensure the continuity in delivering mission-critical communications and value to both existing and new customers. The new network will also enable integration with other communications networks as well as offering new services and solutions. This will not only secure our existing radio business but enable TeamTalk to grow its revenues and improve our margins by reaching into the conventional radio market, an area that TeamTalk has traditionally not competed in.

The other area of investment to be completed by June 2020 is around our wired networks which provide broadband connectivity and ancillary related services to a range of wholesale customers and end users in the Wellington and Auckland CBDs. Although the catalyst for investment has been the closing of the trolley bus infrastructure in Wellington where we need to transition 32Km of our 250Km network underground, we are taking the opportunity to also modernise and upgrade the electronics to provide a modern and robust solution which will be a leader in its sector. A key enabler for this piece of work was the signing of a 10 + 10 year agreement with Powerco for the exclusive use of their ducts in Wellington which will enable a quicker and more cost-effective solution of going underground. This investment will solidify our position as a leading provider of broadband services and enable a growth in revenue and higher margins through the delivery of new services to our customers.

We are also investing in transforming our internal systems and processes. Andrew Hooker, our Chief Technology Officer has multiple workstreams including ensuring our service desk is ITIL compliant and 24/7. This will enable us to offer a full managed service to our customers, something we are seeing increasing enquiries for, especially as we commence our discussions regarding the important Health and Safety features that are available with our new digital radio network.

We are continuing to explore other services and partnerships that would enable us to leverage our infrastructure to deliver sustainable growth and increased profitability. We were pleased to announce earlier this year that we have become a reseller partner of Nokia equipment, software and services. Both companies will work together on delivering solutions focusing on IP/MPLS-based critical and resilient communications services, emergency services, connected service vehicles, wireless technologies, private LTE and Internet of Things (IoT). We are installing Nokia's IP/MPLS backhaul network solution for our new digital radio system.

The investments TeamTalk is making are substantial and will both improve our existing infrastructure and enable us to offer new services and products to our customers. The quantum of change across the organisation is huge but I firmly believe that the investment over the next two years will result in sustainable profitable growth and better returns for our shareholders.

RESULT HIGHLIGHTS

Highlights of the company's financial performance for the year to 30 June 2018, against last year, are:

- **EBITDA is up 4.7** percent from $11.59m to $12.1m;
- **EBIT** for the period **increased 5.94 percent** to $7.8m;
- **Net debt** for the group was **down 19.1 percent** from $21.9m to $17.7m;
- Profit after tax for the group was $4.4m; and
- **Revenue** up 1.4% to **$35.25m**.

I look forward to keeping you updated on progress as we rollout our new networks and services.

ANDREW MILLER
Chief Executive

NATIONWIDE DIGITAL NETWORK (TIER III) BEING BUILT

Digital radio offers advantages that make it a clear choice for organisations that require an affordable, flexible, highly resilient and interconnected communications solution"

Various evolving digital standards are maturing that offer different levels of innovation and features. Enhanced features require integration with various systems to realise the full benefit across networks. LMR to DMR to LTE interconnectivity is now a reality.

OPERATIONAL EFFICIENCY

Resource management – dispatch and job ticketing systems allow organisations to coordinate field resources and create, assign and track tasks across the communications network

Connectivity – digital provides flexibility to make one-to-one calls or communicate instantly with an entire work-group at the touch of a button. Extend your connectivity by using Push-To-Talk over cellular. Supervisors or managers who would not normally carry a radio can use a smartphone application to communicate with field workers.

Integration with business systems – TeamTalk's Digital network is IP-based, making it easier to interconnect business enhancing data services and applications.

WORKER SAFETY

In all workplaces, safety is of paramount concern to both the employer and employees. Especially true of organisations with people working remote from the office. Good communication means a safe and productive workforce. Businesses need to be switched on to their employee's whereabouts and safety status at all times. TeamTalk's Digital network supports worker safety features including emergency calling, man-down, and lone worker. With GPS location services linked to these features, the location and nature of the emergency can be easily ascertained, and help dispatched quickly.

BUSINESS CONTINUITY

When disasters or emergencies occur, the response during the first 24 hours is key. Quick and efficient communication is of the highest importance. As commonplace as mobile phones have become, in such an event they are not necessarily the best communications tool. Cellular networks become overwhelmed with the huge surge in traffic from people trying to contact their loved ones. Where there are power outages, cell sites have limited battery back-up and fail after a few hours.

A two-way radio is much more efficient, allowing instant communication between people fast and effectively to assess the impact of the disaster and deploy resources.

SECURITY

TeamTalk's digital radio network is designed and built with security at its core. It supports industry-standard DES, AES and ARC4 encryption and user authentication, access control for devices and users, and full logging of traffic and network access.

With TeamTalk Digital, you can protect your voice and data communications from eavesdroppers and communicate only with intended parties, either in talkgroups or on individual one-to-one calls.


WORKER SAFETY
BUSINESS CONTINUITY
SECURITY OF COMMUNICATIONS
OPERATIONAL EFFICIENCY

THE LEADERSHIP TEAM

ANDREW MILLER

CHIEF EXECUTIVE OFFICER

Andrew has been Chief Executive of TeamTalk since September 2016 and his pedigree in the global telecoms industry includes five years with Alcatel-Lucent, three of which were as the CEO & Managing-Director of Alcatel-Lucent NZ where he successfully transformed the company. His experience also includes nine years with Orange-France Telecom where he was a key member of their corporate IT&N Operations function.

He has had a variety of different customer development and management roles within business sectors across the globe and he understands the challenges facing the operator today and the complexities of delivering strategic transformation programmes ensuring successful outcomes for the business are achieved.

Andrew is a Director of CityLink Limited and serves as the independent Chair for Quanton.

JASON BULL

CHIEF FINANCIAL OFFICER

Jason is a successful commercially minded finance leader who has held a number of senior positions across the telecommunications and logistics sectors including 11 years at Alcatel-Lucent NZ where he held the roles of Chief Financial Officer and GM Business Operations and Transformation. More recently before taking on the CFO role at TeamTalk, Jason was the Finance & Business Operations Manager at Lockheed Martin NZ.

Jason is a firm believer on the linkage between employee engagement and company results and advocates effective leadership driving engagement.

Jason is also a director of CityLink Limited.

MARK FINNIGAN

HEAD OF HUMAN RESOURCES AND SAFETY

Mark has over 20 years experience in Human Resources and Safety nationally and internationally.

Mark started his Human Resources career with Fletcher Challenge Energy before moving to England and working in the banking, and oil and gas industries. Returning to New Zealand in 2001, Mark worked in HR management functions in both the private and public sector, including 10 years at Transpower New Zealand.

In November 2016 Mark was appointed Head of Human Resources and Safety for Teamtalk Group.

ANDREW HOOKER

CHIEF TECHNOLOGY OFFICER

Andrew has over 32 years International Telecommunication experience across multiple technology fields including wireless: LMR, 3G, 4G, LTE-A, Microwave Radio; and fixed DWDM, SDH, FTTx, ADSL2+, VDSL2 and IP Architectures. He has extensive Project, Design and Managed Service experience running large National Mobile, Broadband and PTN networks, supporting customer management, operations, service delivery and sub-contractor management. Prior to joining Team Talk, Andrew was Customer Delivery Manager at Nokia with full P&L responsibility across all Projects and Managed Services on Vodafone Hutchison Australia network.

MARTIN TREANOR

DMR TIER III PROGRAMME MANAGER

Martin has extensive experience in successfully delivering large, challenging projects in the telecoms sector. These assignments have included the implementation of in-flight wi-fi services for Inmarsat; the deployment of cellular networks and the integration of complex IT systems for Spark; and over 10 years spent working for major technology suppliers, including Ericsson and Nortel, in customer-facing senior project management roles.

Martin joined TeamTalk in February 2018 to lead the delivery of the new DMR Tier III network, whilst also developing the organisation's project management capabilities and building working relationships with key technology partners.

KEVIN BROWN

STRATEGIC ADVISOR, RADIO

Kevin has carried out a range of roles in TeamTalk having joined six months after its inception in 1994. These roles have included Marketing Manager, GM Operations & Engineering and GM Commercial. Kevin came from 21 years experience in the telecommunications industry primarily in data communications with seven of those years at Telecom.

PHIL HENDERSON

HEAD OF SALES AND MARKETING

Phil joined TeamTalk Group in June 2018 bringing over 20 years diverse business experience relevant to delivering the required transformation of our business from providing legacy technology to our customers, to forward facing business impacting technology and services.

While being a Chartered Accountant, Phil has forged a career based on delivering business value to customers by leading high performing teams through direction, strategy and mentoring.

AT A **GLANCE**

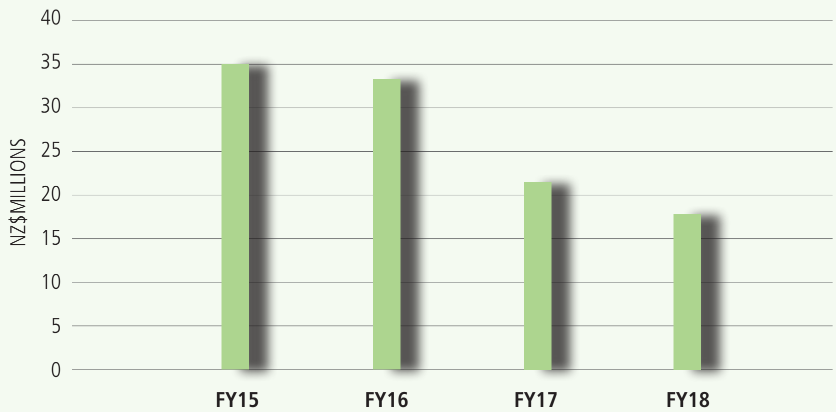
Net Profit after Tax $4.44m

EBIT
up 5.9% on FY17

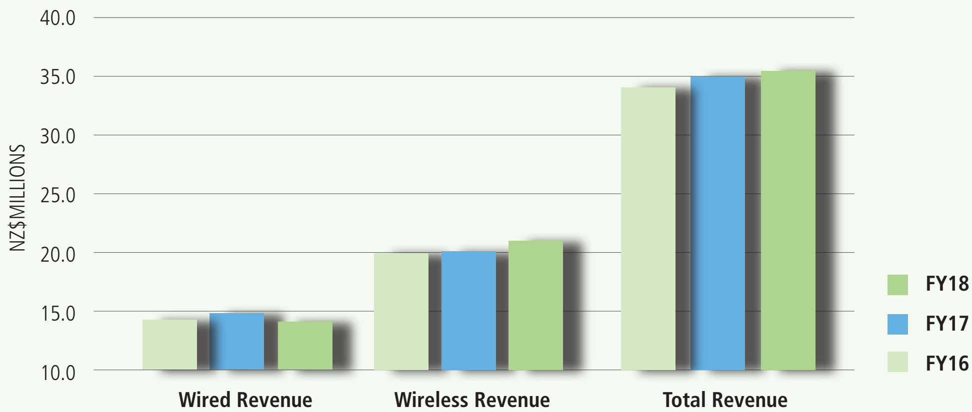
46.0% Reduction
in Net Debt
from FY16

EBITDA from Continuing Operations
$12.14m up
from $11.59m in FY17

NET DEBT



GROUP REVENUE



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	GROUP 2018 $000'S	GROUP 2017* $000'S
Continuing Operations			
Revenue	7	34,225	34,047
Operating costs	8	(15,534)	(15,256)
Gross profit		**18,691**	**18,791**
Other income	7	1,027	719
Administrative expenses	9	(11,924)	(12,153)
Results from operating activities		**7,794**	**7,357**
Finance income	10	300	544
Finance expenses	10	(1,837)	(2,145)
Net finance costs		**(1,537)**	**(1,601)**
Profit/(Loss) before income tax		**6,257**	**5,756**
Income tax (expense)	11	(1,745)	(408)
Profit from Continuing Operations		**4,512**	**5,348**
Discontinued operations			
Profit/(Loss) from discontinued operations, net of tax	6	(506)	(3,198)
Gain on sale of discontinued operations	6	433	2,968
Profit/(Loss)		**4,439**	**5,118**
Attributable to:			
Equity holders of the company		4,439	5,118
Non-controlling interest		-	-
		4,439	**5,118**
Earnings per share			
Basic earnings per share	17	$0.156	$0.180

* Comparative amounts in the statement of comprehensive income has been represented as a result of BayCity Communications Limited being classified as a discontinued operation in the current year (see note 6)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Group 2018	NOTE	SHARE CAPITAL $000'S	RETAINED EARNINGS & OTHER RESERVES $000'S	TOTAL EQUITY $000'S
Balance at 1 July 2017		**60,266**	**(34,939)**	**25,327**
Profit / (Loss) for the period		-	4,439	4,439
Total comprehensive income for the period		-	4,439	4,439
Contributions by and distributions to owners of the Company				
Dividends to equity holders	16	-	-	-
Total transactions with owners		-	-	-
Balance at 30 June 2018		**60,266**	**(30,500)**	**29,766**

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Group 2017	NOTE	SHARE CAPITAL $000'S	RETAINED EARNINGS & OTHER RESERVES $000'S	TOTAL EQUITY $000'S
Balance at 1 July 2016		**60,266**	**(40,057)**	**20,209**
Profit / (Loss) for the period		-	5,118	5,118
Total comprehensive income for the period		-	5,118	5,118
Contributions by and distributions to owners of the Company				
Dividends to equity holders	16	-	-	-
Total transactions with owners		-	-	-
Balance at 30 June 2017		**60,266**	**(34,939)**	**25,327**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	GROUP 2018 $000'S	GROUP 2017 $000'S
Non-current assets			
Property, plant and equipment	13	35,220	34,162
Intangible assets and goodwill	14	17,038	17,038
Finance lease receivable	20	210	229
Prepayments		278	377
Derivatives	28(g)	-	520
Equity accounted investees	25	-	2,552
Total non-current assets		**52,746**	**54,878**
Current assets			
Trade and other receivables	28(a)	4,520	4,301
Finance lease receivable	20	239	235
Prepayments		923	619
Inventory	15	1,438	1,575
Cash and cash equivalents		4,269	2,071
Total current assets		**11,389**	**8,802**
Total assets		**64,135**	**63,681**
Equity			
Ordinary share capital	16	60,266	60,266
Retained earnings and other reserves		(30,500)	(34,939)
Total equity		**29,766**	**25,327**
Non-current liabilities			
Loans and borrowings	18	21,000	21,000
Deferred income		-	920
Deferred tax liabilities	12	1,904	1,918
Total non-current liabilities		**22,904**	**23,838**
Current liabilities			
Loans and borrowings	18	1,000	3,000
Trade and other payables	19	6,071	8,068
Current tax payable		1,110	44
Deferred income		3,213	3,140
Derivatives	28(h)	71	264
Total current liabilities		**11,465**	**14,516**
Total equity and liabilities		**64,135**	**63,681**
Net tangible assets per share		$0.449	$0.292

On behalf of the Board of Directors

Director
23 August 2018

Director
23 August 2018

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	GROUP 2018 $000'S	GROUP 2017 $000'S
Cash flows from operating activities			
Cash provided from:			
Receipts from customers		35,190	34,548
Net GST receipts/(payments)		(98)	(26)
		35,092	34,522
Cash applied to:			
Payments to suppliers and employees		(24,778)	(23,464)
Interest expense paid (net of realised FX (gain)/loss)		(1,948)	(2,347)
Income tax paid		(685)	(1,590)
		(27,411)	(27,401)
Net cash flows from operating activities	**23**	**7,680**	**7,121**
Cash flows from investing activities			
Cash provided from:			
Interest income received		38	7
Finance lease interest income received		67	79
Repayment of finance lease receivables		254	201
		359	287
Cash applied to:			
Acquisition of property, plant and equipment		(6,602)	(2,983)
Acquisition of goods subject to finance leases		(240)	(331)
		(6,842)	(3,314)
Net cash flows from investing activities		**(6,483)**	**(3,027)**
Cash flows from financing activities			
Cash provided from:			
Proceeds from sale of subsidiary		3,000	10,000
Proceeds from borrowings		-	-
		3,000	**10,000**
Cash applied to:			
Payment of transaction costs			-
Repayment of borrowings		(2,000)	(9,500)
Dividends paid		-	-
		(2,000)	**(9,500)**
Net cash flows from financing activities		**1,000**	**500**
Impact of Discontinued Operations on Continuing Operations		-	(3,046)
Net increase/(decrease) in cash and cash equivalents		**2,197**	**1,548**
Cash and cash equivalents at beginning of year		2,071	522
Cash and cash equivalents at end of year		**4,269**	**2,071**

1 Reporting entity

TeamTalk Limited ("the Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of these Acts and the Financial Reporting Act 2013.

The consolidated financial statements of TeamTalk Limited as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as "the Group").

The Group is primarily involved in the provision of mobile radio networks and high speed broadband services in New Zealand.

2 Basis of preparation

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 Companies. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The accounting policies below have been applied consistently to all periods presented in these financial statements.

In accordance with the Financial Markets Conduct Act 2013, where a reporting entity prepares consolidated financial statements, parent company disclosures are not required to be included. As such the consolidated financials now disclose only consolidated results of the Group.

The financial statements were approved by the Board of Directors on 23 August 2018

BASIS OF MEASUREMENT

The financial statements are prepared on the historical cost basis except that derivatives (interest rate swaps and options) are stated at their fair value.

The financial statements have been prepared on a going concern basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars ($), which is the Group's functional currency and are rounded to the nearest thousand.

USE OF ESTIMATES AND PRESENTATION

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The area of most significant estimation uncertainty which requires critical judgements in applying the Group's accounting policies is goodwill. Refer to note 14 - Intangible assets and goodwill. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

Accounting Policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

The accounting policies have been applied consistently to all periods in these financial statements

GOODS AND SERVICES TAX

The financial statements have been prepared on a GST exclusive basis, except for receivables and payables which are stated inclusive of GST.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these consolidated financial statements.

NZ IFRS 9 Financial Instruments, published in July 2014, replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. NZ IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

NZ IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. NZ IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been fully assessed.

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The likely impact of this standard has not yet been assessed.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

DERIVATIVES

The fair value of interest rate swaps and foreign exchange contracts are based on bank quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

5 Segment reporting

Segment results that are reported to the CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise the Company's external borrowings from Bank of New Zealand Limited.

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO reviews internal management reports on at least a quarterly basis.

As a result of the sale of the majority shareholding of BayCity Communications by the parent company TeamTalk Limited in FY 2017, the structure of the internal organisation and the basis of the measurement of the operating segments changed.

The following summary describes the operations in each of the Group's reportable segments:

Wireless Networks: this segment includes the traditional mobile radio business of TeamTalk Limited along with associated finance leasing, data and GPS tracking products and the wireless broadband business of TeamTalk Limited.

Wired Networks: this segment includes the wired broadband business of CityLink Limited who provides broadband connectivity and ancillary related services to a range of wholesale customers and end users.

ISP (Discontinued Operation): this segment is the BayCity Communications Limited Group which provides ISP and related telecommunications services primarily to rural residential customers.

Information regarding the results of each reportable segment is included below. Revenues, Costs, Assets and Liabilities are measured in accordance with the Group's Accounting Policies in Note 3, as included in the internal management reports that are reviewed by the Group's CEO. Segment EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

5 Segment reporting (continued)

Group 2018	WIRELESS NETWORKS $000'S	WIRED NETWORKS $000'S	ISP (DISCONTINUED OPERATION) $000'S	UNALLOCATED $000'S	TOTAL $000'S
Operating revenue & other income					
- Sales to customers outside the Group	20,906	14,346	-	-	35,252
Total revenue	20,906	14,346	-	-	35,252
Costs					
- Costs paid to suppliers outside the Group	(16,690)	(6,421)	-	-	(23,111)
Total costs	(16,690)	(6,421)	-	-	(23,111)
EBITDA	4,215	7,925	-	-	12,140
Depreciation and amortisation	(2,479)	(1,868)	-	-	(4,347)
Impairment of fixed assets and inventory	-	-	-	-	-
Gain on Sale of Discontinued Operations	-	-	-	-	-
EBIT	1,737	6,057	-	-	7,794
Share of profit of equity accounted investees, net of tax			(506)		(506)
Finance income				300	300
Finance expense				(1,837)	(1,837)
Net interest					(1,536)
Profit before income tax					5,751
Income tax benefit/(expense)				(1,745)	(1,745)
Profit from Operations					**4,006**
Profit/(Loss) from discontinued operations, net of tax			433		433
Profit/(Loss)					**4,439**
Capital expenditure	4,126	1,420	-	-	5,546
Total assets	23,823	40,312	-	-	64,135
Total liabilities	6,987	5,382	-	22,000	34,369

5 Segment reporting (continued)

Group 2017	WIRELESS NETWORKS $000'S	WIRED NETWORKS $000'S	ISP (DISCONTINUED OPERATION) $000'S	UNALLOCATED $000'S	TOTAL $000'S
Operating revenue & other income					
- Sales to customers outside the Group	20,167	14,599	-	-	34,766
Total revenue	20,167	14,599	-	-	34,766
Costs					
- Costs paid to suppliers outside the Group	(16,474)	(6,699)	-	-	(23,173)
Total costs	(16,474)	(6,699)	-	-	(23,173)
EBITDA	3,693	7,900	-	-	11,593
Depreciation and amortisation	(2,338)	(1,898)	-	-	(4,236)
Impairment of fixed assets and inventory	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-
EBIT	1,355	6,002	-	-	7,357
Share of profit of equity accounted investees, net of tax			(48)		(48)
Finance income				544	544
Finance expense				(2,145)	(2,145)
Net interest					(1,601)
Profit before income tax					5,708
Income tax benefit/(expense)				(408)	(408)
Profit from Operations					**5,300**
Profit/(Loss) from discontinued operations, net of tax			(182)		(182)
Profit/(Loss)					**5,118**
Capital expenditure	2,504	1,406	-	-	3,910
Total assets	25,397	35,731	-	2,552	63,680
Total liabilities	9,394	4,960	-	24,000	38,354

6 Discontinued Operation

In May 2018, the Group exercised it's right to sell the remaining 30% of its interest in BayCity Communications Limited (trading as Farmside).

Subsequent to the transaction, the Group has continued to purchase from, and provide services to the discontinued operation. Transactions between the entities are treated as external to the Group

A) RESULTS FROM DISCONTINUED OPERATIONS	12 MONTHS TO 30 JUNE 2018 $000'S	11 MONTHS TO 01 JUNE 2017 $000'S
Revenue	-	19,817
Elimination of inter-segment revenue	-	(128)
External revenue	-	19,689
Expenses	-	(22,933)
Elimination of expenses related to inter-segment sales	-	650
External expenses	-	(22,283)
Results from Operating Activities	**-**	**(2,594)**
Income tax	-	(556)
Results from Operating Activities, Net of Tax	**-**	**(3,150)**
Gain on sale of discontinued operation	-	2,968
Income tax on gain on sale	-	-
Profit (Loss) from Discontinued Operations, Net of Tax	**-**	**(182)**
Ordinary and diluted (Loss) per share	$0.00	($0.04)

B) EFFECT OF DISPOSAL ON THE FINANCIAL POSITION OF THE GROUP	2018 $000's	2017 $000's
Property, plant and equipment	-	(3,971)
Goodwill and intangibles	-	(4,048)
Inventory	-	(789)
Trade and other receivables	-	(2,169)
Cash and cash equivalents	-	99
Current and deferred tax asset	-	(2,893)
Trade and other payables	-	3,619
Net Assets and Liabilities	**-**	**(10,152)**
Consideration Received, Satisfied in Cash		
Net cash inflows	-	10,000
Net derivatives	-	520
Equity accounted investees	-	2,600
Gain on Sale of Discontinued Operation	**-**	**2,968**

6 Discontinued Operation (continued)

C) CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS	12 MONTHS TO 30 JUNE 2018 $000'S	11 MONTHS TO 01 JUNE 2017 $000'S
Cash inflows from operating activites	-	20,164
Cash applied to operating activities	-	(18,903)
Net Cash used in Operating Activities	**-**	**1,261**
Cash inflows from investing activites	-	6
Cash applied to investing activities	-	(4,497)
Net Cash from Investing Activities	**-**	**(4,492)**
Cash funding received from continuing operations	-	3,046
Cash applied to funding activities	-	-
Net Cash from Funding Activities	**-**	**3,046**
Net Cash Flows For The Year	**-**	**(185)**

7 Revenue

	GROUP 2018 $000'S	GROUP 2017 $000'S
Revenue from network - on-going fees	30,994	30,507
Installation fees	1,517	1,515
Revenue from co-location facilities	619	638
Hardware sales	1,096	1,387
Operating Revenue	**34,225**	**34,047**
Government grants recognised	568	614
Other income	458	105
Other income	**1,027**	**719**
	35,252	**34,766**

Other revenue includes upfront fees, early termination fees, non-recurring fees, fees charged under the management agreement for BayCity Communications and hardware sales.

(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Installation fees are one-off upfront payments made by customers at the commencement of service.

(ii) Services
Revenue includes access and usage charges under service agreements with the Group. The terms of these service agreements range from monthly to 60-month periods. Revenue is recognised when the service is performed.

(iii) IRU Revenue
An Indefeasible Right of Use ("IRU") is an agreement whereby the owner of fibre optic infrastructure sells the right to have unrestricted use and access to certain specific fibres within the network for a specified term. Revenue from IRU agreements is initially treated as deferred income and recognised over the life of the contracts.

(iv) Deferred income
Income received in advance relates to network services (including IRU agreements) and is initially treated as deferred income and recognised over the life of the contracts.

8 Operating Costs

	GROUP 2018 $000'S	GROUP 2017 $000'S
The following items are included in operating costs:		
Depreciation on network assets	4,104	3,953
Telecommunications development levy	285	361
Network operating costs	9,674	9,341
Other operating costs	1,472	1,602
	15,534	**15,256**

The Telecommunications Development Levy above uses the following figures in the annual calculation for 2018: gross telecommunications revenue $32,378,000 and payments made to other qualifying liable persons $5,547,000

9 Administrative expenses

	GROUP 2018 $000'S	GROUP 2017 $000'S
The following items are included in administration expenses:		
Auditor's remuneration to KPMG comprises:		
- Audit of financial statements	135	133
- Regulatory audit work	-	-
- Taxation services	50	77
Depreciation of non-network assets	243	282
Fees paid to directors	259	278
Operating lease costs	147	112
Premises expenses	825	895
Wages and salaries	9,272	8,722
Contributions to kiwisaver	255	274
Other administration expenses	738	1,381
	11,924	**12,153**

10 Finance income and expense

	GROUP 2018 $000'S	GROUP 2017 $000'S
Interest income on bank deposits	38	7
Net unrealised gain in fair value of derivatives	195	457
Finance lease interest income	67	80
Total Finance Income	**300**	**544**
Interest expense on external borrowings	(1,837)	(2,145)
Net unrealised loss in fair value of derivatives	-	-
Total Finance Expenses	**(1,837)**	**(2,145)**
Net finance income / (costs)	**(1,537)**	**(1,601)**

11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(A) INCOME TAX EXPENSE	GROUP 2018 $000'S	GROUP 2017 $000'S
Profit/(Loss) from continuing operations before income tax	6,257	5,756
Adjustments:		
- Impairment of subsidiary	-	-
- Non-deductible entertainment	(21)	24
- Other non-assesable income	-	-
- Other non-deductible expenditure	-	200
Taxable (loss)/income	**6,236**	**5,980**
Current period tax expense @ 28% (2017: 28%)	**1,745**	**1,674**
Loss offset (from) / to other group company/discontinued operations	-	(792)
Prior period adjustment	-	(474)
Income tax expense/(benefit)	**1,745**	**408**
Comprising:		
Income tax expense	1,771	486
Deferred tax expense		
Origination and reversal of temporary differences	(25)	(78)
	(25)	(78)
Total income tax expense	**1,745**	**408**

(B) RECONCILIATION OF EFFECTIVE TAX RATE	GROUP 2018 %	GROUP 2018 $000'S	GROUP 2017 %	GROUP 2017 $000'S
(Loss)/profit for the period		4,511		5,299
Total income tax (benefit)/expense		1,745		408
(Loss)/profit before income tax		**6,257**		**5,707**
Income tax using the Company's domestic tax rate	28.0%	1,751	28.0%	1,598
Impairment of subsidiary	-	-	-	-
Non-deductible entertainment	(0.1%)	(6)	0.1%	7
Other non-assesable income	-	-	-	13
Other non-deductible expenditure	-	-	-	56
Prior period adjustment	-	-	(8.3%)	(474)
Loss offset (from) / to other group company / discontinued operations	-	-	(13.9%)	(792)
	27.9%	**1,745**	**7.1%**	**408**

12 Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	ASSETS 2018 $000'S	ASSETS 2017 $000'S	LIABILITIES 2018 $000'S	LIABILITIES 2017 $000'S	NET 2018 $000'S	NET 2017 $000'S
Property, plant and equipment	-	-	(2,067)	(2,367)	(2,067)	(2,367)
Inventory	-	-	(8)	(8)	(8)	(8)
Intangibles	-	-	-	-	-	-
Finance lease receivable	-	-	(210)	(130)	(210)	(130)
Trade and other payables	382	587	-	-	382	587
Tax losses recognised	-	-	-	-	-	-
Net tax asset/(liability)	**382**	**587**	**(2,286)**	**(2,506)**	**(1,904)**	**(1,918)**

Movement in temporary differences during the year

Movements in deferred tax assets and liabilities are attributable to the following:

Group 2018	BALANCE 1 JULY 2017 $000'S	RECOGNISED IN P&L $000'S	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000'S	BALANCE 30 JUNE 2018 $000'S
Property, plant and equipment	(2,367)	300	-	(2,067)
Inventory	(8)	(0)	-	(8)
Intangibles	-	-	-	-
Finance lease receivable	(130)	(80)	-	(210)
Trade and other payables	587	(205)	-	382
Tax loss carry-forwards	-	-	-	-
	(1,918)	**14**	**-**	**(1,904)**

Group 2017	BALANCE 1 JULY 2016 $000'S	RECOGNISED IN P&L $000'S	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000'S	BALANCE 30 JUNE 2017 $000'S
Property, plant and equipment	389	214	(2,970)	(2,367)
Inventory	(102)	(1)	95	(8)
Intangibles	(417)	-	417	-
Finance lease receivable	(94)	(36)	-	(130)
Trade and other payables	768	(99)	(82)	587
Tax loss carry-forwards	684	-	(684)	-
	1,228	**78**	**(3,224)**	**(1,918)**

13 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

$000's Group 2018	TRANSMISSION EQUIPMENT AND NETWORK HARDWARE	ASSETS UNDER CONSTRUCTION	COMPUTER EQUIPMENT	OFFICE EQUIPMENT, FURNITURE AND FITTINGS	LEASEHOLD IMPROVEMENTS	OTHER ASSETS	TOTAL
Cost							
Balance at 1 July 2017	108,536	4,042	3,184	355	630	100	116,848
Additions	303	5,110	100	33	-	-	5,546
Disposals	-	(142)	-	-	-	-	(142)
Transfers	3,285	(3,827)	455	-	87	-	-
Balance at 30 June 2018	**112,124**	**5,182**	**3,739**	**388**	**717**	**100**	**122,251**
Depreciation and impairment losses							
Balance at 1 July 2017	(79,243)	-	(2,999)	(241)	(203)	-	(82,687)
Depreciation for the year	(4,103)	-	(155)	(29)	(59)	-	(4,346)
Impairment loss	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2018	**(83,345)**	**-**	**(3,154)**	**(270)**	**(262)**	**-**	**(87,032)**
Carrying amounts							
At 1 July 2017	29,293	4,042	185	114	428	100	34,163
At 30 June 2018	**28,779**	**5,182**	**585**	**118**	**455**	**100**	**35,220**

Other Assets includes Freehold Property and Motor Vehicles.

13 Property, plant and equipment (continued)

$000's Group 2017	TRANSMISSION EQUIPMENT AND NETWORK HARDWARE	ASSETS UNDER CONSTRUCTION	COMPUTER EQUIPMENT	OFFICE EQUIPMENT, FURNITURE AND FITTINGS	LEASEHOLD IMPROVEMENTS	OTHER ASSETS	TOTAL
Cost							
Balance at 1 July 2016	120,271	2,353	4,481	1,311	1,388	112	129,916
Additions	1,608	3,589	104	34	209	-	5,544
Disposals	-	-	(6)	(369)	(522)	-	(897)
Disposal of discontinued operation	(15,104)	(138)	(1,395)	(621)	(444)	(12)	(17,714)
Transfers	1,761	(1,761)	-	-	-	-	-
Balance at 30 June 2017	**108,536**	**4,042**	**3,184**	**355**	**630**	**100**	**116,848**
Depreciation and impairment losses							
Balance at 1 July 2016	(87,243)	-	(3,941)	(966)	(796)	(8)	(92,954)
Depreciation for the year	(3,838)	-	(290)	(30)	(78)	-	(4,236)
Disposal of discontinued operation	11,837	-	1,227	401	266	9	13,741
Disposals	-	-	5	353	405	-	763
Balance at 30 June 2017	**(79,243)**	**-**	**(2,999)**	**(241)**	**(203)**	**-**	**(82,687)**
Carrying amounts							
At 1 July 2016	33,028	2,353	541	345	592	104	36,963
At 30 June 2017	**29,293**	**4,042**	**185**	**114**	**428**	**100**	**34,162**

Impairment loss

The Group reassesses the carrying values of the property, plant and equipment at each reporting period, with a view to ensuring the carrying value does not exceed the recoverable value of the assets. This review has confirmed that there is currently no need for any further impairment adjustment, other than that already recognised in profit or loss in respect of transmission equipment and network hardware.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Transmission equipment (Mobile Radio)	12 years
- Network hardware (Broadband and ISP)	2-40 years
- Leasehold improvements	10-20 years
- Office equipment/furniture & fittings	10-12.5 years
- Computer equipment	3-4 years
- Motor vehicles	3-4 years

Depreciation methods, useful lives and residual values are reassessed on a regular basis. There were no changes in the estimated useful lives of any asset class during the financial year.

14 Intangible assets and goodwill

Group	CUSTOMER CONTRACTS & INTANGIBLES $000'S	GOODWILL $000'S	TOTAL $000'S
Carrying value			
Balance at 1 July 2017	-	17,038	17,038
Amortisation	-	-	-
Balance at 30 June 2018	**-**	**17,038**	**17,038**
Balance at 1 July 2016	1,529	19,796	21,325
Additions	(1,345)	(2,758)	(4,103)
Amortisation	(184)	-	(184)
Balance at 30 June 2017	**-**	**17,038**	**17,038**

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Amortisation

Intangible assets other than Goodwill are measured at cost less accumulated depreciation and accumulated impairment losses. These assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.
The estimated useful lives for the current and comparative periods are as follows:

Trademarks	10 years
Capitalised development costs	1.5 - 2 years
Customer contracts and associated relationships	10 years

Impairment testing for cash-generating units containing goodwill

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to goodwill and then on a pro rata basis to all assets.

For the purpose of impairment testing, goodwill is allocated to the Group's operating businesses. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2018 $000'S	2017 $000'S
TeamTalk Limited - mobile radio & wireless broadband	5,386	5,386
CityLink Limited - broadband business	11,652	11,652
	17,038	**17,038**

The Goodwill for these CGUs is not amortised however it is subject to an annual impairment test whether indications of impairment exist or not. Accordingly the goodwill was tested for impairment at 30 June 2018. A discounted cash flow valuation, on a value-in use basis, was prepared for each business unit using a combination of past experience of revenue growth, operating costs, margins and capital expenditure requirements for that CGU and, where appropriate, external sources of information were also used.

In each case the initial years of future cash flow projections were based on a combination of a continuation of the trends of the 2018 financial year and projections for the 2019 financial year. Explicit projections were then made for periods of either a further 3 or 4 years. The projections for each CGU reflect the maturity of each business and, where appropriate, expected growth potential. Cash flows beyond those explicit projections have been extrapolated using estimated terminal growth rates appropriate for each CGU. The terminal growth rates do not exceed the long-term average growth rate for the industries in which the CGUs operate. The highest long term growth rate applied is 1.5% (2017: 1.5%). The discount rates used ranged from 8.43% - 8.59% (2017: 8.51 - 8.74%).

The Wireless Broadband business (Araneo) was amalgamated into TeamTalk at 30 June 2015. Post this amalgamation the goodwill balances were combined and tested for impairment as a single CGU.

This exercise confirmed that there are no impairment issues necessitating a write down of goodwill in respect of CityLink Limited and TeamTalk Limited as in each of those cases the CGU's value was in excess of its carrying value (both at the Group and Company level).

FOR THE YEAR ENDED 30 JUNE 2018

15 Inventory

Inventories are measured at the lower of cost and net realisable value and consist of network components. The cost of inventories is based upon the average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

	GROUP 2018 $000'S	GROUP 2017 $000'S
Radio & data units	421	582
Broadband network components	662	516
Wireless and mobile radio network components	355	477
	1,438	**1,575**

In 2018 the Group sold inventory with a carrying value amounting to $502,126 recognised as part of operating costs (2017: $725,835). The remainder is held for use by the Group.

16 Capital and reserves

Share capital
The Company has 28,368,994 fully paid no par value shares on issue at balance date (30 June 2017: 28,368,994). All shares have equal rights and rank equally with regard to the Company's residual assets.

Shares on issue	2018 NUMBER OF SHARES	2017 NUMBER OF SHARES	2018 $000'S	2017 $000'S
Opening balance at 1 July	28,368,994	28,368,994	60,266	60,266
Closing balance at 30 June	**28,368,994**	**28,368,994**	**60,266**	**60,266**

Dividends
The following dividends were declared and paid by the Group for the year ended 30 June:

	2018 $000'S	2017 $000'S
Nil Final dividend for prior financial year (2017: Nil)	-	-
Nil Interim dividend for current financial year (2017: Nil)	-	-
	-	**-**

17 Earnings per share

Basic and diluted earnings per share
The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive issues of ordinary shares.

There were no dilutive equity instruments on issue during the year so there is no difference between Basic and Diluted EPS at 30 June 2018 (2017: Nil)

17 Earnings per share (continued)

	2018 $000's	2017 $000's
Profit attributable to ordinary shareholders	4,439	5,118
	IN SHARES	IN SHARES
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	28,368,994	28,368,994
Number of shares issued during the year	-	-
Issued ordinary shares at 30 June	28,368,994	28,368,994
Weighted average number of ordinary shares for the period	**28,368,994**	**28,368,994**
Weighted average number of ordinary shares for the period (fully diluted)	**28,368,994**	**28,368,994**
Basic earnings per share ($)	**$0.156**	**$0.180**
Diluted earnings per share ($)	**$0.156**	**$0.180**

18 Loans and borrowings

	GROUP 2018 $000'S	GROUP 2017 $000'S
(a) Non-current liabilities		
Secured bank loan	21,000	21,000
Other unsecured borrowings	-	-
	21,000	**21,000**
(b) Current liabilities		
Secured bank loan	1,000	3,000
Other unsecured borrowings	-	-
	1,000	**3,000**

Term loan repayment schedule
The terms and conditions of outstanding loans are as follows:

Group	NOMINAL INTEREST RATE	YEAR OF MATURITY	FAIR VALUE 2018 $000'S	CARRYING AMOUNT 2018 $000'S	FAIR VALUE 2017 $000'S	CARRYING AMOUNT 2017 $000'S
Secured bank loan	BKBM plus margin	2021	22,000	22,000	24,000	24,000
Other unsecured borrowings		-	-	-	-	-
Total interest-bearing liabilities			**22,000**	**22,000**	**24,000**	**24,000**

The Company and Group have secured funding facilities with Bank of New Zealand with, at 30 June 2018, a combined limit of $27 million and a maturity of 14 June 2021 (2017: Facility with Westpac New Zealand Limited, $27 million and March 2020).

The secured bank loans are subject to various covenants such as debt coverage and interest coverage. Throughout the year the Company has complied with all debt covenant requirements.

As well as a charge over the Company's assets the secured bank loans are also secured by cross-guarantees from the Company's subsidiaries whereby they each provide a guarantee of the obligations of the Company, and of any other subsidiaries of the Company, to Bank of New Zealand Limited, secured by a first ranking charge over all the assets of each company.

The Group has a total amount of $819,909 guaranteed on their behalf by Bank of New Zealand to secure vendor and customer contracts

19 Trade and other payables

	GROUP 2018 $000'S	GROUP 2017 $000'S
Trade creditors	2,546	1,894
Employee entitlements	813	1,083
Other payables and accruals	2,712	5,091
	6,071	**8,068**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

20 Finance lease receivable

Group	MINIMUM LEASE PAYMENTS 2018 $000's	INTEREST 2018 $000's	GROSS INVESTMENT IN LEASE 2018 $000's	MINIMUM LEASE PAYMENTS 2017 $000's	INTEREST 2017 $000's	GROSS INVESTMENT IN LEASE 2017 $000's
Less than one year	239	155	394	235	158	393
Between one and five years	213	27	240	232	29	261
	452	182	634	467	187	654
Less impairment of finance lease receivable	(3)			(3)		
Total finance lease receivable	**449**			**464**		

The Group provides a leasing service to its customers for equipment used on the Group's networks. Typically these leases are for a three year period, attracting market interest rates and the goods have relatively low residual values at the end of the term. The residual values are not guaranteed, but historically the Group has found a willing market for the goods at the end of the lease term and expected residual values are met or exceeded.

As the agreements are defined as finance leases, the Group only recognises the interest component of the monthly repayments in profit or loss. The principal portion is applied to the finance lease receivable.

21 Contingent liability

At balance date the Group had no contingent liabilities (2017: $Nil).

22 Commitments

	GROUP 2018 $000'S	GROUP 2017 $000'S
(a) Operating lease commitments		
Leases as lessee		
Commitments under non cancellable operating leases are:		
Less than one year	961	901
Between one to two years	754	748
Between two to five years	1,125	746
	2,840	**2,395**

22 Commitments (continued)

The Group leases a number of premises and vehicles under operating leases.

Premises leases operate under various differing terms, but typically are based around an initial lease period, with 1 or 2 further right of renewal periods. Some premises are leased on an annual basis and others are subject to monthly terms (storage units). Premises leases typically include rent uprates every 2-3 years with such increases reflecting revised valuations of the premises and changes in market conditions.

The vehicle leases typically run for a period of 3 years, with the vehicles returned to the lessor at the end of term.

Subsequent to balance date the Group signed a long term license agreement with PowerCo for access to their ducts in Wellington. This license agreement is not included in the above table.

(b) Capital commitments

As at 30 June 2018 the group has $3,516,000 of capital commitments relating to the delivery of services contracted to customers and the build of the DMR Tier 3 Network.

23 Reconciliation of the profit for the period with the net cash flow from operating activities

	NOTE	GROUP 2018 $000'S	GROUP 2017 $000'S
(Loss)/Profit for the period (after tax)		**4,512**	**5,348**
Adjustments for:			
Depreciation, amortisation and impairment	13	4,346	4,236
(Gain)/loss on derivatives		(195)	(457)
Share of (Profit)/Loss of equity accounted investees, net of tax		-	-
Prepaid services utilisation / (additions)		(302)	(148)
(Decrease)/increase in bad debt provision		(85)	(97)
Interest income/(loss)	10	105	(86)
(Decrease)/increase in deferred income		(847)	(282)
Deferred tax movement	12	(36)	(58)
		2,986	3,107
Decrease/(increase) in prepayments		198	234
Decrease/(increase) in trade and other receivables		(225)	(621)
Decrease/(increase) in income tax payable		1,196	(955)
Decrease/(increase) in deferred expenses (prepaid IRU)		12	12
Decrease/(increase) in inventory		137	(428)
(Decrease)/ increase in trade and other payables		(1,137)	423
		181	(1,335)
Net cash from operating activities		**7,680**	**7,121**

24 Related party transactions

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Key Group management personnel compensation comprised short-term employee benefits of $1,834,596 for the year ended 30 June 2018 (2017: $1,829,541). This excludes fees paid to directors of $247,000 (2017: $218,000). The compensation during the period includes payments to former employees and reflects the different composition of the management team.

Other transactions with key management personnel

Directors of Group Companies control 0.6% of the voting shares of the Company (2017: 0.2%).

Transactions and balances with related parties

Elected directors conduct business with the Group in the normal course of their business activities.

Directors of the subsidiary companies received no directors fees during the period (2017: NIL). The directors of the Company received fees totalling $247,000 during the period (2017: $278,000 - this includes fees for additional services charged following the departure of the Managing Director and Fees for services as Finance DIrector).

Group entities Significant subsidiaries	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2018	 2017	BALANCE DATE	ACTIVITIES
CityLink Limited	New Zealand	100%	100%	30 June	Broadband services

25 Investment in Associate

	GROUP 2018 $000'S	GROUP 2017 $000'S
Interests in associates	-	2,600
Share of profit of equity accounted investees, net of tax	-	(48)
Balance as at 30 June	**-**	**2,552**

With a settlement date of 31 May 2018, the Group exercised it's right to sell the remaining 30% in it's associate BayCity Communications. In the 11 months prior to this the Group recognised in the Profit and Loss an impact of it's 30% share of the loss of BayCity Communications to the amount of $505,000 Net of Tax (2017: $48,000)

26 Key suppliers

The Group purchases products and services from a wide range of suppliers. The most significant of which are Tait Electronics, Nokia, Spark New Zealand, Chorus, Kordia, and Motorola. Kordia and Chorus house most of the Company's equipment and provide basic linking services and access to sites on which the Company's equipment is located. Tait Electronics and Motorola manufacture and support some of the key mobile radio equipment and supply the majority of customer handsets.

The Group typically has long term established relationships with each of these suppliers and appropriate commercial contracts are in place. However, the failure of any of these companies to continue to provide services at the required standard and price could have a material impact on the performance of the Group. In particular, there could be a material impact on the performance of the Group if Chorus and Kordia were not to provide access to transmission sites on the current terms.

27 Government grants

In May 2012 a subsidiary signed a contract with the Government to provide wireless broadband services to a number of remote schools around the country. This contract, as part of the Government's Rural Broadband Initiative (RBI), provided the Group with grant funding to help fund the construction of the necessary network infrastructure. Network construction continued throughout the financial period with the last school completed in June 2016.

In April 2014 TeamTalk Limited signed a contract with the Government to provide broadband services to a number of communities on the Chatham Islands. This contract provides the TeamTalk Group with grant funding to help fund the construction of the necessary network infrastructure on the Chatham Islands. Network construction finished in the prior financial period.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

As detailed in note 3 this funding is initially recognised as deferred income and then released to profit and loss on a systematic basis over the expected life of the assets.

	GROUP 2018 $000'S	GROUP 2017 $000'S
Deferred income opening balance at 1 July	920	1,597
Remove balance relating to discontinued operations	-	(63)
Government grants received during the year	-	-
Government grants recognised in other income	(568)	(614)
Deferred income closing balance at 30 June	352	920
Current	352	614
Non-current	-	306
	352	920

28 Financial Instruments

Financial instruments

Exposure to credit, currency, commodity, market and liquidity risks arises in the normal course of the Group's business. The Group manages a number of these risks through negotiated supply contracts.

Credit risk

Credit risk is the risk that the counterparty to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade cycle, advances to third parties and through the use of derivative financial instruments.

With the exception of the Group's net interest in finance lease receivables no collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit. Reputable financial institutions are used for investing and cash handling purposes.

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Group has internal limits in place in order to reduce the exposure to liquidity risk, as well as having committed lines of credit.

Interest rate risk

The Group enters into derivative contracts in the ordinary course of business to manage interest rate risks. A financial risk management team, composed of senior management, provides oversight for risk management and derivative activities.

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances, bank borrowings and finance leases.

The Group's policy is to hedge its long term borrowing by fixing or capping the rates of interest payable in order to provide greater certainty. The Group manages its interest rate risk by using interest rate swaps and interest rate options to hedge floating rate debt.

Other market price risk

The Group is not exposed to substantial other market price risk arising from financial instruments.

QUANTITATIVE DISCLOSURES

(A) CREDIT RISK

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or to avoid a possible past due status.

The Group reviews all overdue debt balances and assesses likelihood of default. Based on this analysis, the Group provides for the potential loss measured in accordance following:

Impairment of receivables

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate i.e. the effective interest rate computed at initial recognition of these financial assets. Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

The maximum exposure to credit risk for trade and other receivables by segment is as follows:

Carrying amount	GROUP 2018 $000'S	GROUP 2017 $000'S
Mobile Radio	2,562	2,677
Broadband	1,958	1,625
Trade and other receivables	**4,520**	**4,301**

28 Financial Instruments (continued)

The status of trade receivables at the reporting date is as follows:

Group	GROSS RECEIVABLE 2018 $000'S	IMPAIRMENT 2018 $000'S	GROSS RECEIVABLE 2017 $000'S	IMPAIRMENT 2017 $000's
Trade receivables				
Not past due	3,570	-	3,321	-
Past due 0-30 days	465	-	317	-
Past due 31-90 days	472	(26)	134	(47)
Past due > 90 days	80	(56)	138	(138)
Total	**4,587**	**(82)**	**3,910**	**(185)**

(B) LIQUIDITY RISK

The following table sets out the contractual cash flows for all financial liabilities and derivatives.

Group 2018	CARRYING AMOUNT $000'S	CONTRACTUAL CASH FLOWS $000'S	6 MONTHS OR LESS $000'S	6-12 MONTHS $000'S	1-2 YEARS $000'S	2-5 YEARS $000'S
Secured bank loans	22,000	24,396	412	1,405	3,828	18,751
Other unsecured borrowings	-	-	-	-	-	-
Trade and other payables	6,071	6,071	6,071	-	-	-
Total non-derivative liabilities	**28,071**	**30,467**	**6,483**	**1,405**	**3,828**	**18,751**
Net inflow / (outflow):						
Interest rate swaps	(71)	22	(11)	(11)	11	33
Foreign exchange forward rate agreements	-	-	-	-	-	-
Total derivative inflow / (outflow)	**(71)**	**22**	**(11)**	**(11)**	**11**	**33**

Group 2017	CARRYING AMOUNT $000'S	CONTRACTUAL CASH FLOWS $000'S	6 MONTHS OR LESS $000'S	6-12 MONTHS $000'S	1-2 YEARS $000'S	2-5 YEARS $000'S
Secured bank loans	24,000	26,627	564	3,498	5,447	17,118
Other unsecured borrowings	-	-	-	-	-	-
Trade and other payables	8,068	8,068	8,068	-	-	-
Total non-derivative liabilities	**32,068**	**34,695**	**8,632**	**3,498**	**5,447**	**17,118**
Net inflow / (outflow):						
Interest rate swaps	(264)	(526)	(184)	(144)	(196)	(2)
Foreign exchange forward rate agreements	-	-	-	-	-	-
Total derivative inflow / (outflow)	**(264)**	**(526)**	**(184)**	**(144)**	**(196)**	**(2)**

28 Financial Instruments (continued)

(C) INTEREST RATE RISK – REPRICING ANALYSIS

Group 2018 Fixed & variable rate instruments	TOTAL $000'S	6 MONTHS OR LESS $000'S	6-12 MONTHS $000'S	1-2 YEARS $000'S	2-5 YEARS $000'S	NON-INTEREST BEARING $000's
Cash and cash equivalents	4,269	4,269	-	-	-	-
Trade and other receivables	4,520	-	-	-	-	4,520
Finance lease receivables	449	123	117	160	52	(3)
Secured bank loans	(22,000)	-	-	-	(22,000)	-
Total fixed and variable rate instruments	**(12,762)**	**4,392**	**117**	**160**	**(21,948)**	**4,517**
Effect of interest rate swaps	16,000	-	-	-	16,000	-
Total fixed and variable rate instruments and related derivatives	**3,238**	**4,392**	**117**	**160**	**(5,948)**	**4,517**

Group 2017 Fixed & variable rate instruments	TOTAL $000'S	6 MONTHS OR LESS $000'S	6-12 MONTHS $000'S	1-2 YEARS $000'S	2-5 YEARS $000'S	NON-INTEREST BEARING $000's
Cash and cash equivalents	2,071	2,071	-	-	-	-
Trade and other receivables	4,301	-	-	-	-	4,301
Finance lease receivables	464	118	113	174	59	-
Secured bank loans	(24,000)	(24,000)	-	-	-	-
Total fixed and variable rate instruments	**(17,163)**	**(21,811)**	**113**	**174**	**59**	**4,301**
Effect of interest rate swaps	24,000	-	14,000	-	10,000	-
Total fixed and variable rate instruments and related derivatives	**6,837**	**(21,811)**	**14,113**	**174**	**10,059**	**4,301**

(E) CAPITAL MANAGEMENT

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

(F) SENSITIVITY ANALYSIS

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

At 30 June 2018 it is estimated that a general increase of a one percentage point in interest rates would have had an immaterial impact on the Group's profit. Interest rate swaps have been included in this assessment.

28 Financial Instruments (continued)

(G) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

(H) INTEREST RATE SWAPS

The Group has a policy of ensuring that at least 50% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in New Zealand dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. The swaps mature over the next three years (see the table above) and have fixed swap rates ranging from 2.00% to 2.40% for the Group. (2017 Group: 2.48% - 4.90%).

The Group's interest rate swaps notional amounts and fair values are presented below.

	GROUP 2018 $000'S	GROUP 2017 $000'S
Interest rate swaps		
Notional contract amount	16,000	24,000
Fair value:		
Assets	-	-
Liabilities	(71)	(264)
Net fair value	**(71)**	**(264)**

(I) OPTIONS

As part of the transaction in 2017 to sell 70% of the discontinued operation the Group entered into two option contracts.

With the exercise of the option to sell the remaining 30% of the discontinued operation in May 2018 both these options form part of the calculation of the Gain/(Loss) on Sale.

	GROUP 2018 $000'S	GROUP 2017 $000'S
Put Option	-	1,000
Call Option	-	(480)
	-	**520**

(J) FAIR VALUES VERSUS CARRYING AMOUNTS

For all financial assets and liabilities the fair values equal the carrying values as shown in the Statement of Financial Position.

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 4 and below.

Interest rates used for determining fair value

The interest rates used to determine fair value are based on the swap yield curve, at the reporting date, for the outstanding term of the interest rate swaps and were as follows:

	2018	2017
Interest rate derivatives	2.00% -2.40%	2.48% - 4.90%

28 Financial Instruments (continued)

Fair value hierarchy

Derivative financial instruments carried at fair value can be categorised by valuation method, or hierarchy. The different levels in the hierarchy have been defined as follows:

* Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
* Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
* Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The interest rate and foreign currency derivatives are both considered Level 2 instruments in the hierarchy.

All other financial assets and liabilities are classified as Level 1.

There have been no transfers between any levels of classification on the fair value hierarchy (2017: nil).

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, advances to subsidiaries and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A non-derivative financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular transactions relating to purchases and sales of financial assets are accounted for at trade date i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

29 Subsequent Events

There have been no material subsequent events.

Independent Auditor's Report

To the shareholders of TeamTalk Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of TeamTalk Limited (the company) and its subsidiaries (the group) on pages 2 to 23:

i. present fairly in all material respects the Group's financial position as at 30 June 2018 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 30 June 2018;

— the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to relation to taxation services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $0.3m determined with reference to a benchmark of group profit before tax from continuing operations. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Goodwill impairment assessment	
The Group has goodwill of $17 million (2017: $17 million) as disclosed in Note 14 of the consolidated financial statements, which is allocated across two cash generating units ("CGU"). Goodwill is required to be tested for impairment annually. Valuation of Goodwill is considered to be a key audit matter due to the significance of the asset to the Group's consolidated financial position and maintaining the full carrying value requires the execution of subjective future scenarios. Market capitalisation of the Group continues to be below the carrying value of net assets, however the shortfall has reduced in the current year.	Our procedures over both CGUs included the following; — Comparing the methodology adopted in the valuation models to accepted valuation approaches; — Comparing the cash flow forecasts to Board approved budgets; — Comparing the revenue and cost forecasts to historic cash flows, and growth rates achieved; — Using our valuation specialists to assess the reasonableness of the discount rates used for each CGU. — Performing sensitivity analysis and considering a range of likely outcomes for various scenarios; and — As a cross check, comparing the valuations to the market, using comparable businesses (where available) and their earnings multiples.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Chairman's report, Chief Executive's report, and disclosures relating to corporate governance. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor’s report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor’s report.

The engagement partner on the audit resulting in this independent auditor's report is Graeme Edwards.

For and on behalf of

KPMG

KPMG
Wellington
23 August 2018

CODE OF CORPORATE GOVERNANCE

TeamTalk is committed to the principles of good corporate governance and believes that sound governance is a vital foundation for the creation of sustainable value for shareholders. The TeamTalk Board has adopted a set of governance practices that go beyond what is legally required with no material differences to the NZX Corporate Governance Best Practice Code. These principles are enshrined in the formal charters adopted by the board and each of its sub-committees and in the Constitution. Sub-committee charters can be found on the TeamTalk website www.teamtalkinvestor.co.nz/governance.

Board Composition and Procedures

The Board comprises six directors of which all six, including the chairman, are independent directors.

The Chairman must always be a non-executive director and may not have the casting vote.

The number of non-executive directors must exceed the number of executive directors and the number of independent directors will reflect, as a minimum, NZSX Listing Rules.

No retirement allowances will be paid to directors.

In order to achieve optimum performance of the Board as a whole, individual director and Board evaluations are conducted annually.

Under the constitution, one third of the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year.

Board Sub-Committees

The Board has three standing sub-committees: Audit & Risk, CityLink Limited and Remuneration. In addition the Nominations sub-committee meets on an as-required basis.

Audit & Risk sub-committee

The Audit sub-committee operates under a separate charter and assists the Board with corporate accounting and financial matters as well as taking the lead in risk management matters. The Audit sub-committee has direct communication with independent auditors. The sub-committee is chaired by Nathan York, the other members are James Sclater, Susan Freeman-Greene, and Roger Sowry (on an ex-officio basis).

Remuneration sub-committee

The Remuneration sub-committee also operates under a separate charter and assists the Board in reviewing remuneration policies for the Board and senior management. This sub-committee is chaired by Tone Borren, the other members being Reg Barrett and Roger Sowry (on an ex-officio basis).

Nominations sub-committee

As stated in the Board's own charter, major policy decisions are matters for the Board as a whole. This philosophy underlies the structure of the Nominations sub-committee, which, while operating under its own charter, comprises all of the directors of the Board. The primary task of this sub-committee is the appointment of directors.

To ensure diversity of reporting and contestability of views there will be a regular programme of senior executives presenting directly to the board.

Auditors

Auditors provide no other services to the Company unless approved by the Audit and Risk sub-committee.

The same audit partner cannot be responsible for the audit for more than five years.

The Company will not employ persons from its Auditors in any senior position, unless their employment with that audit firm had ceased at least two years earlier.

Insurances

TeamTalk undertakes an annual review of its insurance programme and any residual uncovered risk. TeamTalk has indemnity insurance for officers and directors.

Conflict of Interest Policy

A director is required to disclose to the Board any actual or potential conflict of interest. Except where authorised by the Company's constitution and the NZSX Listing Rules, the conflicted director may not vote at a meeting where the relevant issues are discussed, or be counted in a quorum.

Share Dealing

TeamTalk has adopted a code of conduct applying to the share dealings by directors, officers and employees. Directors and officers are restricted from trading in the periods immediately before the release of the Company's half yearly and annual results, and at any other time if they are in possession of inside information. Employees don't have any periods when they are automatically precluded from trading but they are prohibited from trading if in possession of inside information. All requests for trades in the Company's shares by directors and officers must be approved in advance of any trades.

Board of Directors

Directors holding office during the period were:

TEAMTALK LIMITED	CITYLINK LIMITED
Roger Sowry (Chair)*	Andrew Miller (Chair)
Reg Barrett*	Jason Bull
Tone Borren*	
Geoff Davis *2	
George Paterson *1	
Nathan York *	
Susan Freeman-Greene *3	
James Sclater *3	

* Independent Director
1 Ceased 25 October 2017
2 Ceased 31 March 2018
3 Appointed 25 October 2017

Remuneration of Directors

Details of the nature and amount of emoluments paid during the year to each Director or former Director in the Group are as follows:

	FEES ($'000)	SALARY & INCENTIVE REMUNERATION ($'000)	OTHER FEES ($'000)
Parent Company Board			
Roger Sowry	60	-	-
Reg Barrett	35	-	-
Tone Borren	35	-	-
Geoff Davis	23	-	-
George Paterson	12	-	-
Nathan York	35	-	-
Susan Freeman-Greene	23	-	-
James Sclater	23	-	-

Disclosure of Interest

Directors disclosed interests in the following entities as at 30 June 2018, pursuant to section 140 of the Companies Act 1993:

ROGER SOWRY

Entity	Relationship
Saunders Unsworth Limited	Director & Shareholder
Huawei (NZ) Advisory Council	Chairman
Indue NZ advisory board	Member
Homecare Medical (GP) Limited	Chairman
Healthcare NZ	Director
Linka Investments	Director & Shareholder
Chain Investments	Director & Shareholder
Rascality Studio	Director

REG BARRETT

Entity	Relationship
Mobile Intelligence Limited	Chairman
Xlerate Technologies (NZ) Limited	Chairman
Vxceed Technologies (NZ) Limited	Chairman
Vxceed Technologies Inc (US)	Director & Shareholder
Vxceed Technologies Pty Ltd (Australia)	Director & Shareholder
Vxceed Software Solutions TVT Ltd (India)	Director & Shareholder
Vxceed Technologies FZ LLC (UAE)	Director & Shareholder
Latitude 247 HMDH (Germany)	Director & Shareholder
Domel & Associates	Shareholder
Tactix Marketing (NZ) Limited	Chairman

TONE BORREN

Entity	Relationship
Holmes Solutions Limited	Chairman
Pikselin Limited	Director
SFX 2010 Limited	Director
Shift Limited	Director
YouDo Limited	Chairman
The Tomorrow Project	Chairman

NATHAN YORK

Entity	Relationship
Ahu Whenua Trust, Whaiti Kuranui 2D4 Sec1B	Chairman
Bluehaven Group	Chief Executive Officer

JAMES SCLATER

Entity	Relationship
Callander Farms Ltd	Director
Jamiga Investments Ltd	Director and shareholder
ProCare Health Ltd	Director
Reloaders Supplies Ltd	Director
Damar Inudstries Ltd	Director
Homecare Medical (General Partner) Ltd	Director
Salus Aviation	Director
STM Group NZ Ltd	Director
Retail Dimension Ltd	Director
RD Group Holdings Ltd	Director

SUSAN FREEMAN-GREENE

Entity	Relationship
Engineering New Zealand	Chief Executive Officer

Relevant Interest in Shares

Disclosures were made as regards acquisitions / disposals of TeamTalk shares made by TeamTalk directors during the current year.

Directors' Relevant Interests at 30 June 2018

Director	Number of ordinary shares	Registered Holder(s)	Transactions during the period
Roger Sowry	50,000	Linka Investments	On-Market Acquistion of 40,000 Shares for Consideration of $36,120
Reg Barrett	nil		
Tone Borren	47,394	Custodial Services Limited	
Nathan York	nil		
James Sclater	39,500	Hauraki Trust / Boomerang Investments	On-Market Acquistion of 39,500 Shares for Consideration of $37,175
Susan Freeman-Greene	nil		

Executive Employees' Remuneration

The following number of Group employees (excluding Directors but including former employees) received total remuneration of at least $100,000 during the accounting period:

	2018	2017		2018	2017
$100,000 - $109,999	8	3	$220,000 - $229,999	-	1
$110,000 - $119,999	4	9	$230,000 - $239,999	-	-
$120,000 - $129,999	7	3	$240,000 - $249,999	-	-
$130,000 - $139,999	4	4	$250,000 - $259,999	-	1
$140,000 - $149,999	3	5	$260,000 - $269,999	1	-
$150,000 - $159,999	4	5	$270,000 - $279,999	-	2
$160,000 - $169,999	-	-	$280,000 - $289,999	-	-
$170,000 - $179,999	5	1	$290,000 - $299,999	1	1
$180,000 - $189,999	1	-	$300,000 - $319,999	-	-
$190,000 - $199,999	-	-	$340,000 - $349,999	1	-
$200,000 - $209,999	-	-	$560,000 - $569,999	1	-
$210,000 - $219,999	-	1			

Chief Executive Remuneration

CEO Remuneration consists of Fixed Remuneration, a Short Term Incentive Scheme (STI), and a Long Term Incentive Scheme (LTI). CEO remuneration is reviewed annually by the Remuneration Committee following the review of Company performance.

Short Term Incentive - as part of the annual review. The Remuneration Committee sets the key performance targets that form the basis of determining the achievement for the following year.

Long Term Incentive. To balance the short term and long term success of the company The CEO is eligible for a long term incentive scheme. LTI is set over rolling periods of 3 years with criteria based on Shareholder return (measured by movement in the open market share price). Provided that the measurement exceeds the Hurdle Rate then the LTI payable will be calculated using defined calculation methodologies and will be distributed to the CEO in the form of Shares issued to the post-tax value of the LTI.

	Fixed Remuneration			Pay for Performance			
	Salary	Non-Taxable Benefits[2]	Subtotal	STI	LTI	Subtotal	Total Remuneration
FY18	375,658	15,508	391,166	170,000[3]	-	170,000	561,166
FY17[1]	262,731	15,180	277,911	-	-	-	277,911

1. The CEO commenced at TeamTalk Group in September 2016
2. Motor Vehicle provided
3. STI for FY17 Performance Period (Paid in FY18)

Gender Composition of Directors and Officers

As required by NZSX Listing Rule 10.4.5(j) the following table shows the breakdown of Directors and Officers (defined as the senior executive of the group and any of their direct reports) within each company of the TeamTalk Group. Executive Directors are included in both the count of Directors and Officers.

	DIRECTORS		OFFICERS	
AS AT 30 JUNE 2018	MALE	FEMALE	MALE	FEMALE
TeamTalk Limited	5	1	2	-
CityLink Limited	2	-	2	-

	DIRECTORS		OFFICERS	
AS AT 30 JUNE 2017	MALE	FEMALE	MALE	FEMALE
TeamTalk Limited	6	-	2	-
CityLink Limited	2	-	2	-

SHAREHOLDER INFORMATION

Shareholding

The top 20 shareholders of TeamTalk Limited at 2 August 2017 were:

INVESTOR NAME	ORDINARY SHARES	% ISSUED CAPITAL
New Zealand Central Securities	1,499,042	5.28%
Barry William Payne & Brett Gould & Sandra Tui Payne	1,222,281	4.31%
Tuaropaki Kaitiaki Limited	1,022,740	3.61%
Jarden Custodians Limited	690,000	2.43%
FNZ Custodians Limited	650,709	2.29%
Brian Winston Jackson	566,588	2.00%
Forsyth Barr Custodians	560,796	1.98%
FNZ Custodians Limited	550,000	1.94%
Sydney Bruce Crowther & Faith Palairet & Stephen Palairet	528,837	1.86%
Selenium Corporation Limited	494,270	1.74%
Roy Albert Wilson	400,000	1.41%
Deborah Mary Thomson & Mark James Thomson	398,561	1.40%
Custodial Services Limited	381,846	1.35%
Rio Keith Bond & Wendy Bond	330,631	1.17%
Ace Finance Limited	317,151	1.12%
Andrew John Fleck	300,000	1.06%
David Hugh Paget Walpole & Erica Julia Walpole	300,000	1.06%
Neil Andrew De Wit	282,423	1.00%
Kevin Ivor Brown & Karen Anne Brown	264,426	0.93%
Custodial Services Limited	210,279	0.74%
		38.67%

Size of Holdings

The details set out below were as at 8 August 2018:

RANGE	NUMBER OF HOLDERS	%	NUMBER OF ORDINARY SHARES	% ISSUED CAPITAL
1-1,000	103	7.92%	75,487	0.27%
1,001-5,000	528	40.62%	1,641,985	5.79%
5,001-10,000	265	20.38%	2,113,088	7.45%
10,001-50,000	321	24.69%	7,300,717	25.73%
50,001-100,000	39	3.00%	2,867,718	10.11%
Greater than 100,000	44	3.38%	14,369,999	50.65%
	1,300	**100.00%**	**28,368,994**	**100.00%**

Substantial Security Holders

Pursuant to section 293 of the Financial Markets Conduct Act 2013, there were, at 30 June 2018, no Substantial Security Holders.


TeamTalk
LCH104

TEAMTALK LIMITED CORPORATE DIRECTORY

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BRANCHES

AUCKLAND

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CHRISTCHURCH

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Burnside, Christchurch
Phone: (03) 357 3005

SUBSIDIARIES

CITYLINK LIMITED

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Wellington, New Zealand
Phone: (04) 917 0200
www.citylink.co.nz

AUDITORS

KPMG

10 Customhouse Quay, Wellington,
New Zealand

SOLICITORS

Crengle, Shreves & Ratner
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142 Featherston Street, Wellington,
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BANKERS

Bank of New Zealand Limited
BNZ Partner Centre, Level 10,
1 Victoria Street, Wellington,
New Zealand

REGISTRAR

Link Market Services Limited
138 Tancred Street, Ashburton,
New Zealand

TeamTalk
HOW WORK GETS DONE