

TCNZ Finance Limited
Results for Announcement to the Market

Reporting Period: 12 months to 30 June 2010
Previous Reporting period: 12 months to 30 June 2009

	Year ended 30 June 2010 NZ\$000	Movement
Revenue from ordinary activities	892,000	Down 20.1%
Profit/(Loss) from ordinary activities after tax attributable to members	139,000	Up 434.6%
Net profit attributable to members	139,000	Up 434.6%

	Amount per security	Imputed amount per security
Interim/Final dividend	TCNZ Finance Limited paid a dividend of 28.3167 cents per ordinary share (there being 342,872,600 ordinary shares in issue) and 28.3 per redeemable share (there being 540,000,000 redeemable shares in issue) equating to a total dividend of \$250 million to Telecom Corporation of New Zealand Limited on 23 March 2010.	Nil

Record date	23 March 2010
Dividend payment date	23 March 2010

1 Net Tangible Assets Per Security

	As at 30 June 2010	As at 30 June 2009
Net tangible assets per security	NZ\$1.73	NZ\$1.86

TCNZ Finance Limited

Supplementary Appendix 1 Information

The information below supplements the information disclosed in the attached condensed financial statements.

2 Results Commentary

TCNZ Finance recorded a net profit after tax for the year ended 30 June 2010 of \$139 million compared to a net profit after tax for the year ended 30 June 2009 of \$26 million. Net earnings increased significantly compared to the prior year principally due to favourable movements in foreign currency rates that resulted in a net foreign exchange loss of \$13 million (30 June 2009: net foreign exchange loss \$126 million).

Shareholders' equity at 30 June 2010 totalled \$1,526 million.

3 Basis of Report

This report is based on financial statements that have been audited and the auditors have issued an unqualified opinion.

4 Control Over Entities Gained or Lost

TCNZ Finance gained or lost no subsidiaries, associates or joint venture entities in the financial years ended 30 June 2010 and 2009.

5 Critical Accounting Policies

The accounting policies utilised in compiling TCNZ Finance's financial statements are set out in note 1 to the condensed financial statements. The principal areas of judgement in preparing TCNZ Finance's financial statements are set out below.

Valuation of investments

Management performs an assessment of the carrying value of long-term investments at least annually. In assessing whether there has been impairment, consideration is given to the financial performance of the investee and other factors that impact management's expectation of recovering the value of the investment. This assessment also requires management to make judgements about the expected future performance and cash flows of the investee in order to determine the fair value of investments.