

**TCNZ Finance Limited**  
**Results for Announcement to the Market**

**Reporting Period:** 6 months to 31 December 2010  
**Previous Reporting period:** 6 months to 31 December 2009

	<b>Six months ended 31 December 2010 NZ\$000</b>	<b>Movement</b>
<b>Revenue from ordinary activities</b>	448,000	Down 12.3%
<b>Profit/(Loss) from ordinary activities after tax attributable to members</b>	261,000	NM
<b>Net profit attributable to members</b>	261,000	NM

NM = Not meaningful

	<b>Amount per security</b>	<b>Imputed amount per security</b>
<b>Interim/Final dividend</b>	Nil. TCNZ Finance does not propose to pay any dividend in respect of the Reporting Period.	Nil

<b>Record date</b>	Not Applicable
<b>Dividend payment date</b>	Not Applicable

**1 Net Tangible Assets Per Security**

	<b>As at 31 December 2010</b>	<b>As at 31 December 2009</b>
Net tangible assets per security	NZ\$2.02	NZ\$1.97

# **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 six months ended 31 December 2010 of \$261 million compared to a net profit after tax for the six months ended 31 December 2009 of \$89 million. Net earnings increased significantly compared to the prior period principally due to favourable movements in foreign currency rates that resulted in a net foreign exchange gain of \$162 million (31 December 2009: net foreign exchange gain \$2 million).

Shareholders' equity at 31 December 2010 totalled \$1,784 million.

### **3 Basis of Report**

This report is based on financial statements that are unaudited.

### **4 Control Over Entities Gained or Lost**

TCNZ Finance had no subsidiaries, associates or joint venture entities in the six months ended 31 December 2010.

### **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 for the six months ended 31 December 2010, which refer to the financial statements for the year ended 30 June 2010. 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.