

TCNZ Finance Limited
Results for Announcement to the Market

Reporting Period: 12 months to 30 June 2012
Previous Reporting period: 12 months to 30 June 2011

	Year ended 30 June 2012 NZ\$000	Percentage change
Revenue from ordinary activities	831,000	Down 7.9%
Net profit/(loss) from ordinary activities after tax attributable to security holders	(403,000)	Down 233.1%

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

Record date	Not Applicable
Dividend payment date	Not Applicable

Comments

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

1 Net Tangible Assets and Earnings Per Security

	As at 30 June 2012	As at 30 June 2011
Net tangible assets per security	NZ\$1.61	NZ\$2.05
Earnings / (loss) per security	(NZ\$0.46)	NZ\$0.34

2 Results Commentary

TCNZ Finance Limited recorded a net loss after tax for the year ended 30 June 2012 of \$403 million compared to a net profit after tax for the year ended 30 June 2011 of \$303 million. The majority of the loss related to debt forgiveness of \$546 million of debentures and other loans from a fellow subsidiary, on closure of TCNZ Finance's Australian branch. Additionally \$170 million of the loss arose from a debt restructuring following Telecom's demerger of Chorus Limited ("demerger"), which gave rise to the novation of part of TCNZ Finance Limited's GBP notes, repayment of CHF, CAD and USD notes and novation and closure of the associated derivatives. The net foreign exchange loss for the year ended 30 June 2012 was \$32 million (30 June 2011: net foreign exchange gain \$115 million). Shareholders' equity at 30 June 2012 totalled \$1,423 million. During the year ending 30 June 2012 TCNZ Finance paid no dividends to the parent company (30 June 2011: nil).

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 Limited gained or lost no subsidiaries, associates or joint venture entities in the financial years ended 30 June 2012 and 2011.

5 Critical Accounting Policies

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