

TELECOM WELLINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS—*continued*

	Six Months Ended 30 September 1990 \$000's	Year Ended 31 March 1990 \$000's
2 REVENUE	166,336	344,888
Revenue includes rental from telephone lines and customer premises equipment, national calls, telex, leased circuit, telegraph, radio and support centre service revenue, and sales of customer premises equipment.		
3 OPERATING EXPENSES	135,047	241,422
Included in Operating expenses are:		
Depreciation	24,736	52,580
Audit fees	95	135
Intercompany management fee	7,927	15,466
Lease and rental costs	6,847	6,493
4 INTEREST		
Interest income:		
-Intercompany	36	3,972
Interest expense:		
-Intercompany	9,669	19,347
-Less interest capitalised	-	(135)
	9,669	19,212
5 TAXATION EXPENSE		
Net earnings before taxation	21,656	88,226
Tax at current rate of 33%	7,146	29,115
Adjustment for permanent differences	57	333
Total taxation	7,203	29,448
The tax expense is represented by:		
-Current taxation (Note 9)	5,540	25,635
-Deferred taxation (Note 9)	1,663	3,813
	7,203	29,448
6 DIVIDENDS		
Interim dividend proposed	4,086	-
Interim dividend paid	-	19,400
Final dividend proposed	-	20,223
Dividends for period	4,086	39,623
Proposed dividend at end of period	4,086	20,223
7 ACCOUNTS PAYABLE AND ACCRUALS		
Trade accounts payable and accruals	16,238	20,704
Personnel accruals	6,616	7,472
Rentals billed in advance	5,093	3,141
Payable to fellow subsidiary companies	5,312	16,893
Payable to parent company	25,873	36,411
	59,132	84,621
8 TERM LIABILITIES (UNSECURED)		
Parent company loan	132,452	132,452

Interest rates on the parent company loan ranged from 14.14% to 14.28% for the six months ended 30 September 1990. The parent company loan has no fixed date for repayment.