

TELECOM AUCKLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10 SHAREHOLDERS' EQUITY
SHARE PREMIUM RESERVE

| | 30 September | | 31 March |
|--|----------------|----------------|----------------|
| | 1991 | 1990 | 1991 |
| | \$000's | \$000's | \$000's |
| Balance at beginning and end of period | 464,614 | 464,614 | 464,614 |

(Consisting of a premium of \$9,999 on 46,466 redeemable preference shares)

Dividends declared apply to redeemable preference shares as if they were ordinary shares. On winding up of the company preference shareholders rank in priority to ordinary shareholders in respect of outstanding dividends and the issue price of the redeemable preference shares. The redeemable preference shares are subject to redemption, at the issue price five days after written notice from the holder.

RETAINED EARNINGS

| | 30 September | | 31 March |
|---------------------------------|---------------|---------------|---------------|
| | 1991 | 1990 | 1991 |
| | \$000's | \$000's | \$000's |
| Balance at beginning of period | 31,748 | 3,144 | 3,144 |
| Net earnings | 14,034 | 22,067 | 45,627 |
| | 45,782 | 25,211 | 48,771 |
| Dividends | (22,437) | (6,263) | (17,023) |
| Balance at end of period | 23,345 | 18,948 | 31,748 |

DIVIDENDS

Interim and final dividends declared from the retained earnings of the Company are as follows:

| | Six months ended 30 September | | Year ended 31 March |
|-------------------|----------------------------------|--------------|------------------------|
| | 1991 | 1990 | 1991 |
| | \$000's | \$000's | \$000's |
| Interim dividends | 22,437 | 6,263 | 17,023 |
| Final dividend | - | - | - |
| | 22,437 | 6,263 | 17,023 |