

TELECOM WELLINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

15 RELATED PARTY TRANSACTIONS (Continued)

GROUP RESTRUCTURING AND CHANGE IN TRADING RELATIONSHIP

With effect from 1 April 1991, the pricing of the trading relationship between the Company and Telecom New Zealand International Limited, a fellow group company, was renegotiated. The effect of the change on the results for the six months ended 30 September 1991 was to reduce reported operating revenues by approximately \$6.3 million and net earnings by approximately \$4.2 million from that which would otherwise have been reported.

With effect from 1 April 1991, a new group company was formed to provide national network and other operational services to the Regional Operating Companies. As a result of this restructuring, certain fixed assets, personnel (and related accrued personnel costs) and services previously associated with the Company were transferred at net book value to the new company. The net book value of the fixed assets transferred amounted to approximately \$4.1 million.

16 FELLOW SUBSIDIARY COMPANIES

At 30 September 1991 the principal fellow subsidiaries of the Company were as follows:

- Telecom Auckland Limited
- Telecom Central Limited
- Telecom South Limited
- Telecom Networks and Operations Limited
- Telecom New Zealand International Limited (formerly Telecom Networks and International Limited)
- Telecom Directories Limited
- Telecom Equipment Supplies Limited
- Telecom Cellular Limited
- Telecom Mobile Radio Limited
- Telecom Repair Services Limited
- Telecom Paging Limited
- New Zealand Telecommunications Systems Support Centre Limited
- Comtel Communications Limited
- Telecom Corporation of New Zealand (Overseas Finance) Limited
- TCNZ (UK) Investments Limited
- Telecom Wellington Investments Limited
- Telecom Operations Limited
- Mokuso Holdings Limited
- Teleco Insurance, Inc

In-substance subsidiaries

- Netway Communications Limited