

TELECOM SOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2 OPERATING EXPENSES

	Six months ended 30 September		Year ended 31 March
	1991	1990	1991
	\$000's	\$000's	\$000's
	164,550	169,520	328,719
Included in operating expenses are:			
- Depreciation	50,530	49,342	101,303
- Audit fees	100	95	190
- Intercompany management fee	8,553	8,873	15,431
- Lease and rental costs	2,483	2,863	5,849

3 INVESTMENT INCOME/INTEREST EXPENSE

	Six months ended 30 September		Year ended 31 March
	1991	1990	1991
	\$000's	\$000's	\$000's
Interest income:			
- Intercompany	-	173	174
- Other	2	-	-
	2	173	174
Interest expense:			
- Intercompany (including finance lease charges)	18,623	16,328	35,898
- Other	(10)	1,127	(10)
	18,613	17,455	35,888
- Less interest capitalised	(4,266)	(883)	(3,348)
	14,347	16,572	32,540