12 February 2015

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the half-year ended 31 December 2014 – Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose for immediate release to the market:

a) a presentation;

b) CEO and CFO speeches;

c) the Half-Year Results and Operations Review; and

d) financial and statistical tables

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Yours faithfully

Damien Coleman
Company Secretary

IT'S HOW WE CONNECT

TELSTRA HALF YEAR 2015 RESULTS ANNOUNCEMENT

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IT'S HOW WE CONNECT

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TELSTRA
HALF YEAR 2015
RESULTS ANNOUNCEMENT

DAVID THODEY, CHIEF EXECUTIVE OFFICER

STRONG SET OF FINANCIAL RESULTS – SEVEN CONSECUTIVE HALVES OF EARNINGS GROWTH

TOTAL INCOME
$13B
↑ 1.6%

EBITDA
$5.3B
↑ 0.5%

EARNINGS PER SHARE
16.9c
↑ 23.4%

NET PROFIT AFTER TAX
$2.1B
↑ 21.7%

INTERIM DIVIDEND ↑ TO 15 CENTS PER SHARE

↑ GROWTH IN THE CUSTOMER BASE

INVESTMENT IN THE CORE AND NEW GROWTH BUSINESSES

NBN AGREEMENTS SIGNED

IT'S HOW WE CONNECT

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2015

ANDREW PENN, CHIEF FINANCIAL OFFICER & GROUP EXECUTIVE, INTERNATIONAL

IT'S HOW
WE CONNECT

AGENDA

1. GROUP RESULTS
2. BUSINESS UNIT AND PRODUCT PERFORMANCE
3. PRODUCTIVITY
4. CAPITAL AND PORTFOLIO MANAGEMENT
5. GUIDANCE

IT'S HOW
WE CONNECT

GROUP RESULTS – INCOME STATEMENT

	1H14	1H15	GROWTH (reported basis)	GROWTH (guidance basis[1])
Sales revenue	$12.6b	$12.6b	0.6%	
Total income[2]	**$12.8b**	**$13.0b**	**1.6%**	**1.0%**
Operating expenses	$7.5b	$7.7b	2.3%	
EBITDA	**$5.3b**	**$5.3b**	**0.5%**	**0.5%**
Depreciation and amortisation	$2.0b	$2.0b	-1.2%	
EBIT	**$3.3b**	**$3.3b**	**1.6%**	
Net finance costs	$0.5b	$0.4b	-28.0%	
Income tax expense	$0.8b	$0.9b	6.2%	
NPAT from continuing operations	**$2.0b**	**$2.1b**	**7.0%**	
(Loss)/Profit from discontinued operations	**($0.2b)**	**-**	n/m	
NPAT[3]	**$1.7b**	**$2.1b**	**21.7%**	
Basic earnings per share[4] (cents)	13.7	16.9	23.4%	

IT'S HOW WE CONNECT

1. Guidance assumes wholesale product price stability, no impairments to investments, excludes any proceeds on the sale of businesses, M&A and purchase of spectrum.
2. Total income excludes finance income.
3. NPAT from continuing and discontinued operations.
4. Basic earnings per share from continuing and discontinued operations and the 1H15 EPS includes the impact of the share buy-back.

GROUP RESULTS – FINANCIAL MEASURES

	1H14	1H15	GROWTH (reported basis)
Capex[1]	$1.8b	**$1.7b**	-4.7%
Free Cashflow[2]	$1.7b	**$0.3b**	-84.1%
Ordinary DPS (cents)	14.5	**15.0**	3.4%
Ratios			
Capex to Sales	14.4%	**13.7%**	-0.7pp
Payout Ratio	106%	**89%**	-17pp
ROE	26.8%	**30.7%**	+3.9pp
ROIC[3]	15.2%	**16.4%**	+1.2pp
Gearing	51.4%	**49.0%**	-2.4pp

IT'S HOW WE CONNECT

1. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis.
2. Cashflows from continuing and discontinued operations.
3. ROIC is calculated as NPAT as a percentage of total capital (average net equity + average net debt) after adjusting to recognise Sensis as a discontinued business.

BUSINESS UNIT RESULTS
INCOME GROWTH ACROSS ALL SEGMENTS

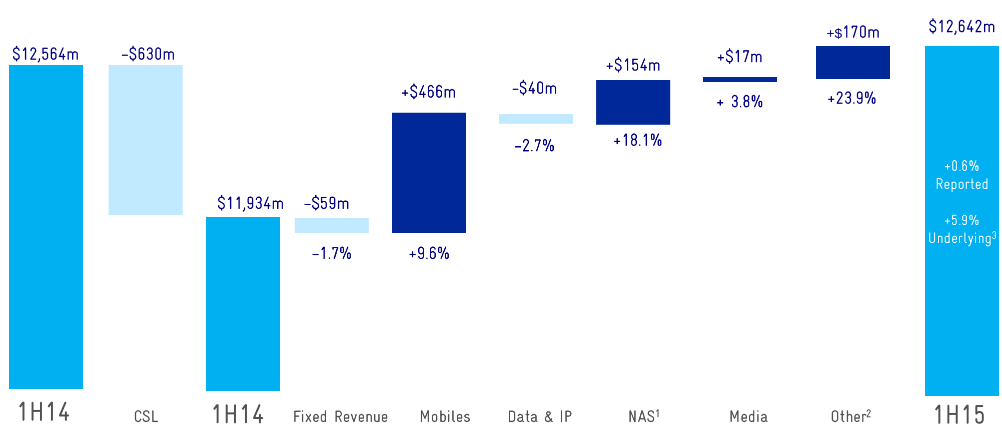
BUSINESS UNIT INCOME	1H14	1H15	GROWTH
Telstra Retail[1]	**$8.2b**	**$8.6b**	**5.8%**
Consumer	$5.6b	$6.0b	6.9%
Business	$2.4b	$2.5b	2.7%
Global Enterprise and Services	**$2.5b**	**$2.6b**	**3.8%**
Enterprise and Government	$2.1b	$2.1b	1.6%
Telstra Global[2]	$0.4b	$0.5b	14.8%
Telstra Wholesale	**$1.2b**	**$1.2b**	**7.7%**

- Strong growth in Consumer driven by mobile ARPU and fixed data subscriber growth.
- Business growth driven by broadband and NAS, including unified communications and cloud-hosted solutions.
- GES growth driven by the contribution of enterprise mobility and new global NAS deals.
- Wholesale revenue growth largely driven by an increase in NBN infrastructure payments which have increased in line with NBN rollout.

IT'S HOW WE CONNECT

1. Telstra Retail segment includes Telstra Consumer, Telstra Business, Telstra Media Group and Telstra Health. Telstra Media Group and Telstra Health contributed income of $151m ($133m in 1H14). Media segment income includes the Foxtel dividend, cable access revenue and classified and advertising revenue. Other media entertainment, services and content income is allocated to Telstra Consumer and Business segment.
2. Revenue from external customers in GES includes $86 million (1H14: $83 million) of inter-segment revenue treated as external expenses in Telstra Retail and Telstra Wholesale.

PRODUCT PERFORMANCE
SALES REVENUE GROWTH MAINTAINED



IT'S HOW WE CONNECT

1. Network Applications and Services (NAS) includes domestic and international NAS.
2. Other includes NBN Infrastructure Services Agreement, Health, China Digital Media, Global Connectivity and miscellaneous product revenue and in the prior period includes NBN Information, Campaign and Migration Deed.
3. Underlying sales revenue growth is calculated from a 1H14 baseline which excludes trading revenue from CSL. CSL was divested in May 2014.

PRODUCT PERFORMANCE: FIXED
FIXED DATA GROWTH OFFSETTING DECLINE IN VOICE

FIXED	1H14	1H15	GROWTH
Revenue	$3,564m	**$3,505m**	-1.7%
- Fixed Voice[1]	$2,058m	**$1,917m**	-6.9%
- Fixed Data[2]	$1,090m	**$1,175m**	7.8%
- Other Fixed[3]	$416m	**$413m**	-0.7%
EBITDA Margin – Fixed Voice[4]	61%	**56%**	-5pp
EBITDA Margin – Fixed Data[4]	39%	**42%**	+3pp
Fixed Voice Customers – retail	6.4m	**6.1m**	-0.3m
Fixed Data Customers – retail	2.8m	**3.0m**	+0.2m

- Continued improvement in fixed voice driven by customer retention.
- Retail fixed voice line loss of -4.0% (-141,000 in the half) partly offset by gains in wholesale voice +3.2% (+33,000 in the half).
- Retail fixed data revenue up 7.9% driven by subscribers (+87,000 in the half) and improved ARPU (+1.3%).
- Increased fixed data EBITDA margin driven by revenue growth and improved productivity in network maintenance costs.
- 127,000 bundles added in the half, driven by the launch of new Entertainer bundles in May 2014 including an expanded Foxtel offer.
- 69% of the fixed data customer base is now on a bundled plan.

IT'S HOW WE CONNECT

1. Fixed voice includes PSTN and voice revenue.
2. Fixed data includes fixed broadband and data revenue.
3. Other fixed includes customer premises equipment; inter-carrier access services (including ULL) and payphone. Other fixed does not include NBN Infrastructure Services Agreement. Receipts ($106m in 1H14) and does include voice services re-classified from Sensis and Advertising ($44m in 1H14).
4. Fixed voice and data EBITDA margins include the impact of NBN retail voice and data products.

PRODUCT PERFORMANCE: MOBILES
REVENUE GROWTH DRIVEN BY STRONG ARPU

MOBILES	1H14	1H15	GROWTH
Revenue	$4,861m	**$5,327m**	9.6%
- Postpaid Handheld	$2,495m	**$2,701m**	8.3%
- Prepaid Handheld	$419m	**$498m**	18.9%
- Mobile Broadband	$643m	**$649m**	0.9%
- Machine to Machine	$47m	**$55m**	17.0%
- Hardware	$784m	**$947m**	20.8%
- Other[1]	$473m	**$477m**	0.8%
EBITDA Margin	39%	**40%**	+1pp
Customers	15.8m	**16.4m**	3.6%
Postpaid Handheld ARPU ex. MRO[2]	$66.80	**$69.71**	4.4%
Postpaid Handheld ARPU inc. MRO	$58.81	**$62.22**	5.8%
Postpaid Handheld Churn	10.6%	**12.0%**	+1.4pp

- Mobile services revenue +7.4% driven by strong growth of postpaid and prepaid handheld ARPU.
- Postpaid handheld revenue growth driven by ARPU (+4.4% ex-MRO) through effective data monetisation including customer migration to higher value plans.
- Prepaid handheld revenue growth driven by increased data usage and growth in unique users (+6.1%).
- Postpaid mobile broadband revenue growth offset by decline in prepaid.
- EBITDA margin improvement driven by increased ARPU and operational leverage.
- Mobile customer growth of 366,000 including 81,000 postpaid handheld customers in the half.
- Churn has increased following some aggressive competitive offers.

IT'S HOW WE CONNECT

1. Other includes satellite, wholesale and interconnect.
2. Prior year adjustment due to an incorrect omission of a number of Telstra Business MRO accounts from the calculated ARPU.

PRODUCT PERFORMANCE: DATA & IP
CONTINUED TRANSITION FROM LEGACY PRODUCTS TO IP

DATA & IP	1H14	1H15	GROWTH
Revenue	$1,498m	**$1,458m**	-2.7%
- IP Access	$581m	**$590m**	1.5%
- Other Data & Calling Products[1]	$554m	**$528m**	-4.7%
- ISDN	$363m	**$340m**	-6.3%
EBITDA Margin	65%	**64%**	-1pp
IP MAN SIOs	32k	**34k**	6.3%
IP WAN SIOs	110k	**109k**	-0.9%

- Data and IP revenue decline is due to migration from legacy calling products to NAS products.
- IP access growth is driven by increasing customer connections and migration to higher value fibre services with pricing pressure impacting yields.
- IP MAN revenue was up 6.9%, and represents 66% of IP Access revenues.
- Slower ISDN decline driven by access line reduction of 6.6% whilst ARPU remains steady at $47.
- IP MAN access line growth reflects customer wins and demand for scalable high bandwidth.
- EBITDA margin impacted by yield pressures in the IP market and revenue decline.

IT'S HOW WE CONNECT

1. Includes specialised data, wholesale data and inbound products (13, 1300 and 1800).

PRODUCT AND BUSINESS LINE PERFORMANCE: NAS
CONTINUED GROWTH FROM MNS, CLOUD AND INDUSTRY SOLUTIONS

NAS by product category	1H14	1H15	GROWTH
Revenue[1]	$853m	**$1,007m**	18.1%
- Managed Network Services	$208m	**$235m**	13.0%
- Unified Communications	$331m	**$348m**	5.1%
- Cloud Services	$91m	**$120m**	31.9%
- Industry Solutions	$170m	**$251m**	47.6%
- Integrated Services	$53m	**$53m**	0.0%
NAS by segment	**1H14**	**1H15**	**GROWTH**
Business	$178m	**$251m**	41.0%
GES Domestic[2]	$643m	**$715m**	11.2%
GES International	$32m	**$41m**	28.1%

- NAS revenue growth continued with strong contributions from Cloud, Managed Network Services and Industry Solutions. This was driven by existing and new contracts and the acquisition of O2, NSC Group and Bridge Point.
- New scalable cloud customer offerings were introduced through partnerships with global cloud vendors, driving increased customer uptake and revenue.
- Industry Solutions growth was driven by wireless network deployments and the acquisition of SNP Monitoring.
- NAS profitability continued its trend of improvement.

IT'S HOW WE CONNECT

1. NAS product revenues have been re-stated to include international NAS.
2. GES Domestic includes Telstra Operations business unit revenue.

PRODUCT PERFORMANCE: MEDIA – FOXTEL
CUSTOMER GROWTH FROM NEW PACKAGES DELIVERING BENEFITS IN FOXTEL

FOXTEL (All $ amounts in $AUD under Australian IFRS)	1H14[1]	1H15	GROWTH
Revenue	$1,556m	**$1,574m**	1.2%
EBITDA	$468m	**$470m**	0.4%
EBIT[2]	$273m	**$278m**	1.8%
Total subscribers	2,549k	**2,667k**	4.7%
Churn	12.4%	**11.4%**	-1.0pp
Receipts in Telstra's books			
Distribution received	$50m	**$50m**	0.0%
Cable Access Revenue	$60m	**$60m**	0.0%

- Revenue growth driven by customer growth and subscription revenue growth up 2.9%, offset by a decline in advertising revenues.
- EBITDA was impacted by additional content and support costs associated with new pricing and packages.
- Customer growth of 118,000 was underpinned by strong support from Telstra Entertainer bundles, the new pricing and packages and lower churn.
- Continued focus on maintaining momentum of new pricing and packages and roll out of iQ3, Presto and Triple Play offerings in early 2015.

IT'S HOW WE CONNECT

1. 1H14 revenue has been restated due to an accounting treatment change to recognise customer discounts in relation to offers. These were recognised as cost of sale in 1H14, and are now recognised as a reduction in revenue.
2. Excludes share of profits from associates (1H15 $3m, 1H14 $3m).

PRODUCT PERFORMANCE: MEDIA – OTHER MEDIA ASSETS
STEADY GROWTH IN PAY TV REVENUE

MEDIA ENTERTAINMENT SERVICES AND CONTENT	1H14	1H15	GROWTH
Revenue[1]	$388m	**$405m**	4.4%
PayTV (Premium & Paylite)	$348m	**$364m**	4.6%
Premium[2]	$297m	**$322m**	8.4%
Paylite[3]	$51m	**$42m**	-17.6%
Digital Content Services[1]	$40m	**$41m**	2.5%
Premium Subscribers	500k	**560k**	12.0%
Paylite Subscribers (Foxtel on T Box)	155k	**190k**	22.6%
Movie Downloads	2.4m	**2.7m**	13.4%
T Box Sales[4]	687k	**800k**	16.4%

- Revenue growth driven by increased take up following reintroduction of Foxtel Premium to Telstra bundles in May and Foxtel re-pricing in November.
- Triple play bundles with Foxtel Premium from Telstra have proved popular with 53,000 customers taking up the service on a bundle in the half.
- A shift in focus towards Foxtel Premium in our bundle offers has impacted Paylite revenue and subscriber growth.
- Digital Content Services includes revenue driven by increased take up of NRL and AFL apps during the Australian winter sports season offset by declining revenue from feature phone services.

IT'S HOW WE CONNECT

1. Digital Content Services revenue includes $8m of revenue which was recognised in Sensis and Advertising in 1H14 and $1m of Media classified revenue.
2. Premium Pay TV revenue comprises Foxtel from Telstra sales.
3. Paylite revenue comprises sales from T-Box, Foxtel on T-Box and BigPond Movies services.
4. Cumulative Life-to-date.

INTERNATIONAL
GROWTH IN CONNECTIVITY AND NAS

AUTOHOME ($AUD)[1]	FY12	FY13	FY14	CAGR[2] IN LOCAL CURRENCY
Revenue	$77m	$134m	$250m	67.5%
EBITDA	$37m	$72m	$129m	73.3%
PRODUCT PERFORMANCE ($AUD)	**1H14**	**1H15**	**GROWTH**	**GROWTH IN LOCAL CURRENCY**
Hong Kong (CSL)[3]	$630m	-	n/m	n/m
Global connectivity[4]	$291m	$322m	10.7%	4.7%
International NAS[4]	$32m	$41m	28.1%	27.9%

- Autohome revenue was up 64.6%[5] for the 3 months to 30 September 2014 over the prior corresponding period.
- The business outlook provided for Q4 CY14 was for net revenue growth of 58.0% to 64.8%[5] over Q4 CY13.
- Dealer subscription services continue their strong growth in Q3, up 64.5% from Q3 CY13.
- Average daily unique visitors to Autohome websites by mobile were 6.9m during September 2014, up 177% respectively from September 2013.
- CSL sale transaction completed in May 2014.
- Global connectivity growth is driven by continued increase in wholesale carrier data and growth of retail IP solutions.
- Acquisition of Pacnet was announced 23 December and is expected to close in 4Q15. This will accelerate our international connectivity and NAS growth.

IT'S HOW WE CONNECT

1. Autohome financials are presented on a financial year ended 30 June basis in line with Telstra's reporting period.
2. CAGR is compound annual growth rate for 2 years.
3. CSL results have been consolidated until April 2014.
4. Includes various local currencies therefore calculated on weighted average growth for the significant contributing entities.
5. Autohome Q3 CY14 revenue growth and Q4 CY14 business outlook are calculated under U.S. GAAP.

PACNET
EXTENDING CAPABILITY AND PRESENCE IN ASIA

PACNET

PACNET	CY13	Further information
Acquisition price		US$697m
Revenue	US$472m	
EBITDA	US$111m	
Points of Presence		109
Data centres		29
Submarine cable		46,420kms

- Pacnet acquisition will double the scale of our enterprise business in Asia.
- 2,400 enterprise customers and 220 carrier customers.
- Pacnet's existing products and services include connectivity, bandwidth, IT solutions, data centre hosting and co-location, and will be fully integrated into our global connectivity and NAS business.
- We are targeting run rate synergies of approximately AUD$65m.
- China joint venture is licensed to operate domestic IP VPN and provide data centre and hosting services in China.
- The transaction is subject to regulatory and Pacnet financier approvals and is expected to complete 4Q15.

IT'S HOW WE CONNECT

NBN

NBN INCOME OF $385m

NBN	1H14	1H15
Income	**$294m**	**$385m**
- Commonwealth agreements and other Govt. policy commitments	**$136m**	**$90m**
- Retraining[1]	$7m	$6m
- Information Campaign and Migration Deed[2]	$52m	-
- TUSMA[3]	$77m	$84m
- Infrastructure Services Agreement (ISA)[4]	**$139m**	**$219m**
- PSAA[5]	**$19m**	**$76m**

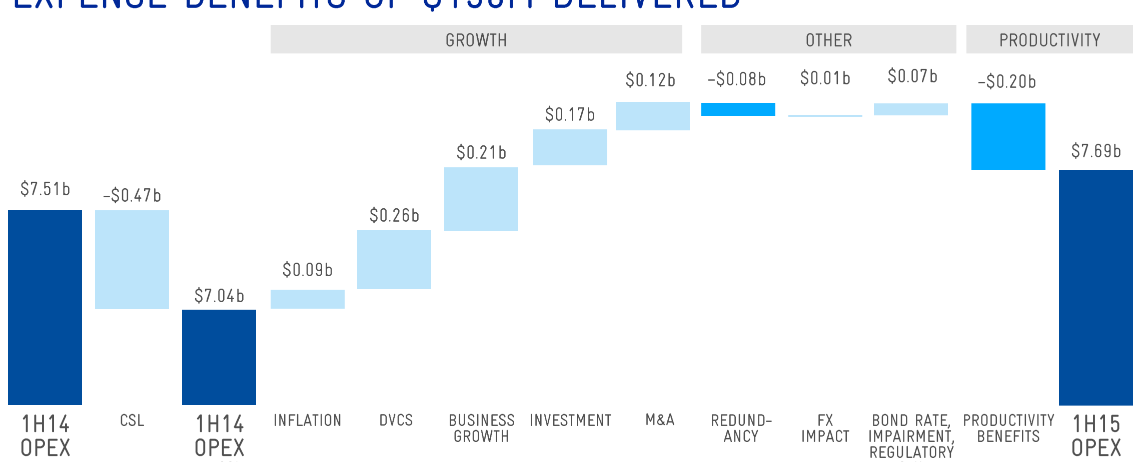
- Reduction in receipts from the Commonwealth Agreements following full recognition of Information Campaign and Migration Deed in the previous periods.
- Strong growth in NBN income for infrastructure access (ISA income) and disconnections (PSAA income) driven by increased progress of NBN rollout.
- Telstra has signed a contract with NBN Co to provide planning and design services to support the NBN rollout.

IT'S HOW WE CONNECT

1. Retraining booked as other income and in "other" segment income.
2. Information Campaign and Migration Deed booked as other sales revenue and recognised in "other" segment income.
3. TUSMA booked as other income and in Retail ($29m) and Operations ($55m) segment income.
4. Infrastructure Services Agreement booked as other sales revenue ($173m) and other income ($46m). This is all recognised in Telstra Wholesale segment income.
5. Per Subscriber Address Amount (PSAA) booked as other income and recognised in "other" segment income.

PRODUCTIVITY

EXPENSE BENEFITS OF $196M DELIVERED



IT'S HOW WE CONNECT

CAPITAL AND PORTFOLIO MANAGEMENT
STRATEGIC FRAMEWORK

FISCAL DISCIPLINE

OBJECTIVES

1. MAXIMISING RETURNS FOR SHAREHOLDERS
2. MAINTAINING FINANCIAL STRENGTH
3. RETAIN FINANCIAL FLEXIBILITY

PRINCIPLES

1. Maintain balance sheet settings consistent with a single-A credit rating
2. Ensure dividend remains fully-franked and seek to increase it over time.[1]
3. Target medium-term capex/sales ratio ~14% subject to NBN roll-out, excluding spectrum payments
4. Over a full year we will not borrow to pay the dividend or fund capital returns
5. Maintain flexibility for portfolio management and to make strategic investments

Cumulative Excess Free Cashflow: $3.3b as at 31 December 2014

- $1b (or 1.75%) buy-back completed at a price of $4.60.
- Reactivation of DRP effective from 2015 final dividend.
- Expect to purchase shares on market to satisfy DRP.

IT'S HOW WE CONNECT

1. Any dividend is subject to the Board's normal approval process for dividend declaration and there being no unexpected material events.

CAPITAL AND PORTFOLIO MANAGEMENT
STRATEGIC ACQUISITIONS AND INVESTMENTS

NAS: SNP Security, Bridge Point, AFN Solutions — $39m[1]

SOFTWARE: Ooyala, videoplaza — $366m

HEALTH[2]: iCareHealth, medinexus, cloudmed, Orion Health, emerging systems — $67m

Bigcommerce, Matrixx Software, apnear, Panviva, Elemental — $39m

CORE & ADJACENCIES | 2ND AND 3RD HORIZON | VENTURES

- Core acquisitions address specific capability gaps in our services portfolio, expand into strategic adjacencies and extend capacity and presence in specific geographies.
- Telstra Health division launched with ambition to become Australia's leading provider of integrated eHealth solutions.
- Ooyala and Videoplaza to build a leading global intelligent video platform.
- Telstra Ventures is focused on high growth opportunities that offer technology and solutions which leverage Telstra's assets and enable Telstra to offer new products and services.

IT'S HOW WE CONNECT

1. Aggregated purchase price of $481m comprising $511m (including $30m of cash acquired) for investments in controlled entities, joint ventures and other investments during the period.
2. Telstra Health investments also includes the acquisition of Health Engine.

CAPITAL AND PORTFOLIO MANAGEMENT
CLOSE MANAGEMENT OF CAPITAL POSITION

	1H14	1H15	GROWTH
Capex	$1.8b	$1.7b	-4.7%
Free Cashflow	$1.7b	$0.3b	-84.1%
Gross Debt[1]	$16.3b	$14.8b	-9.2%
Liquidity	$2.5b	$1.7b	-32.0%
Net Debt	$13.9b	$13.1b	-5.3%
Avg Gross borrowing Costs[2]	5.9%	5.9%	-
Avg Debt Maturity (years)	5.0	4.6	-0.4yrs

FINANCIAL PARAMETERS	TARGET ZONES	1H15
Debt Servicing	1.3 – 1.8x	1.2x
Gearing	50% to 70%	49.0%
Interest Cover	>7x	14.9x

- Capex to sales ratio is 13.7%, in line with FY15 guidance of 14%.
- Free cashflow on a reported basis is $262m, impacted by the following items:
  - Payment of $1.248b for 4G 700MHz spectrum and $54m for 2.5 GHz spectrum licences;
  - Strategic acquisitions and investments of $508m[3].
- Free cashflow on a guidance basis was $2.1b, up 14.6% on 2014.
- $333m proceeds received from disposal of 6.4% interest in Autohome.
- $1b buy-back completed.
- All financial parameters are within or below target zones.

IT'S HOW WE CONNECT

1. Represents position after hedging based on the accounting carrying values. Gross debt comprises borrowings and derivatives.
2. Represents gross interest cost on gross debt.
3. Cashflows associated with M&A activity includes $489m in shares in controlled entities, joint ventures and other investments and a further -$19m NPAT as a proxy for cash.

2015 GUIDANCE[1] CONFIRMED

MEASURE	FY14 BASELINE	FY15 GUIDANCE
Total Income	$25.7b	Broadly flat
EBITDA	$10.6b	Broadly flat
Capex to Sales	14.6%	~14.0%
Free Cashflow	$5.1b	$4.6b - $5.1b

IT'S HOW WE CONNECT

1. Guidance assumes wholesale product price stability, no impairments to investments, excludes any proceeds on the sale of businesses, M&A and purchase of spectrum. The baseline for guidance excludes the FY14 gain on sale of CSL ($561m).

TELSTRA HALF YEAR 2015 RESULTS ANNOUNCEMENT

DAVID THODEY, CHIEF EXECUTIVE OFFICER

IT'S HOW WE CONNECT

OUR STRATEGY IS DELIVERING RESULTS…

IT'S HOW WE CONNECT

BUILDING CUSTOMER ADVOCACY

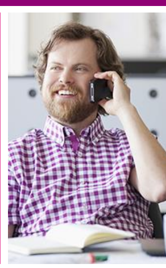
70% ↓
DOMESTIC EXCESS DATA RATES

YOU HAVE MY NAME
70,000 PERSONALISED EMAILS AND SMS CONFIRMATIONS EVERYDAY
7,000 PERSONAL CALLS TO STORE CUSTOMERS EVERY DAY
1.2M PERSONAL SERVICE CARDS

600,000
STAYCONNECTED CUSTOMERS SIGNED UP

TELSTRA® TH☆NKS
3.6M
PURCHASES

800,000
ONLINE INTERACTIONS EVERYDAY



2M
REGULAR USERS OF TELSTRA 24/7 APP EVERY MONTH

130,000
CUSTOMERS ENJOYING TELSTRA PLATINUM

600,000
CUSTOMERS SIGNED ON NEW PHONE FEELING

MORE THAN
290,000
3 FOR FREE HOME BROADBAND DATA TOP UPS

IT'S HOW WE CONNECT

INVESTING IN OUR CORE BUSINESS

6.7M
4G DEVICES

MOBILE REVENUE AND ARPU GROWTH

4G COVERAGE NOW
90%
OF THE AUSTRALIAN POPULATION

FIXED BROADBAND REVENUE AND ARPU GROWTH

4GX NOW REACHES OVER
1,000
TOWNS AND SUBURBS

MORE THAN
1.1M
4GX CAPABLE DEVICES

OVER
1,000
PUBLIC WIFI HOTSPOTS AND GROWING

IT'S HOW WE CONNECT

LAYING THE FOUNDATIONS FOR GROWTH

NAS REVENUE OVER $1B

↑18.1%

$67M

INVESTED IN E-HEALTH THIS HALF

ASIA IS AN INTEGRAL PART OF TELSTRA'S GROWTH STRATEGY

PROPOSED ACQUISTION OF PACNET

USD $697M

$366M

INVESTED IN THE TELSTRA SOFTWARE GROUP THIS HALF

IT'S HOW WE CONNECT

SUMMARY

STRONG SET OF FINANCIAL RESULTS

CONTINUED CUSTOMER GROWTH AND ADVOCACY

INVESTING IN OUR CORE BUSINESS AND LAYING THE FOUNDATIONS FOR GROWTH

CREATING SHAREHOLDER VALUE THROUGH CAPITAL AND PORTFOLIO MANAGEMENT

IT'S HOW WE CONNECT


IT'S HOW
WE CONNECT
TELSTRA
HALF YEAR 2015
RESULTS ANNOUNCEMENT

CEO AND CFO SPEECH NOTES

TELSTRA HALF YEAR RESULTS

12 FEBRUARY 2015

DAVID THODEY - CEO

SLIDE 3: OPENING SLIDE

Good morning and welcome to Telstra's half year results announcement for the six months ended 31 December 2014 — a set of results which, I am pleased to say, show that we are on track to deliver against our commitments.

I'll firstly give you a brief overview of the results and then Andy Penn will take you through the numbers in more detail then I'll update you on progress on our strategic pillars.

So, first to an overview of the results...

SLIDE 4: STRONG SET OF FINANCIAL RESULTS

Our focus on meeting our customers' needs has helped deliver another strong set of results. I am pleased to say this is the seventh consecutive half of earnings growth, despite changing market conditions.

For the half, we reported:

- Total income, excluding finance income, of $13.0 billion, an increase of 1.6%;
- EBITDA of $5.3 billion, an increase of half a percent;

- Net profit after tax of $2.1 billion, an increase of 21.7%; and
- Earnings per share of 16.9 cents, a 23.4% increase.

If you normalise these results on a guidance basis and take account of the sale of CSL last financial year—our results for this half would show a 6.2% growth in income and a 3.5% growth in EBITDA.

The Telstra Board has declared an interim dividend of 15 cents per share. This is a half-cent increase on HY14 and represents a $1.8 billion return to shareholders for the half.

Our customers continue to be our number one priority and this focus is delivering results.

This financial half saw continued growth in our customer base. We added:

- 366,000 domestic retail mobile customers;
- 87,000 retail fixed data customers; and
- 127,000 customers on a fixed bundle.

We invested $1.7 billion in capex in the half to maintain our technology and product leadership.

This significant investment enables us to meet the strong and growing customer demand and provide critical infrastructure to support our consumer, business, enterprise and wholesale customers.

These investments included

- The rollout of 4Gx mobile technology; and
- The rollout of Australia's first national Wi-Fi network.

We also continued to invest in new growth businesses, such as the significant investments we have made in Asia, highlighted by our proposed acquisition of Pacnet.

We continued to grow our health business, highlighted by our investment in Orion Health and our acquisitions of Medinexus and Cloud 9.

At the same time we have had to balancing our growth with an extensive cost control program in place. While profitability has continued to improve, we are still in the early stages of building out our new growth businesses—we still have more work to do to achieve our long-term target margins. It is pleasing to see margins remain at a steady level across our core products.

We also reached a milestone in December, by completing the renegotiation of the National Broadband Network agreements and meeting our key objectives for this renegotiation, which were:

- Firstly, Telstra shareholders have been "kept whole" — meaning the value Telstra expects to receive under any renegotiated arrangements will not be materially different than under the original agreements — a principle which the Government supported.

- Secondly, we met our objective of preserving shareholder protections and negotiating new ones where required.
- Thirdly, we have retained regulatory certainty through the progressive Structural Separation of Telstra.

We were also pleased to sign a contract with NBN Co in December to provide planning and design services to support the NBN rollout.

All of these factors have contributed to the results that you see today— and have enable us to confirm we are on track to deliver our full-year guidance.

As I said, we have delivered on our commitments and we are laying the foundations for future growth into the next decade.

Let me now hand over to Andy who will take you through the numbers in detail.

ANDREW PENN – CFO & GROUP EXECUTIVE INTERNATIONAL

SLIDE 5

Thank you David and good morning.

SLIDE 6: AGENDA

In my presentation this morning, I will firstly take you through the overall results and comment on how we tracked against guidance.

Secondly, I will take you through our business unit and product performance.

Thirdly, I will comment on our expenses and productivity.

Fourthly, I will provide you with an update in relation to our key balance sheet movements, capital position and portfolio management activity, including acquisitions; and

Finally, I will conclude with some comments on guidance for 2015.

SLIDE 7: GROUP RESULTS INCOME STATEMENT

Sales revenue for the year was up 0.6% to $12.6b.

Total income was up 1.6% to $13b. EBITDA was up 0.5% to $5.3b.

Our 2014 half year numbers included contributions from CSL, our mobiles business in Hong Kong, which we sold in May 2014.

On a guidance basis, total income and EBITDA were up 1.0% and 0.5% respectively for income and EBITDA, this was slightly ahead of guidance of broadly flat.

Excluding CSL, income and EBITDA were up 6.2% and 3.5% respectively. In other words we have been able to grow the business in the first half of FY15 to more than offset the loss of income and EBITDA from CSL.

Net finance costs fell 28%. This was driven by a combination of reduced gross debt, higher average cash balances and the early implementation of accounting standard AASB9, leading to lower volatility in our debt valuations.

Net profit after tax from continuing operations was up 7.0% to $2.1b, whilst basic earnings per share were up 23.4% to 16.9c per share.

SLIDE 8: GROUP RESULTS FINANCIAL MEASURES

Commenting on some of our key financial measures, accrued capex was down 4.7% to $1.7b. Our capex to sales ratio for the half year was 13.7%.

Free cash flow was down 84.1% to $0.3b although underlying free cash flow was up 14.6% to $2.1bn. This is after adjusting for acquisitions and the $1.3b invested in spectrum.

The Board has declared a fully franked dividend for the half year of 15 cents per share, up 3.4% on the interim dividend for FY14.

Return on equity and return on invested capital both grew, up 3.9 percentage points and 1.2 percentage points respectively.

Gearing fell 2.4 percentage points to 49% reflecting our strong liquidity position and debt repayments during the first half.

SLIDE 9: BUSINESS UNIT RESULTS

We have seen strong growth across all business units.

Total retail income was up 5.8% to $8.6bn.

Consumer was up 6.9% to $6.0bn with strong growth in mobile ARPU and fixed data subscriber growth.

Business was up 2.7% to $2.5bn, driven by strong broadband and NAS sales, the latter benefiting from strong performances in unified communications and cloud solutions.

Global enterprise services was up 3.8%, 1.6% domestically and 14.8% internationally. Importantly the domestic business was driven by a return to growth in enterprise mobility.

Wholesale revenue was up 7.7% to $1.2bn largely driven by an increase in the NBN infrastructure payments. This was in part due to the completion of the transit build and also in line with the NBN rollout.

SLIDE 10: PRODUCT PERFORMANCE

Turning to sales, we saw continued growth in the first half, with sales revenue up 0.6% to $12.6b on a reported basis.

Excluding CSL sales revenue was up 5.9%.

We saw small declines in fixed and data and IP, with strong growth in mobiles up 9.6%, in NAS up 18.1%, a modest increase in media up 3.8% and other revenues driven by continued growth in Autohome.

Autohome, which as you know is listed on the New York Stock Exchange, has not yet released their December 2014 quarter financials and therefore, we are unable to provide the detail of these.

Nonetheless, as I will comment on later, the business continues to perform strongly.

SLIDE 11: PRODUCT PERFORMANCE FIXED

I will now walk through our product performance starting with the fixed portfolio.

Fixed revenue was down 1.7% with fixed voice down only 6.9% as we saw continued improvement driven by customer retention.

Fixed data grew 7.8% with retail fixed data up 7.9%. Retail fixed broadband subscriptions grew 87,000 in the half and we saw a 1.3% improvement in ARPU.

Margins in fixed voice declined 5 percentage points whilst they grew 3 percentage points in fixed data.

This includes NBN fixed voice and fixed data sales and reflects the start up nature of this business.

We continue to see strong growth in bundles with 127,000 new additions in the half, driven by the launch of the new entertainer bundle in May, and an expanded Foxtel offer.

We now have 69% of the fixed data customer base on a bundled plan.

SLIDE 12: PRODUCT PERFORMANCE MOBILES

Our mobiles business continues to perform very strongly.

Overall, revenue grew 9.6% with services revenue up 7.4% driven by strong growth of post paid and pre paid hand held ARPU.

Postpaid revenue was up 8.3% with strong growth in ARPU up 4.4% excluding MRO. This has been driven through effective data monetisation including customer migration to higher value plans.

Prepaid hand held revenues grew 18.9% driven by increased data usage and a 6.1% increase in the number of unique users.

In machine to machine, revenue grew 17.0% as we continue to expand into this important market.

The EBITDA margin improved a further 1 percentage point driven by increased ARPU and operational leverage as we continue to expand the business.

Overall mobile customer growth in the half year was 366,000 including 81,000 postpaid hand held customers.

We saw a small increase in churn to 12.0%, although still at world leading levels. This increase was driven by aggressive competitor offers in a few segments.

SLIDE 13: PRODUCT PERFORMANCE DATA & IP

In data and IP we saw a decline of 2.7%.

IP access grew 1.5%, driven by an increase in customer connections and the migration to higher value fibre services.

IP MAN revenue was up 6.9% and represents 66.0% of the IP access revenue.

Slower ISDN declines were driven by access line reduction of 6.6% whilst ARPU remains steady at approximately $47.
Our IP MAN growth reflects customer wins and demand for scalable high bandwidth, whilst the EBITDA margin at 64% was modestly impacted by yield pressures in the IP market.

SLIDE 14: PRODUCT PERFORMANCE NAS

We continue to see strong growth in NAS, up 18.1% in the first half, to just over $1bn.

We have chosen to provide you with some more information in relation to our NAS portfolio as it continues to grow. We have broken down total revenues by the key product categories as well as customer segments.

During the period we saw strong growth in cloud, managed network services and industry solutions. This was driven by

existing and new contracts and contributions from the recently acquired O2, NSC Group and Bridge Point.
Industry Solutions growth was driven by wireless network deployments and the acquisition of SNP Monitoring.

From a segment perspective we saw particularly strong growth in the business sector up 41.0% to $251m, and enterprise and government up 11.2% to $715m.

As we start to build out our capabilities in Asia we are seeing strong growth, albeit off a low base, with International revenues up 28.1%.

SLIDE 15: PRODUCT PERFORMANCE MEDIA - FOXTEL

Turning now to media and firstly Foxtel.

In the half year revenue growth was 1.2% which was driven by underlying customer and subscriptions revenue growth up 2.9%. This was partly offset by lower advertising revenue.

EBITDA was broadly flat as Foxtel invested in additional content and support costs associated with the new pricing and packages launch.

Total subscribers were up 4.7% or 118,000, underpinned by strong support from Telstra entertainer bundles, the new pricing and packaging and lower churn.

Churn improved by a further 1 percentage point to 11.4%.

In Telstra's books the dividend and total access revenues were flat at $50m and $60m respectively for the half year.

It has also been a very significant time strategically for Foxtel.

The new Subscription video on demand service, Presto, was launched in March and the new pricing and packaging model in November.

Since the ½ year Foxtel has also launched a triple play broad band service and is well advanced in preparations for its new set top box launch IQ3 soon.

These initiatives are important in underpinning growth for the future.

SLIDE 16: PRODUCT PERFORMANCE OTHER MEDIA ASSETS

We also continue to see improved performance in our other media assets.

Revenues were up 4.4% to $405m with a strong contribution from premium pay TV up 8.4% to $322m. This was driven by the increased take up of the Telstra entertainer bundles.

The shift in focus towards Foxtel Premium in our bundle offers has impacted Paylite revenues which were down 17.6% reflecting the lower T-Box sales in the period while underlying subscription levels grew.

Digital Content services were up 2.5%, which includes revenue driven by increased take up of NRL and AFL apps offset by declining revenue from feature phone services.

The number of T-boxes sold to date is 800,000, up 16.4% with growth in Foxtel on T-Box up 22.6%.

SLIDE 17: INTERNATIONAL

Turning now to International.

As I mentioned earlier, we are unable to separately disclose the Autohome results for the ½ year as these have not yet been released to the market.

The table in the chart shows compound annual growth of more than 65% in revenue and EBITDA over the twelve month periods ending June 2012, 2013, 2014.

In addition sales revenue for the September 2014 quarter was up 64.6% in local currency and Autohome's guidance for the December quarter provided to the market in November is for continued growth in the range of 58-65%.

In our other International businesses the sale of CSL completed in May 2014.

Global connectivity was up 10.7% or 4.7% on a local currency basis driven by the continued increase in wholesale carrier data and growth of retail IP solutions.

International NAS was up 27.9% in local currency to $41m.

On the 23rd December we announced the acquisition of the Asian telecommunications and services provider, Pacnet, subject to approvals. This important investment will accelerate our growth in International connectivity and NAS.

SLIDE 18: PACNET

The Pacnet acquisition will double the scale of our enterprise business in Asia, adding 2400 enterprise and 220 carrier customers.

In FY13 Pacnet generated revenues and EBITDA of $472m USD and $111m USD respectively.

Due diligence has confirmed FY14 performance was in line with our expectations and consistent with the positive trends in the business over the last few years of repositioning to higher margin business.

Pacnet's existing products and services including connectivity, bandwidth and IT solutions, data centre hosting and colocation services will be fully integrated into our global connectivity and NAS business.

From this we are targeting run rate synergies of approximately $65m AUD per annum and we are already well advanced on our integration planning.

In addition, the China joint venture is licenced to operate a domestic VPN service and provide data centre and hosting services in China which will support our aspirations to grow in that market.

We expect to complete the transaction in the June quarter of 2015.

SLIDE 19: NBN

During the six months we have recognised NBN related income of $385m.

Receipts from the Commonwealth Agreements reduced following full recognition of the Information Campaign and Migration Deed last year while revenue recognised under TUSMA has increased.

The strong growth in NBN income for infrastructure payments and PSAA payments was driven by the completion of the transit build and increased progress of the NBN roll out.

Also as announced prior to Christmas we have signed a contract with NBN Co to provide planning and design services to support the multi technology model build.

SLIDE 20: PRODUCTIVITY

Let me now turn to our expenses.

Total expenses increased 2.3% to $7.69b.

In the period our additional investments in DVCs and business growth were $260m and $210m respectively.

We also invested a further $170m in new business initiatives and inherited $120m of costs from acquisitions.

Against these increases, our productivity and simplification program delivered a further $196m in expense benefits for the period.

SLIDE 21: CAPITAL AND PORTFOLIO MANAGEMENT – STRATEGIC FRAMEWORK

Turning now to capital and portfolio management.

The strategic framework that we use for capital management, which we presented to the market more than two years ago remains that against which we make all capital decisions.

We completed the $1b buyback during the period which was executed at a share price of $4.60.

In addition we announced today the Board's decision to reactivate our dividend reinvestment program.

This follows our continued engagement with our shareholders as we seek to respond to their feedback.

The DRP means that our shareholders can choose to reinvest their dividends directly into our shares, effective from the 2015 final dividend payment.

We expect to purchase shares on market to satisfy the DRP take-up although we also have the discretion to issue new shares in the future.

For regulatory reasons participation in the DRP will be limited to shareholders with registered addresses in Australia and New Zealand.

Finally, we ended the half year period with cumulative excess free cash flow of $3.3b.

SLIDE 22: CAPITAL AND PORTFOLIO MANAGEMENT – STRATEGIC ACQUISITIONS AND INVESTMENTS

This strong cumulative free cash flow position is after financing acquisitions in excess of half a billion dollars.

Our investments covered acquisitions in NAS, in SNP Security, Bridge Point and AFN Solutions.

In our Software division we acquired Ooyala and Video Plaza as we seek to build a leading global platform in intelligent video.

We made a number of important investments in e-Health totalling $67m.

We also continue to make investments via Telstra Ventures in organisations such as BigCommerce and Matrixx which provides real time billing technologies for telecommunication companies.

SLIDE 23: CAPITAL AND PORTFOLIO MANAGEMENT – CLOSE MANAGEMENT OF CAPITAL POSITION

Overall, our balance sheet remains very strong.

Our net debt position reduced just over 5% to $13.1b and all of our financial parameters remain at the very conservative end of our target range to meet our criteria of a single A credit rating.

Our average gross borrowing costs were 5.9% on a net basis and our average debt maturity reduced slightly to 4.6 years.

I mentioned previously the free cash flow on a reported basis was impacted by the payments for the 4G 700MHz spectrum as well as funding acquisitions.

We also completed the sale of a 6.4% interest in Autohome for $333m AUD at an average share price of US$42 bringing our net residual cost in this investment down below zero.

SLIDE 24: GUIDANCE

Before handing back to David, I will make some comments on guidance for the balance of 2015.

We expect to continue to deliver low single digit income and EBITDA growth to offset the loss of income and EBITDA from CSL last year. In FY14 this was just over $1b and just under $300m respectively.

Our guidance therefore remains income and EBITDA growth in FY15 to be broadly flat, our Capex to Sales ratio to be approximately 14% and free cash flow to be in the range of $4.6 to $5.1b.

Thank you and I will now hand back to David.

DAVID THODEY - CEO

SLIDE 25: OPENING SLIDE

SLIDE 26: OUR STRATEGY IS DELIVERING RESULTS

Thanks Andy. I'd like to walk through some highlights for the half through the lens of our three strategic priorities.

It is pleasing to see our strategy is delivering results—with revenue growth across all segments; strong new customer growth; as well as revenue growth in mobiles, NAS, IP access, fixed data and media; while fixed voice decline slowed.

As you well know, we are committed to:

- Improving customer advocacy;
- Driving value from the core; and
- Building new growth businesses.

SLIDE 27: BUILDING CUSTOMER ADVOCACY

Without question, improving customer advocacy continues to be our number one priority.

We continue working to transform Telstra into a great customer focused company. This is a long-term commitment…though every day we have the opportunity to demonstrate our progress hundreds of thousands of times.

A large part of this is making sure we listen carefully to what our customers tell us—and then acting accordingly. Every day we receive insightful data through surveys and verbatim feedback.

As you know, we have embedded the Net Promoter System into our business. Our NPS score continued to improve in the first half.

We have identified three key areas where we can increase our commitment to our customers. They are:

1. Providing more personalised service;
2. Providing better access to Australia's leading networks; and
3. Being more responsive to their needs by keeping them informed, delivering great new products and services, as well as offering better value.

Let me give you some examples of what we have done in the last six months.

Turning firstly to personalised service…

We have introduced a new program called "You have my name". Customers are given the name and contact details of the person they spoke to so they can contact that person directly if they have any questions or if something isn't right.

- In our contact centres, we send around 70,000 personalised emails and SMS confirmations every day.

- Our stores provide customers with personalised business cards. Every day they speak to around 7,000 customers who made a purchase the previous day.
- And, in the field, our communications technicians have handed out almost 1.2 million personal service cards.

We've also started to make calls to customers when we know there is an issue or we haven't quite got it right. We're reaching out proactively with suggestions about how we could do better.

We're thanking our customers for their loyalty—with privileged access to sports, movies and entertainment. We have provided more than 3.6 million experiences since our Telstra Thanks program began.

We are committed to giving customers the choice of how they interact with us.

- We now have around 800,000 online interactions with customers every day.
- Our most popular digital offering is our 24/7 mobile app which now allows customers to buy a data pack.
    - We have more than two million regular users of the App every month.
- We will be introducing more online service options in the future.

Secondly, turning to how we improve the service experience on our networks:

- More than ever customers are dependent on their communications technology to live their lives or run their business.
- We think of our networks, not just as infrastructure, but as a means to help connect customers to the things they need.
- Having the latest phone has become important for many of our customers.
  - Around 600,000 customers have signed up to New Phone Feeling — giving them the option to upgrade to a new handset more cheaply every 12 months.
- And of course, we continue to expand the coverage of our networks. Our mobile network covers 2.3 million square kilometres.

Thirdly, our customers tell us that while technology is an important part of their lives, they can find it challenging and confusing, so we're also focused on being more responsive. During the half we have introduced a number of initiatives:

- We have introduced real time data alerts — an industry first, helping to tackle bill shock.
- We have cut domestic excess data rates on our post-paid plans by 70 per cent.
- We have introduced our International Travel Passes to help customers manage their costs when travelling abroad.

- And we have launched a service which allows customers to top up their home broadband for free, three times a year, when they go over their data limit.
- During the half, more than 130,000 customers sought help setting up their home technology thanks to our Telstra Platinum Service.
- More than 600,000 customers have signed up to the Stay Connected program and can get a replacement smartphone in just 24 hours.
- Our business and enterprise customers are enjoying new cloud and business apps; co-created industry solutions; and strong project delivery which is so important in a service business.

As you can see, we are introducing market leading offers to better serve our customers. Better serving our customers is absolutely essential if they are to become advocates for Telstra.

SLIDE 28: INVESTING IN OUR CORE BUSINESS

Let me now talk about our core business.

Andy has talked about the strong mobile revenue growth and higher ARPU we saw in the half.

The iPhone 6 launch was our best iPhone launch ever, and we have seen growth in the number of connected tablets and data sharing.

There are now 6.7 million 4G devices on our network (around 40% of the base), including 4.9 million handsets.

Critically, the number of 4G devices is now greater than the number of 3G devices.

This half also saw higher fixed broadband revenue and ARPU growth. We are seeing customers migrate to higher value plans in both mobiles and fixed broadband as their data usage increases.

We see content as a very important driver of growth; as demonstrated by the increased take-up of bundles and IPTV and PayTV.

Many customers choose Telstra for its world class networks. During the half we continued to invest in these networks, including $1.25b to acquire valuable 4G 700MHZ spectrum.

Our 4G coverage now reaches 90% of the Australian population. We aim to have 94% covered by the middle of this year.

At the end of December there were more than 1.1 million 4GX devices on our network. Our 4GX service now reaches over 1,000 towns and suburbs. We're delighted with the performance of this network—delivering top speeds up to twice as fast as 4G on compatible devices.

We're also building Australia's largest national public Wi-Fi access network, with more than 1,000 Wi-Fi hotspots already enabled. You might have seen the bright pink Wi-Fi signs above many of our payphones around the country.

We aim to offer access to two million Wi-Fi hotspots across the nation and more than 13 million hotspots around the world.

We continue to invest in a simplicity agenda for our customers in order to make it easier to do business with us—by removing complexity; streamlining processes; and helping the business become more responsive in a changing global market.

Our business is complex but we must take it simple for our customers. Simplification brings savings, and more reliable performance of our systems, so our people can deliver higher quality service to customers.

SLIDE 29: LAYING THE FOUNDATIONS FOR GROWTH

Turning to our third strategic priority of building new growth businesses…

We see tremendous opportunity in what we call Network Applications and Services or NAS. As Andy mentioned, during the half, NAS revenue grew by 18.1% to more than $1 billion. This increase was driven by existing and new contracts, as well as contributions from acquisitions we made, including O2 and Bridge Point.

We have begun to expand our NAS offerings into Asia. During the half, international NAS revenue increased by 28.1%.

Asia is an integral part of Telstra’s growth strategy, and we are focused on leveraging our core capabilities across the region:

- We have proven capabilities in developing, managing and operating efficient data networks.
- We have service solutions, NAS expertise and sophisticated service capabilities.
- We own and operate one of the most extensive international connectivity networks in Asia Pacific.

Our proposed acquisition of Pacnet will see us become a leading provider of enterprise services to multi-national companies and carriers in the region.

The enterprise services market is evolving rapidly and Pacnet will strengthen our networks, data centres, and undersea cable network; as well as boost our service offerings and people capabilities.

The transaction is subject to certain approvals and is expected to complete by mid-2015.

We are also pursuing growth in selective adjacencies to build, new innovative offering for customers.

We are committed to building a truly connected e-health network for Australia. During the half, we invested over $67 million in e-Health. Our ambition is to become Australia’s leading provider of integrated e-Health solutions. Since 1 July 2014, we have made six acquisitions and joint ventures, to bring the total number to fourteen. This includes our 100% acquisition of iCareHealth and Telstra Readycare, our joint venture with world-leading Swiss-based tele-medicine company, Medgate.

We have also continued to build the Telstra Software Group, investing $366 million in the half.

- In October last year, we acquired Ooyala, a leader in video streaming and analytics, increasing our ownership to 98.9%.
- Ooyala subsequently acquired Videoplaza, allowing Ooyala to tap into the fast growing video ad market and build out a new business dimension in advertising.

Asia, e-Health and software continue to be key areas of growth opportunity for us into the future.

All these initiatives are focused on laying the foundations for growth in the future.

SLIDE 30: SUMMARY

So in summary, these are clearly a strong set of financial results.

Our strategy is delivering continued customer growth and advocacy and we are investing in our core business, while laying the foundations of our new growth businesses.

In addition, we continue to find ways to create shareholder value—as demonstrated by our EPS and DPS growth.

We also optimised our equity holding in Autohome realising net proceeds of more than $333 million, while maintaining a controlling interest.

As you know, last August, we announced a $1 billion off-market buy-back. We saw strong demand for the buy-back.

And today, we announced we will be reactivating our Dividend Reinvestment Plan. The DRP will be reactivated for the final dividend to be paid in September 2015. It will provide shareholders with an easy and cost effective way to increase their shareholding. We know this will be popular with our retail shareholder base, as it’s often been requested over the years.

Today’s results are a credit to the senior management team and all the hard-working people at Telstra. It is their commitment which is the driving force behind these results. It is a pleasure to work with them all.

Andy and I would be pleased to take your questions.

[END]

HALF-YEAR RESULTS AND OPERATIONS REVIEW

Summary Financial Results

	1H15 $m	1H14 $m	Change %
Sales revenue	**12,642**	12,564	**0.6**
Total income (excluding finance income)	**13,014**	12,803	**1.6**
Operating expenses	**7,687**	7,514	**2.3**
EBITDA	**5,317**	5,289	**0.5**
Share of net (loss) from joint ventures and associated entities	**(10)**	-	**n/m**
Depreciation and amortisation	**1,989**	2,013	**(1.2)**
EBIT	**3,328**	3,276	**1.6**
Net finance costs	**353**	490	**(28.0)**
Tax	**876**	825	**6.2**
Profit for the period from continuing operations	**2,099**	1,961	**7.0**
Profit/(loss) for the period from discontinued operations	**19**	(221)	**n/m**
Profit for the period from continuing and discontinued operations	**2,118**	1,740	**21.7**
Profit attributable to equity holders of Telstra	**2,085**	1,704	**22.4**
Capex(i)	**1,728**	1,814	**(4.7)**
Free cashflow from continuing and discontinued operations	**262**	1,650	**(84.1)**
Earnings per share (cents) from continuing and discontinued operations	**16.9**	13.7	**23.4**

(i) Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis.

Guidance Versus Reported Results(i)

	1H15 Reported results $m	1H15 Adjustments $m	1H15 Guidance basis $m
Total income(ii)	13,014	(82)	12,932
EBITDA	5,317	(3)	5,314
Free cashflow	262	1,824	2,086

(i) This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, the cost of acquisitions and spectrum purchases. Please refer to the guidance versus reported results reconciliation. This reconciliation has been reviewed by our auditors.

(ii) Excludes finance income.

Reported Results

Our focus on meeting our customers' needs has helped deliver another solid set of results. Our strategy is working: we are improving customer advocacy; driving value from our core business; and building new growth businesses. This half has also seen the continued preservation and creation of shareholder value through capital and portfolio management. Signing of the revised NBN Agreements preserved value for shareholders and we also signed a planning and design contract with NBN Co. during the period.

Following the sale of a 70 per cent stake in our Sensis directories business in February 2014 and the sale of our 76.4 per cent shareholding in the Hong Kong-based mobiles business, CSL New World Mobility Limited ("CSL") in May 2014, the numbers and commentary in the product, expense and segment performance sections have been prepared on a continuing operations basis and aligns with the statutory financial statements.

The financial position section has been prepared on a continuing and discontinued operations basis (that is, they include the results of the Sensis directories business), unless otherwise noted.

Results on a Guidance Basis(i)

	1H15	FY15 guidance
Total income growth(ii)	**1.0%**	Broadly flat
EBITDA growth	**0.5%**	Broadly flat
Capex/sales ratio	**13.7%**	~14% of sales
Free cashflow	**$2.1 billion**	$4.6 - $5.1 billion

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Key Product Revenue

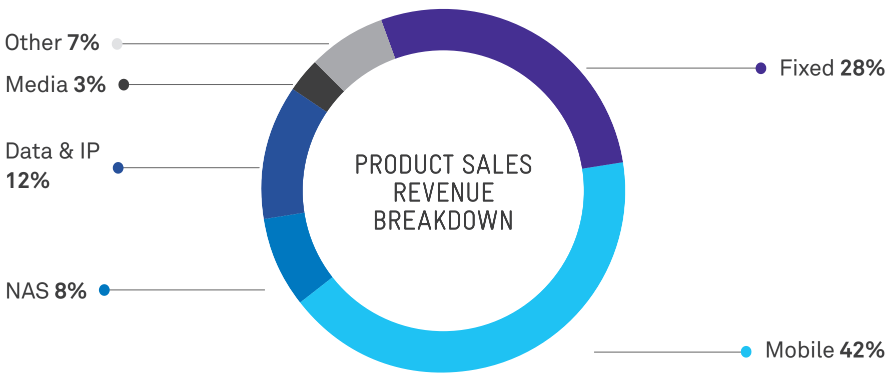
	1H15 $m	1H14 $m	Change %
Fixed	3,505	3,564	(1.7)
Mobile	5,327	4,861	9.6
Data and IP	1,458	1,498	(2.7)
NAS	1,007	853	18.1

Product Profitability EBITDA Margins(i)

	1H15	FY14	2H14	1H14
Mobile	40%	40%	41%	39%
Fixed voice(ii)	56%	59%	57%	61%
Fixed data(ii)	42%	41%	42%	39%
Data and IP	64%	65%	66%	65%
Telstra Group	42%	42%	42%(iii)	42%

(i) The data in this table includes minor adjustments to historic numbers to reflect changes in product hierarchy.
(ii) Margins include NBN voice and data products.
(iii) Profit on the sale of CSL has been excluded from these figures.

Product Sales Revenue Breakdown



Our guidance for fiscal year 2015 remains unchanged. In 2015 Telstra expects continued low single-digit income and EBITDA growth to offset the absence of CSL 2014 operating revenue and EBITDA. As a result, and after excluding the $561 million profit on sale of CSL in 2014, Telstra's income and EBITDA guidance for 2015 is broadly flat. Telstra expects 2015 free cashflow of between $4.6 billion and $5. 1 billion and capital expenditure to be around 14 per cent of sales.

Our guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, the cost of acquisitions and spectrum purchases.

On 12 February 2015, the Directors of Telstra resolved to pay a fully franked interim dividend of 15 cents per share. Shares will trade excluding entitlement to the dividend on 25 February 2015 with payment on 27 March 2015.

In response to shareholder feedback, and consistent with our capital management framework of maintaining financial strength and retaining financial flexibility, Telstra is pleased to announce the reactivation of our Dividend Reinvestment Plan (DRP).

The DRP Rules were amended on 12 February 2015 and it is proposed that the DRP will be reactivated for the final dividend to be paid in September 2015.

We are pleased that the reactivation of the DRP will provide our shareholders with enhanced flexibility and an easy way to increase their shareholding. Telstra expects that shares allocated to participants under the DRP for the final dividend will be sourced through an on-market purchase and transfer of shares to participating shareholders.

Product Performance

Fixed

Telstra's fixed portfolio comprises fixed voice, fixed data and other fixed revenue (which includes inter-carrier access services and customer premise equipment). Our differentiated fixed products offer fast, reliable and safe broadband, connectivity in and out of the home, clear and reliable home phone calling and premium entertainment.

We continued to see a reduced rate of decline in our fixed portfolio with revenue from our fixed business decreasing by 1.7 per cent to $3,505 million. Fixed voice revenue decreased by 6.9 per cent to $1,917 million however, this was largely offset by the growth in fixed data revenue.

The strong fixed result has been driven by the continued success of our differentiated suite of products in

HALF-YEAR RESULTS AND OPERATIONS REVIEW

the market, including our Entertainer bundles. The total number of customers on a bundled plan increased by 127,000 in the half and there are now two million customers on a bundled plan, or 69 per cent of the retail fixed data customer base.

Our dedicated customer retention program has also led to fewer disconnections.

Fixed data revenue increased by 7.8 per cent to $1,175 million with increased subscriber growth and higher average revenue per user (ARPU), including notable subscriber growth in Telstra Business Broadband and NBN. Telstra now has three million fixed retail data customers, an increase of 196,000 since December 2013 and 87,000 in the six months to 31 December 2014.

Retail fixed data ARPU increased by 1.3 per cent to $55.83 as more customers move to a higher value bundled plan.

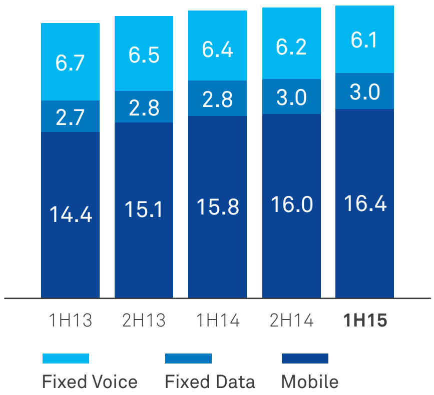
Other fixed revenue decreased by 0.7 per cent to $413 million with an increase in inter-carrier access services revenue offset by lower customer premise equipment and other fixed telephony revenue.

Fixed voice EBITDA margins decreased to 56 per cent driven by revenue decline, while fixed data EBITDA margins increased to 42 per cent as a result of revenue growth and improved network productivity.

Mobile

Our mobile portfolio recorded revenue growth of 9.6 per cent to $5,327 million. This was the strongest level of revenue growth in six halves with growth across all major product categories. Domestic retail customer services increased by 366,000 in the half, bringing the total number to 16.4 million.

Domestic Retail Customer Services (millions)



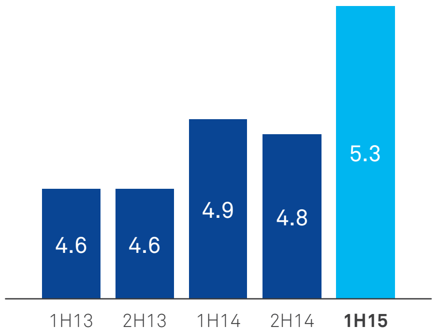
Postpaid handheld revenue grew by 8.3 per cent to $2,701 million. This was driven by an increase in ARPU, with higher value customers using more data. As a result, ARPU, excluding the impact of mobile repayment options (MRO), increased 4.4 per cent to $69.71 as these higher value customers used more data. We now have 7.3 million postpaid handheld retail customer services, an increase of 81,000.

Strong growth in ARPU and unique prepaid handheld users drove an 18.9 per cent increase in prepaid handheld revenue. ARPU grew by 13.8 per cent due to increased data usage.

Mobile broadband (MBB) revenue grew by 0.9 per cent to $649 million. We saw growth in the postpaid MBB category but some substitution from prepaid MBB to tablets. In total, we added 130,000 customer services in the half in the MBB category.

Machine to machine (M2M) saw revenue growth of 17.0 per cent to $55 million with the addition of 124,000 services following the signing of some key deals in the transport and logistics category.

Mobile Revenue ($b)



We continued to invest in our mobile network. Telstra's 4G coverage now reaches 90 per cent of the Australian population and we plan to take our total 4G coverage to 94 per cent of the Australian population by mid-2015.

We also launched our new 4GX services which is now offering customers in over 1,000 towns and suburbs some of the fastest mobile data speeds in the world, with top speeds on compatible devices on 4GX up to twice as fast as 4G. This is all part of Telstra's commitment to provide our customers with the best mobile network in Australia and to ensure that we are well placed to manage our customers' ongoing demand for data.

We have 6.7 million 4G devices on our network, comprising 4.9 million handsets, 666,000 tablets, 384,000 dongles and 624,000 Wi-Fi hotspots.

Mobile margin increased to 40 per cent. Improved ARPU trends were offset by higher hardware costs and promotion and advertising expense as a result of the iPhone 6 launch during the half.

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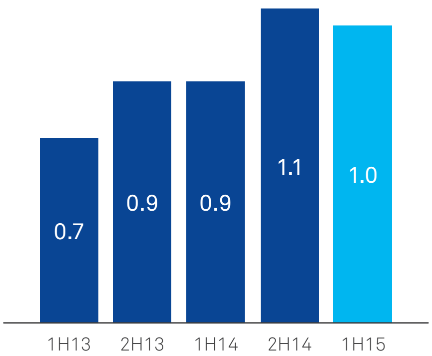
NAS Revenue ($b)



Data and IP

Data and IP includes revenue from IP access, ISDN services and other data and calling products.

IP Access revenue grew by 1.5 per cent to $590 million as a result of increased subscriber levels and migration to higher value fibre services. Migration to Unified Communications products in our Network Applications and Services portfolio is the primary driver for the decline in legacy calling products and led to a total Data and IP revenue decline of 2.7 per cent to $1,458 million. EBITDA margins declined to 64 per cent driven by price competition in the marketplace.

Network Applications and Services (NAS)

NAS revenue grew by 18.1 per cent to $1,007 million with continued growth in the key NAS portfolios of Unified Communications, Managed Network Services, Industry Solutions and Cloud. Included in NAS revenue is International NAS which increased by 28.1 per cent to $41 million.

NAS growth continued in both the Telstra Retail (Business) and Global Enterprise and Services segments driven by existing and new contracts, as well as contributions from O2, NSC Group and Bridge Point.

Operating Expenses

	1H15 $m	1H14 $m	Change %
Labour	2,432	2,367	2.7
Goods and services purchased	3,262	3,295	(1.0)
Other expenses	1,993	1,852	7.6
Total operating expenses	**7,687**	7,514	2.3

These acquisitions added capabilities to our NAS business and are performing in line with expectations. Overall NAS profitability continued its trend of improvement.

Media

Media product portfolio revenue increased by 3.8 per cent to $465 million. This portfolio includes Pay TV, cable and Digital Content Services. Excluding cable, media revenue increased by 4.4 per cent to $405 million.

Pay TV revenue increased by 4.6 per cent to $364 million with strong subscriber growth in both Premium Pay TV and Foxtel on T-Box® 'paylite' services following Foxtel plan changes which has provided more value and content to customers through our Entertainer bundles.

Digital Content revenue increased by 2.5% to $41 million as an increase in online content revenue was partly offset by declining mobile content. Cable access revenue remained flat at $60 million.

Expense Performance

Labour

Total labour expenses increased by 2.7 per cent or $65 million to $2,432 million. Our total full time staff and equivalents increased from the prior period by 470 to 33,578. This increase was driven by organic growth and M&A activity across our NAS portfolio, Telstra Business and Telstra Health business. Offsetting these increases were our restructuring program across various parts of the business and the divestment of CSL.

Salary and associated costs increased by 7.5 per cent or $128 million to $1,834 million. This increase was driven, in the main, by an unfavourable bond rate movement impacting our long service leave and workers compensation provisions ($74 million), as well as salary and wage increases which also incorporated the change in the statutory superannuation contribution. The increase in FTEs also contributed.

Labour Substitution costs increased by 4.9 per cent or $19 million to $403 million. This increase was primarily driven by growth in NBN related works and increased outsourcing of field installation and maintenance activities.

Redundancy expenses decreased by 65.1 per cent or $82 million to $44 million. This was driven by the timing of redundancies across the year and redeployment of staff to support growing areas of the business.

Goods and services purchased

Goods and services purchased decreased by 1.0 per cent or $33 million to $3,262 million. Cost of goods sold (COGS) (which includes mobile handsets, tablets, dongles, fixed and digital products) decreased by 0.3 per cent or $5 million to $1,495 million. The two main drivers of this result were the strong demand for our iPhone 6 offering and the equal but offsetting impact of the divestment of our CSL business in May 2014.

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Network payments decreased by 7.7 per cent or $68 million to $814 million. The reduction was mainly attributable to our divestment of CSL and lower payments to overseas carriers.

Other goods and services purchased increased by 4.4 per cent or $40 million to $953 million. This was largely driven by increased service fees for Foxtel, cloud services, IPTV and digital content, and mobile insurance in support of increased subscribers. This increase was partially offset by our divestment of CSL.

Other expenses

Total other expenses increased by 7.6 per cent or $141 million to $1,993 million. This increase was the result of higher service contracts and agreements, promotion and advertising costs and was partially offset by a decrease in bad debts and our divestment of CSL.

Service contracts and agreements increased 15.5 per cent or $102 million to $762 million. This was driven by NBN related activities and 4G network maintenance. Additionally, the refresh of our Retail outlets and investment in the simplification of our business also contributed.

Promotion and advertising expenses increased 26.9 per cent or $43 million to $203 million. This increase includes the impact of the recent iPhone 6 launch.

Finance costs

Net finance costs decreased by 28.0 per cent or $137 million which comprised a reduction in net borrowing costs of $43 million, an increase of $17 million in interest revenue, an increase in capitalised interest of $1 million and a $76 million reduction in other finance costs. The $43 million reduction in borrowing costs was predominantly due to lower debt levels resulting from debt maturities which were funded out of existing liquidity.

Gross interest yield for the half remained stable at 5.9 per cent comparable to the prior period. Higher investment yields and higher average cash balances in the current period resulted in the increase in interest revenue. The higher average cash balance was primarily due to proceeds received from prior year divestments of our shareholdings in the Sensis directories business and CSL.

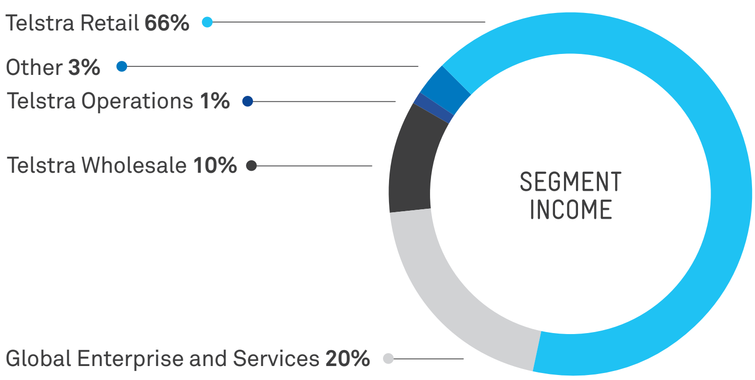
The reduction in other finance costs primarily relates to non-cash revaluation impacts of our offshore debt portfolio and associated hedges that resulted in a floating position (fair value hedges). The early adoption of new accounting standard AASB 9 (2013) allows a component of our borrowing margin to be treated as a cost of hedging and deferred to equity. As a consequence, volatility from these revaluation impacts has been significantly reduced due to changes implemented in the way we designate fair value hedges for accounting purposes. Notwithstanding changes to accounting treatment, the relevant cash flows continue to remain economically and effectively hedged.

Segment Performance

We report segment information on the same basis as our internal management reporting structure as at reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Segment Income

	1H15 $m	1H14 $m	Change %
Telstra Retail	8,628	8,154	5.8
Global Enterprise and Services	2,623	2,528	3.8
Telstra Wholesale	1,244	1,155	7.7
Telstra Operations	182	126	44.4
Other (excluding Sensis)	337	840	(59.9)
Total Telstra segments (excluding Sensis)	13,014	12,803	1.6
Other - Sensis	-	358	n/m
Total Telstra segments	13,014	13,161	(1.1)



HALF-YEAR RESULTS AND OPERATIONS REVIEW

Commentary on the performance of our business segments follows.

Telstra Retail

Telstra Retail brings together our key retail facing businesses including Telstra Consumer, Telstra Business, Telstra Media Group and Telstra Health. Telstra Retail provides a full range of telecommunications products, services and solutions to consumer customers and to Australia's small to medium-sized enterprises, as well as the provision of Foxtel and digital content services.

Income in this segment grew by 5.8 per cent to $8,628 million and EBITDA increased by 2.0 per cent to $4,705 million. Telstra Retail experienced strong mobile and fixed data revenue growth in Consumer and Business.

Income in our Consumer business unit grew by 6.9 per cent with strong growth in mobiles and fixed data. Postpaid handheld ARPU increased by 8.3 per cent to $62.03 and we saw an increase of 66,000 fixed data subscribers in the half.

In Telstra Business, income grew by 2.7 per cent driven by NAS revenue growth and contributions from the strategic investments made such as SNP Security. The NAS portfolio, in particular, Unified Communications which includes IP telephony and T-Suite, saw good momentum and increased 40.8 per cent. There was also strong growth in mobile handheld revenue. Telstra Health contributed income of $31.5 million in the half.

Global Enterprise and Services

Global Enterprise and Services (GES) is responsible for sales and contract management support for business and government customers in Australia and globally. It also provides product management for advanced technology solutions including Data and IP networks, and NAS products such as managed network, unified communications, cloud, industry solutions and integrated services. Technical delivery for NAS customers in Australia and globally is also provided by GES.

Income for GES increased by 3.8 per cent to $2,623 million due to continued strong growth in NAS, a return to growth in enterprise mobility and the inclusion of software business related acquisitions Ooyala and Videoplaza, offset by a revenue decline in Fixed and Data & IP products. Encouragingly we saw improved profitability in NAS but have more work to do to achieve our long term target margins. GES EBITDA declined by $18 million or 1.5 per cent to $1,212 million. EBITDA was broadly flat excluding the impact of the software business related acquisitions with the improved NAS performance offsetting the impact of the revenue and EBITDA decline in Fixed and Data and IP products.

Telstra Wholesale

Wholesale income grew by 7.7 per cent to $1,244 million. This was largely driven by an increase in NBN infrastructure payments to Telstra which have increased in line with the NBN rollout. EBITDA contribution increased by 10.5 per cent to $1,152 million.

Telstra Operations Group

Telstra Operations is primarily a service delivery centre supporting the revenue generating activities of other segments. It also has NBN and property revenue. The EBITDA contribution improved 2.4 per cent with increases in NBN and property revenue and reductions in labour expenses, partially offset by higher service contracts to support new business growth and NBN related works.

Other

Our Other category includes the costs of corporate centre functions; payments received under certain NBN agreements; impairments; adjustments to employee provisions for bond rate movements and short term incentives; and redundancy expenses for the parent entity. It also includes China digital media results. The results of our Hong Kong mobiles business CSL, sold in May 2014, and the 70 per cent stake of our Sensis directories business, sold in February 2014, are also included in this category.

Summary Statement of Cash Flows

	1H15 $m	1H14 $m	Change %
Net cash provided by operating activities	**3,694**	3,754	**(1.6)**
Total capital expenditure (including investments)	**(3,653)**	(2,237)	**63.3**
Other investing activities cash flows	**221**	133	**66.2**
Net cash used in investing activities	**(3,432)**	(2,104)	**63.1**
Free cashflow	**262**	1,650	**(84.1)**
Net cash used in financing activities	**(4,193)**	(1,695)	**n/m**
Net decrease in cash and cash equivalents	**(3,931)**	(45)	**n/m**

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Financial Settings

	1H15 Actual	Target Zone
Debt servicing(i)	1.2x	1.3 – 1.8x
Gearing(ii)	49%	50% to 70%
Interest cover(iii)	14.9x	>7x

(i) Debt servicing ratio equals net debt to EBITDA.

(ii) Gearing ratio equals net debt to net debt plus total equity.

(iii) Interest cover equals EBITDA to net interest.

Financial Position

Capital expenditure and cash flow

Our operating capital expenditure decreased by 4.7 per cent to $1,728 million and is in line with our capex to sales guidance of around 14 per cent. This investment has enabled us to meet ongoing strong customer demand arising from the growth in our customer base and continuing investment in areas such as network access projects and wideband projects (high speed dedicated services) that provides infrastructure to support our business and enterprise customers.

Capital expenditure was also incurred to support the accelerated rollout of our 4G LTE mobile network and to meet ongoing delivery of NBN commitments.

Free cashflow generated from operating and investing activities was $262 million, representing a decline of 84.1 per cent. The difference between our reported free cashflow and free cashflow on a guidance basis of $2,086 million is predominantly due to spectrum payments of $1,302 million and M&A activity of $508 million. These increased payments were partly offset by lower cash capital expenditure.

Increased cash from operating activities, mainly as a result of revenue growth and timing of working capital, was offset by decreases due to cash from divested entities included in the prior period and higher tax payments.

During the half, Autohome announced a primary and secondary offering. Telstra participated in the secondary offering which diluted our ownership to 55.3 per cent (previously 63.2 per cent at 30 June 2014). The net proceeds to Telstra amounted to $333million.

Debt position

Our gross debt position has decreased by $1,237 million to $14,811 million. Gross debt comprises borrowings of $15,627 million and net derivative asset of $816 million (which includes assets and liabilities both current and non-current). The decrease is primarily due to net debt maturities of $1,251 million (cash outflow), comprising repayment of long-term debt maturities of $1,691 million, finance lease repayments of $40 million and net short term debt issuances of $480 million.

Offsetting this reduction are non-cash impacts of $14m comprising revaluation gains of $33 million offset by finance lease additions of $47 million.

Net debt increased by $2,621 million to $13,142 million. This movement comprises reduction in gross debt of $1,237 million, offset by a reduction in cash and cash equivalents of $3,858 million.

The liquidity in the prior period of $5.5 billion included receipt of proceeds from the divestment of our shareholdings in the Sensis directories business and CSL.

This high level of liquidity and current period cash earnings was predominantly used in the first half to fund debt maturities of $1.7 billion, spectrum licence payments and dividend payments of $3.2 billion and the share buyback of $1 billion.

The gearing ratio increased from 43.0 per cent as at 30 June 2014 to 49.0 per cent which reflects an increase in net debt of $2,621 million and a reduction in equity resulting from the share buyback during the period.

Summary Statement of Financial Position

	1H15 $m	2H14 $m	Change %
Current assets	7,273	10,438	(30.3)
Non current assets	31,364	28,922	8.4
Total assets	38,637	39,360	(1.8)
Current liabilities	8,565	8,684	(1.4)
Non current liabilities	16,419	16,716	(1.8)
Total liabilities	24,984	25,400	(1.6)
Net assets	13,653	13,960	(2.2)
Total equity	13,653	13,960	(2.2)
Return on average assets (%)	19.0	18.7	0.3pp
Return on average equity (%)	30.7	26.8	3.9pp

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Statement of Financial Position

Our balance sheet remains in a strong position with net assets of $13,653 million.

Current assets decreased by 30.3 per cent to $7,273 million. This decrease includes a reduction in cash and cash equivalents of $3,858 million predominantly used to fund debt maturities, spectrum licence payments, dividend payments and the share buyback. Inventories increased by $167 million largely reflecting a growth in handset inventories to meet higher customer demand.

Derivative current assets increased mainly due to revaluation impacts from movements in foreign exchange rates. Tax receivables increased due to the recognition of a future income tax amendment refund for eligible R&D expenditure incurred in FY2014.

Non current assets increased by 8.4 per cent to $31,364 million. Intangible assets increased largely due to acquisition of spectrum licences and an increase in goodwill, arising from acquisition of various controlled entities.

An increase in derivative assets is primarily attributable to net foreign currency and other valuation impacts arising from measuring to fair value.

Current liabilities decreased by 1.4 per cent to $8,565 million as a number of our derivative financial liabilities matured during the period. The revaluation of the remaining derivative financial liabilities also had a positive effect. This decrease was partially offset by the issuance of the new short term debt and reclassification of the current portion from our long term borrowings.

Non current liabilities decreased by 1.8 per cent to $16,419 million. The value of long term borrowings decreased due to revaluation impacts from movements in foreign exchange rates and reclassification of the current portion. The decrease in derivative financial liabilities is mainly an impact of revaluations, which reflect movements in foreign currencies as well as interest rates.

Defined benefit pension liabilities increased as a result of an actuarial loss recognised due to a lower bond rate partially offset by actuarial gains on asset and settlement gain on Telstra Super. Deferred tax liability decreased predominantly due to the tax effect of an actuarial loss recognised for the Telstra Super defined benefit liability during the period offset by the tax effect of our offshore acquisitions, mainly Ooyala.

Total equity decreased by 2.2 per cent to $13,653 million. This was largely a result of dividends paid in the half and the completion of the $1 billion share buyback. Telstra bought back around 217.4 million shares or 1.75% of Telstra's issued shares. A reduction in the bond rate also caused a $209 million actuarial loss in equity relating to the defined benefit pension liability. In the prior period, an increase in the bond rate resulted in an actuarial gain of $286 million.

Half Year ended 31 December 2014

This schedule details the adjustments made to the reported results for the current year to reflect the performance of the business on the basis which we provided guidance to the market.
Our guidance assumes wholesale product price stability, no impairments to investments and excludes any proceeds or gain on the sale, and purchase of businesses and spectrum.

	REPORTED			ADJUSTMENTS H1 FY15								GUIDANCE BASIS	
	H1 FY15	H1 FY14	Growth	Sensis (i)	M&A (ii) Controlled Entities	M&A (ii) JVs / Associates	M&A (ii) Other Investments	CSL (iii)	Octave (iv)	Sequel Media (v)	Spectrum (vi)	H1 FY15	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Sales revenue	**12,642**	12,564	**0.6%**	0	(49)	0	0	0	(0)	0	0	**12,593**	**0.2%**
Total revenue	**12,720**	12,626	**0.7%**	0	(49)	0	0	0	(0)	0	0	**12,671**	**0.4%**
Total income (excl. finance income)	**13,014**	12,803	**1.6%**	**0**	**(55)**	**0**	**0**	**0**	**(27)**	**0**	**0**	**12,932**	**1.0%**
Labour	**2,432**	2,367	**2.7%**	0	(33)	0	0	0	0	0	0	**2,399**	**1.4%**
Goods and services purchased	**3,262**	3,295	**(1.0%)**	0	(25)	0	0	0	0	0	0	**3,237**	**(1.8%)**
Other expenses	**1,993**	1,852	**7.6%**	0	(11)	0	0	(10)	0	0	0	**1,972**	**6.5%**
Operating expenses	**7,687**	7,514	**2.3%**	**0**	**(69)**	**0**	**0**	**(10)**	**0**	**0**	**0**	**7,608**	**1.3%**
Share of net profit/(loss) from joint ventures and associated entities	**(10)**	0	**n/a**	0	0	0	0	0	0	0	0	**(10)**	**n/a**
EBITDA	**5,317**	5,289	**0.5%**	**0**	**14**	**0**	**0**	**10**	**(27)**	**0**	**0**	**5,314**	**0.5%**
Depreciation and amortisation	**1,989**	2,013	**(1.2%)**	0	(4)	0	0	0	0	0	0	**1,985**	**(1.4%)**
EBIT	**3,328**	3,276	**1.6%**	**0**	**18**	**0**	**0**	**10**	**(27)**	**0**	**0**	**3,329**	**1.6%**
Net finance costs	**353**	490	**(28.0%)**	0	(2)	0	0	0	0	0	0	**351**	**(28.4%)**
Profit before income tax expense	**2,975**	2,786	**6.8%**	**0**	**20**	**0**	**0**	**10**	**(27)**	**0**	**0**	**2,978**	**6.9%**
Income tax expense	**876**	825	**6.2%**	0	1	0	0	0	0	0	0	**877**	**6.3%**
Profit for the year from continuing operations	**2,099**	1,961	**7.0%**	**0**	**19**	**0**	**0**	**10**	**(27)**	**0**	**0**	**2,101**	**7.1%**
(Loss)/profit for the year from discontinued operation	**19**	(221)	**n/a**	0	0	0	0	0	0	0	0	**19**	**n/a**
Profit for the year from continuing and discontinued operations	**2,118**	1,740	**21.7%**	**0**	**19**	**0**	**0**	**10**	**(27)**	**0**	**0**	**2,120**	**21.8%**
Attributable to:													
Equity holders of the Telstra Entity	**2,085**	1,704	**22.4%**	0	19	0	0	10	(27)	0	0	**2,087**	**22.5%**
Non controlling interests	**33**	36	**(8.3%)**	0	0	0	0	0	0	0	0	**33**	**(8.3%)**
Free cashflow	**262**	1,650	**(84.1%)**	**(4)**	**449**	**15**	**44**	**10**	**0**	**8**	**1,302**	**2,086**	

This table was subject to review by our auditors.

Note:

On a guidance basis, Income growth on PCP was 1.0% and EBITDA growth on PCP was 0.5%. On a guidance basis and excluding CSL trading from PCP, Income growth on PCP was 6.2% and EBITDA growth on PCP was 3.5%.
Free Cashflow PCP included $170m of M&A outlay related to DCA, Fred, NSC, Box, Ooyala. On a guidance basis and excluding this PCP M&A, 1H FY15 Free Cashflow of $2,086m represents growth on PCP of 14.6%.

There are a number of factors that have impacted our results this year. In the table above, we have adjusted the results for:

(i) Sensis adjustments:
Adjustments related to Sensis discontinued operation. Free Cashflow adjustment of $4m related to the receipt from completion adjustment on Sensis sale.

(ii) Mergers & Acquisitions:
Adjustments relating to mergers and acquisition activities. This includes Ooyala, VideoPlaza and Telstra SNP Monitoring, Bridgepoint, iCareHealth, Joint Ventures/Asscociates and Other investments to 31 December 2014.

(iii) CSL adjustments:
CSL indemnity payment as a result of subsequent events.

(iv) Octave adjustments:
On 10 December 2013, Telstra Octave Holdings Limited acquired the remaining 33 per cent interest in Octave Investments Holdings Limited in exchange for selling the net assets of the five variable interest entities controlled by Sharp Point Group Limited. As our control did not change in Octave Investments Holdings Limited, the associated gain of $27m was held in our General Reserve in equity at June 2014. On 12 December 2014, we liquidated Octave Investments Holdings Limited and Telstra Octave Holdings Limited and as a result of us ceasing to own both the entities, the $27m gain held in equity was transferred to the Income Statement in accordance with accounting standards.

(v) Sequel Media adjustments:
On 26 November 2014 our controlled entity Telstra Holdings Pty Ltd disposed of our entire 55 per cent shareholding in Sequel Media Inc. and its controlled entities (Sequel Media Group) for a total consideration of $18 million, resulting in a $2 million net loss on sale, largely representing the $2 million foreign currency translation loss reclassified on the disposal from reserves to the income statement.
On completion of the sale we deconsolidated 100 per cent of the Sequel Media Inc. balance sheet, including $26 million of cash balances disposed.

(vi) Spectrum adjustments:
Adjustments relating to the impact of Free Cashflow associated with our Spectrum purchases and renewals for the year ($1,302m, 2 x 20MHz in the 700 MHz band (40 MHz in total) and 2 x 40 MHz in the 2.5 GHz band (80 MHz in total).

HALF-YEAR RESULTS AND OPERATIONS REVIEW

2015 Indicative Financial Calendar[(i)]

With the proposed reactivation of Telstra's Dividend Reinvestment Plan (DRP) for the Financial Year 2015 final dividend, the ex-date and record date for the final dividend has been brought forward by one day and the last date for making an election to participate in the DRP (the DRP Election Date) has been included.

Ex-dividend share trading commences	Wednesday 25 February 2015
Record date for interim dividend	Friday 27 February 2015
Interim dividend paid	Friday 27 March 2015
Annual Results announcement	Thursday 13 August 2015
Ex-dividend share trading commences	Tuesday 25 August 2015[(ii)]
Record date for final dividend	Thursday 27 August 2015[(ii)]
DRP Election Date[(iii)]	Friday 28 August 2015
Final dividend paid	Friday 25 September 2015
Annual General Meeting	Tuesday 13 October 2015

(i) Dates are indicative only and may be subject to change. Any revision to the above dates will be notified to the ASX.

(ii) Revised.

(iii) New date.

Results of operations

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
Sales revenue	**12,642**	12,564	78	**0.6**
Other revenue (i)	**78**	62	16	**25.8**
Total revenue	**12,720**	12,626	94	**0.7**
Other income (ii)	**294**	177	117	**66.1**
Total income (excl. finance income)	**13,014**	12,803	211	**1.6**
Labour	**2,432**	2,367	65	**2.7**
Goods and services purchased	**3,262**	3,295	(33)	**(1.0)**
Other expenses	**1,993**	1,852	141	**7.6**
Operating expenses	**7,687**	7,514	173	**2.3**
Share of net profit/(loss) from joint ventures and associated entities	**(10)**	-	(10)	**n/m**
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**5,317**	5,289	28	**0.5**
Depreciation and amortisation	**1,989**	2,013	(24)	**(1.2)**
Earnings before interest and income tax expense (EBIT)	**3,328**	3,276	52	**1.6**
Net finance costs	**353**	490	(137)	**(28.0)**
Profit before income tax expense	**2,975**	2,786	189	**6.8**
Income tax expense	**876**	825	51	**6.2**
Profit for the period from continuing operations	**2,099**	1,961	138	**7.0**
(Loss)/profit for the period from discontinued operation	**19**	(221)	240	**n/m**
Profit for the period	**2,118**	1,740	378	**21.7**
Attributable to:				
Equity holders of the Telstra Entity	**2,085**	1,704	381	**22.4**
Non-controlling interests	**33**	36	(3)	**(8.3)**
	2,118	1,740	378	**21.7**
Effective tax rate	**29.4%**	29.6%		**(0.2) pp**
EBITDA margin on sales revenue	**42.1%**	42.1%		**0.0 pp**
EBIT margin on sales revenue	**26.4%**	26.1%		**0.3 pp**
			Change	**Change**
	cents	cents	cents	**%**
Basic earnings per share from continuing operations (iii)	**16.8**	15.5	1.3	**8.4**
Diluted earnings per share from continuing operations (iii)	**16.7**	15.5	1.2	**7.7**
Basic earnings per share from continuing and discontinued operations (iii)	**16.9**	13.7	3.2	**23.4**
Diluted earnings per share from continuing and discontinued operations (iii)	**16.9**	13.7	3.2	**23.4**

(i) Other revenue primarily consists of distributions received from Foxtel (31 Dec 2014: $50m; 31 Dec 2013: $50m) and rental income.

(ii) Other income includes gains and losses on asset and investment sales, USO levy receipts, TUSMA payment receipts, PSAA payments, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust for employee share plans and instruments held under executive remuneration plans.

Statement of financial position

	As at			
	31 Dec 14	30 Jun 14	Change	**Change**
	$m	$m	$m	**%**
Current assets				
Cash and cash equivalents	**1,669**	5,527	(3,858)	**(69.8)**
Trade and other receivables	**4,578**	4,172	406	**9.7**
Inventories	**529**	362	167	**46.1**
Derivative financial assets	**75**	23	52	**n/m**
Current tax receivables	**60**	2	58	**n/m**
Prepayments	**362**	329	33	**10.0**
Assets classified as held for sale	**-**	23	(23)	**n/m**
Total current assets	**7,273**	10,438	(3,165)	**(30.3)**
Non current assets				
Trade and other receivables	**1,060**	973	87	**8.9**
Inventories	**32**	29	3	**10.3**
Investments - accounted for using the equity method	**187**	196	(9)	**(4.6)**
Investments - other	**107**	127	(20)	**(15.7)**
Property, plant and equipment	**19,719**	19,842	(123)	**(0.6)**
Intangible assets	**8,332**	6,382	1,950	**30.6**
Derivative financial assets	**1,914**	1,322	592	**44.8**
Deferred tax assets	**13**	7	6	**85.7**
Defined benefit assets	**-**	44	(44)	**n/m**
Total non current assets	**31,364**	28,922	2,442	**8.4**
Total assets	**38,637**	39,360	(723)	**(1.8)**
Current liabilities				
Trade and other payables	**3,720**	3,834	(114)	**(3.0)**
Provisions	**966**	932	34	**3.6**
Borrowings	**2,452**	2,277	175	**7.7**
Derivative financial liabilities	**62**	400	(338)	**(84.5)**
Current tax payables	**321**	296	25	**8.4**
Revenue received in advance	**1,044**	926	118	**12.7**
Liabilities classified as held for sale	**-**	19	(19)	**n/m**
Total current liabilities	**8,565**	8,684	(119)	**(1.4)**
Non current liabilities				
Other payables	**67**	66	1	**1.5**
Provisions	**276**	261	15	**5.7**
Borrowings	**13,175**	13,547	(372)	**(2.7)**
Derivative financial liabilities	**1,111**	1,169	(58)	**(5.0)**
Deferred tax liabilities	**1,260**	1,286	(26)	**(2.0)**
Defined benefit liability	**138**	-	138	**n/m**
Revenue received in advance	**392**	387	5	**1.3**
Total non current liabilities	**16,419**	16,716	(297)	**(1.8)**
Total liabilities	**24,984**	25,400	(416)	**(1.6)**
Net assets	**13,653**	13,960	(307)	**(2.2)**
Equity				
Equity available to Telstra Entity shareholders	**13,355**	13,822	(467)	**(3.4)**
Non-controlling interests	**298**	138	160	**n/m**
Total equity	**13,653**	13,960	(307)	**(2.2)**
Gross debt	**14,811**	16,048	(1,237)	**(7.7)**
Net debt	**13,142**	10,521	2,621	**24.9**
EBITDA interest cover (times)	**14.9**	13.8	1.1	**7.1**
Net debt to EBITDA	**1.2**	0.9	0.3	**n/m**
ROA - Return on average assets (i)	**19.0%**	18.7%		**0.3 pp**
ROE - Return on average equity (i)	**30.7%**	26.8%		**3.9 pp**
ROI - Return on average investment (i)	**26.0%**	24.7%		**1.2 pp**
ROIC - Return on invested capital (i)	**16.4%**	14.8%		**1.6 pp**
Gearing ratio (net debt to capitalisation) (i)	**49.0%**	43.0%		**6.0 pp**

(i) Ratio has been measured on a continuing and discontinuing basis.

n/m = not meaningful

Statement of cash flows

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**14,243**	14,446	(203)	**(1.4)**
Payments to suppliers and to employees (inclusive of GST)	**(9,780)**	(10,099)	319	**(3.2)**
Government grants received	**158**	138	20	**14.5**
Net cash generated by operations	**4,621**	4,485	136	**3.0**
Income taxes paid	**(927)**	(731)	(196)	**26.8**
Net cash provided by operating activities	**3,694**	3,754	(60)	**(1.6)**
Cash flows from investing activities				
Payments for:				
- property, plant and equipment	**(1,398)**	(1,613)	215	**(13.3)**
- intangible assets	**(1,766)**	(456)	(1,310)	**n/m**
Capital expenditure (before investments)	**(3,164)**	(2,069)	(1,095)	**52.9**
- shares in controlled entities and businesses (net of cash acquired)	**(430)**	(113)	(317)	**n/m**
- payments for joint ventures and associated entities	**(15)**	-	(15)	**n/m**
- payments for other investments	**(44)**	(55)	11	**(20.0)**
Total capital expenditure	**(3,653)**	(2,237)	(1,416)	**63.3**
Proceeds from:				
- sale of property, plant and equipment	**43**	22	21	**95.5**
- sale of shares in controlled entities (net of cash disposed)	**(4)**	-	(4)	**n/m**
Proceeds from finance lease principal amounts	**48**	46	2	**4.3**
Interest received	**70**	42	28	**66.7**
Settlement of hedges in net investments	**(2)**	(24)	22	**(91.7)**
Term deposits	**3**	(4)	7	**n/m**
Distributions received from joint ventures and associated entities	**63**	51	12	**23.5**
Net cash used in investing activities	**(3,432)**	**(2,104)**	**(1,328)**	**63.1**
Operating cash flows less investing cash flows	**262**	**1,650**	**(1,388)**	**(84.1)**
Cash flows from financing activities				
Proceeds from borrowings	**515**	1,100	(585)	**(53.2)**
Proceeds from borrowings from joint ventures and associated entities	**79**	-	79	**n/m**
Repayment of borrowings	**(1,805)**	(564)	(1,241)	**n/m**
Repayment of finance lease principal amounts	**(40)**	(42)	2	**(4.8)**
Share buy-back	**(1,004)**	-	(1,004)	**n/m**
Staff repayments of share loans	**2**	1	1	**100.0**
Purchase of shares for employee share plans	**(54)**	(61)	7	**(11.5)**
Proceeds received from exercise of equity instruments	**-**	26	(26)	**n/m**
Proceeds from sale of controlled entity shares	**333**	-	333	**n/m**
Finance costs paid	**(471)**	(479)	8	**(1.7)**
Issue of equity by controlled entities	**121**	160	(39)	**(24.4)**
Payment for share buy-back of non-controlling interests	**-**	(72)	72	**n/m**
Proceeds from sale of controlled entity shares on behalf of non-controlling interests	**33**	-	33	**n/m**
Payments to non-controlling interests for sale of their shares in controlled entity (including tax paid on their behalf)	**(36)**	-	(36)	**n/m**
Dividends paid to equity holders of Telstra Entity	**(1,866)**	(1,742)	(124)	**7.1**
Dividends paid to non-controlling interests	**-**	(22)	22	**n/m**
Net cash used in financing activities	**(4,193)**	(1,695)	(2,498)	**n/m**
Net (decrease) in cash and cash equivalents	**(3,931)**	(45)	(3,886)	**n/m**
Cash and cash equivalents at the beginning of the period	**5,527**	2,479	3,048	**n/m**
Effects of exchange rate changes on cash and cash equivalents	**73**	21	52	**n/m**
Cash and cash equivalents at the end of the period	**1,669**	2,455	(786)	**(32.0)**

n/m = not meaningful

Revenue

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
Fixed products				
Fixed voice	**1,917**	2,058	(141)	**(6.9)**
Fixed data	**1,175**	1,090	85	**7.8**
Other fixed revenue (i)	**413**	416	(3)	**(0.7)**
Total fixed revenue	**3,505**	3,564	(59)	**(1.7)**
Mobiles				
Postpaid handheld	**2,701**	2,495	206	**8.3**
Prepaid handheld	**498**	419	79	**18.9**
Mobile broadband	**649**	643	6	**0.9**
Machine to Machine (M2M)	**55**	47	8	**17.0**
Satellite	**8**	7	1	**14.3**
Mobiles interconnection	**416**	405	11	**2.7**
Mobile services revenue - wholesale resale	**53**	61	(8)	**(13.1)**
Total mobile services revenue	**4,380**	4,077	303	**7.4**
Mobile hardware	**947**	784	163	**20.8**
Total mobile revenue	**5,327**	4,861	466	**9.6**
Data & IP				
ISDN products	**340**	363	(23)	**(6.3)**
IP Access	**590**	581	9	**1.5**
Other data and calling products	**528**	554	(26)	**(4.7)**
Total Data & IP	**1,458**	1,498	(40)	**(2.7)**
Network applications and services (ii)	**1,007**	853	154	**18.1**
Media				
TV	**364**	348	16	**4.6**
Content (iii)	**41**	40	1	**2.5**
Cable	**60**	60	-	**n/m**
Total media	**465**	448	17	**3.8**
CSL New World	**-**	630	(630)	**n/m**
Global connectivity (ii)	**322**	291	31	**10.7**
Other sales revenue (iv)	**558**	419	139	**33.2**
Sales revenue	**12,642**	12,564	78	**0.6**
Other revenue (v)	**78**	62	16	**25.8**
Total revenue	**12,720**	12,626	94	**0.7**
Other income (vi)	**294**	177	117	**66.1**
Total income	**13,014**	12,803	211	**1.6**

(i) Other fixed revenue primarily includes intercarrier services, payphones, customer premises equipment and narrowband.

(ii) Global connectivity has been restated due to International NAS revenue being reclassified into NAS.

(iii) Media Content includes Classifieds & Advertising

(iv) Other sales revenue includes revenue for the build of NBN infrastructure, China digital media and late payment and miscellaneous fee revenue.

(v) Other revenue primarily consists of distributions received from Foxtel and rental income.

(vi) Other income includes gains and losses on asset and investment sales, USO levy receipts, TUSMA payment receipts, PSAA payments, subsidies and other miscellaneous items.

Expenses

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
Salary and associated costs	**1,834**	1,706	128	**7.5**
Other labour expenses	**151**	151	0	**n/m**
Labour substitution	**403**	384	19	**4.9**
Redundancy	**44**	126	(82)	**(65.1)**
Total labour	**2,432**	2,367	65	**2.7**
Cost of goods sold	**1,495**	1,500	(5)	**(0.3)**
Network payments	**814**	882	(68)	**(7.7)**
Other	**953**	913	40	**4.4**
Total goods and services purchased	**3,262**	3,295	(33)	**(1.0)**
Service contracts and other agreements	**762**	660	102	**15.5**
Impairment expenses	**99**	148	(49)	**(33.1)**
Other	**1,132**	1,044	88	**8.4**
Total other expenses	**1,993**	1,852	141	**7.6**
Total operating expenses	**7,687**	7,514	173	**2.3**
Depreciation	**1,467**	1,458	9	**0.6**
Amortisation	**522**	555	(33)	**(5.9)**
Total depreciation and amortisation	**1,989**	2,013	(24)	**(1.2)**

Net Finance Costs

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
Borrowing costs	**432**	475	(43)	**(9.1)**
Finance leases	**10**	10	0	**n/m**
Interest on cash, loans and finance lease receivables	**(85)**	(68)	(17)	**25.0**
Net borrowing costs	**357**	417	(60)	**(14.4)**
Capitalised interest	**(29)**	(28)	(1)	**3.6**
Other	**25**	101	(76)	**n/m**
Net Finance Costs	**353**	490	(137)	**(28.0)**

Accrued capex

	Half-year ended 31 December			
	2014	2013	Change	**Change**
	$m	$m	$m	**%**
New revenue/growth	**177**	116	61	**52.6**
Business improvement	**294**	191	103	**53.9**
Customer demand and experience	**1,068**	1,189	(121)	**(10.2)**
Lifecycle maintenance	**116**	160	(44)	**(27.5)**
Legal and regulatory compliance	**9**	14	(5)	**(35.7)**
International	**64**	144	(80)	**(55.6)**
Accrued capital expenditure	**1,728**	1,814	(86)	**(4.7)**

Accrued capital expenditure is defined as additions to property, equipment and intangible assets, including capital lease additions,excluding expenditure on spectrum, measure accrued basis.

ARPU ($)

	Half year ended			Dec 14 vs Dec13		Dec 14 vs Jun 14	
	Dec 2014 ($)	Jun 2014 ($)	Dec 2013 ($)	Change ($)	Change %	Change ($)	Change %
Fixed voice	**42.73**	43.42	44.53	(1.80)	(4.0)	(0.69)	(1.6)
Fixed data	**51.53**	50.98	50.75	0.78	1.5	0.55	1.1
Mobile services retail (incl. Interconnect and MRO)	**44.55**	42.48	43.35	1.20	2.8	2.07	4.9
Postpaid handheld (incl. MRO)	**62.22**	58.47	58.81	3.41	5.8	3.75	6.4
Postpaid handheld (excl. MRO) (i)	**69.71**	66.20	66.80	2.91	4.4	3.51	5.3
Prepaid handheld	**21.50**	19.79	18.90	2.60	13.8	1.71	8.6
Mobile broadband	**28.89**	29.20	29.60	(0.71)	(2.4)	(0.31)	(1.1)
M2M	**6.93**	7.60	7.69	(0.76)	(9.9)	(0.67)	(8.8)
Satellite	**46.61**	40.44	40.43	6.18	15.3	6.17	15.3

(i) Prior year adjustment due to an incorrect omission of a number of Telstra Business MRO accounts from the calculated ARPU.

Services in operation

	Half year ended			Dec 14 vs Dec13		Dec 14 vs Jun 14	
	Dec 2014 ('000)	Jun 2014 ('000)	Dec 2013 ('000)	Change ('000)	Change **%**	Change ('000)	Change **%**
Fixed products ('000)							
Basic access lines in service							
Retail(i)	**6,104**	6,245	6,356	(252)	(4.0)	(141)	(2.3)
Wholesale	**1,318**	1,285	1,277	41	3.2	33	2.6
Total fixed voice lines in service	**7,422**	7,530	7,633	(211)	(2.8)	(108)	(1.4)
Fixed data SIOs - retail(ii)	**3,043**	2,956	2,847	196	6.9	87	2.9
Fixed data SIOs - wholesale	**816**	789	777	39	5.0	27	3.4
Fixed data	**3,859**	3,745	3,624	235	6.5	114	3.0
ISDN access (basic line equivalents)	**1,181**	1,225	1,265	(84)	(6.6)	(44)	(3.6)
T-Box® device sales	**39**	74	124	(85)	(68.5)	(35)	(47.3)
Unconditioned local loop (ULL) SIOs	**1,528**	1,482	1,400	128	9.1	46	3.1
Line Spectrum sharing services (LSS) (iii)	**569**	589	614	(45)	(7.3)	(20)	(3.4)
Mobiles SIOs ('000)							
Postpaid handheld retail mobile	**7,275**	7,194	7,122	153	2.1	81	1.1
Prepaid handheld retail mobile	**3,876**	3,845	3,903	(27)	(0.7)	31	0.8
Total mobile broadband (data card)	**3,809**	3,679	3,672	137	3.7	130	3.5
M2M	**1,385**	1,261	1,086	299	27.5	124	9.8
Satellite	**30**	30	28	2	7.1	-	0.0
Total retail mobile	**16,375**	16,009	15,811	564	3.6	366	2.3
Total wholesale mobile	**408**	379	348	60	17.2	29	7.7
Prepaid handheld unique users (iv)	**2,490**	2,446	2,347	143	6.1	44	1.8
Total premium pay TV SIOs ('000)	**560**	526	500	60	12.0	34	6.5

(i) Includes NBN

(ii) Includes NBN and Belong SIOs.

(iii) Excluded from wholesale broadband SIOs.

(iv) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.

Note: Statistical data represents management's best estimates.

Workforce

	Half year ended			Dec 14 vs Dec13		Dec 14 vs Jun 14	
	Dec 2014 ('000)	Jun 2014 ('000)	Dec 2013 ('000)	Change ('000)	Change **%**	Change ('000)	Change **%**
Employee data							
Full time staff and equivalents	**33,578**	32,354	33,108	470	1.4	1,224	3.8

Note: Statistical data represents management's best estimates.

Segment Information from continuing operations

	Total external income			EBITDA contribution		
	Half-year ended 31 December			Half-year ended 31 December		
	2014	2013	**Change**	**2014**	2013	**Change**
	$m	$m	**%**	**$m**	$m	**%**
Telstra Retail	**8,628**	8,154	**5.8**	**4,705**	4,614	**2.0**
Global Enterprise and Services	**2,623**	2,528	**3.8**	**1,212**	1,230	**(1.5)**
Telstra Wholesale	**1,244**	1,155	**7.7**	**1,152**	1,043	**10.5**
Telstra Operations	**182**	126	**44.4**	**(1,426)**	(1,461)	**2.4**
Other (excluding Sensis)	**337**	840	**(59.9)**	**(326)**	(137)	**n/m**
Total Telstra segments (excluding Sensis)	**13,014**	12,803	**1.6**	**5,317**	5,289	**(0.5)**
Other - Sensis	**-**	358	**n/m**	**19**	(115)	**n/m**
Total Telstra segments	**13,014**	13,161	**(1.1)**	**5,336**	5,174	**3.1**

Product profitability - EBITDA margins

	Half-year ended		
	Dec 2014	Jun 2014	Dec 2013
Mobile	**40%**	41%	39%
Fixed Data (i)	**42%**	42%	39%
Fixed Voice (i)	**56%**	57%	61%
Data & IP	**64%**	66%	65%
Telstra Group	**42.1%**	46.6%	42.1%

Note: product margins represent management's best estimates.

(i) Includes NBN Voice and Data

Product profitability - EBITDA

	Half-year ended		
	Dec 2014	Jun 2014	Dec 2013
Mobile	**2,110**	1,966	1,913
Fixed Data (i)	**495**	475	429
Fixed Voice (i)	**1,076**	1,128	1,247
Data & IP	**933**	963	980
Telstra Group	**5,317**	5,846	5,289

Note: product margins represent management's best estimates.

(i) Includes NBN Voice and Data

Telstra Corporation Limited
Half-yearly comparison
Half Year ended 31 December 2014

Summary Reported Half-Yearly Data ($ millions)	Half 1 Dec-09	PCP Growth	Half 2 Jun-10	PCP Growth	Full year Jun-10	PCP Growth	Half 1 Dec-10	PCP Growth	Half 2 Jun-11	PCP Growth	Full year Jun-11	PCP Growth	Half 1 Dec-11	PCP Growth	Half 2 Jun-12	PCP Growth	Full year Jun-12	PCP Growth	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth
Revenue																															
Fixed products																															
Total Fixed voice (i)	2,995	(6.9%)	2,835	(9.1%)	5,830	(8.0%)	2,734	(8.7%)	2,619	(7.6%)	5,353	(8.2%)	2,488	(9.0%)	2,328	(11.1%)	4,815	(10.1%)	2,219	(10.8%)	2,137	(8.2%)	4,356	(9.5%)	2,058	(7.3%)	1,974	(7.6%)	4,032	(7.4%)	1,917	(6.9%)
Total Fixed data (i)	992	2.5%	981	(0.1%)	1,973	1.2%	967	(2.5%)	959	(2.2%)	1,925	(2.4%)	985	1.9%	1,002	4.5%	1,987	3.2%	1,028	4.4%	1,059	5.7%	2,087	5.0%	1,090	6.0%	1,128	6.5%	2,218	6.3%	1,175	7.8%
NBN Wholesale	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m
Other fixed revenue	184	12.2%	174	26.1%	358	17.8%	187	1.6%	165	(5.2%)	353	(1.4%)	162	(13.4%)	148	(10.3%)	309	(12.5%)	156	(3.7%)	139	(6.1%)	295	(4.5%)	128	(17.9%)	116	(16.5%)	244	(17.3%)	104	(18.8%)
Intercarrier access services (includes ULL)	217	15.4%	229	14.5%	446	14.9%	241	11.1%	244	6.6%	486	9.0%	255	5.8%	267	9.4%	522	7.4%	312	22.4%	290	8.6%	602	15.3%	288	(7.7%)	298	2.8%	586	(2.7%)	309	7.3%
Total fixed products (i)	4,389	(3.2%)	4,219	(4.9%)	8,608	(4.1%)	4,130	(5.9%)	3,987	(5.5%)	8,117	(5.7%)	3,889	(5.8%)	3,743	(6.1%)	7,632	(6.0%)	3,714	(4.5%)	3,627	(3.1%)	7,341	(3.8%)	3,564	(4.0%)	3,516	(3.1%)	7,080	(3.6%)	3,505	(1.7%)
Mobiles																															
Postpaid handheld	2,116	(0.7%)	2,138	4.1%	4,254	1.6%	2,169	2.5%	2,240	4.8%	4,409	3.6%	2,370	9.3%	2,302	2.8%	4,672	6.0%	2,377	0.3%	2,427	5.4%	4,804	2.8%	2,495	5.0%	2,511	3.5%	5,006	4.2%	2,701	8.3%
Prepaid handheld	310	8.8%	290	(4.0%)	600	2.2%	331	6.8%	306	5.5%	637	6.2%	326	(1.5%)	328	7.2%	654	2.7%	351	7.7%	376	14.6%	727	11.2%	419	19.4%	460	22.3%	879	20.9%	498	18.9%
Total handheld	2,426	0.4%	2,428	3.1%	4,854	1.7%	2,500	3.1%	2,546	4.9%	5,046	4.0%	2,696	7.8%	2,630	3.3%	5,326	5.5%	2,728	1.2%	2,803	6.6%	5,531	3.8%	2,914	6.8%	2,971	6.0%	5,885	6.4%	3,199	9.8%
Mobile broadband	372	29.2%	423	32.6%	795	31.0%	452	21.5%	467	10.4%	919	15.6%	493	9.1%	525	12.4%	1,018	10.8%	576	16.8%	620	18.1%	1,196	17.5%	643	11.6%	644	3.9%	1,287	7.6%	649	0.9%
Machine to Machine (M2M)	31	n/m	31	n/m	62	n/m	32	3.2%	37	19.4%	69	11.3%	40	25.0%	40	8.1%	80	15.9%	44	10.0%	46	15.0%	90	12.5%	47	6.8%	54	17.4%	101	12.2%	55	17.0%
Satellite	6	0.0%	5	25.0%	11	10.0%	6	0.0%	6	20.0%	12	9.1%	7	16.7%	5	(16.7%)	12	0.0%	7	0.0%	6	20.0%	13	8.3%	7	0.0%	7	16.7%	14	7.7%	8	14.3%
Mobile services revenue - retail	2,835	4.6%	2,887	7.8%	5,722	6.2%	2,990	5.5%	3,056	5.9%	6,046	5.7%	3,236	8.2%	3,200	4.7%	6,436	6.5%	3,355	3.7%	3,475	8.6%	6,830	6.1%	3,611	7.6%	3,676	5.8%	7,287	6.7%	3,911	8.3%
Mobile interconnection	263	7.3%	270	9.8%	533	8.6%	306	16.3%	344	27.4%	650	22.0%	407	33.0%	362	5.2%	769	18.3%	398	(2.2%)	370	2.2%	768	(0.1%)	405	1.8%	379	2.4%	784	2.1%	416	2.7%
Mobile services - wholesale resale	90	1.1%	69	(19.8%)	159	(9.1%)	73	(18.9%)	72	4.3%	145	(8.8%)	69	(5.5%)	68	(5.6%)	137	(5.5%)	47	(31.9%)	58	(14.7%)	105	(23.4%)	61	29.8%	43	(25.9%)	104	(1.0%)	53	(13.1%)
Total mobile services	3,188	4.7%	3,226	7.1%	6,414	5.9%	3,369	5.7%	3,472	7.6%	6,841	6.7%	3,712	10.2%	3,630	4.6%	7,342	7.3%	3,800	2.4%	3,903	7.5%	7,703	4.9%	4,077	7.3%	4,098	5.0%	8,175	6.1%	4,380	7.4%
Mobile hardware	413	4.3%	443	16.3%	856	10.2%	566	37.0%	594	34.1%	1,160	35.5%	655	15.7%	683	15.0%	1,338	15.3%	767	17.1%	730	6.9%	1,497	11.9%	784	2.2%	709	(2.9%)	1,493	(0.3%)	947	20.8%
Total mobiles	3,601	4.7%	3,669	8.2%	7,270	6.4%	3,935	9.3%	4,066	10.8%	8,001	10.1%	4,367	11.0%	4,313	6.1%	8,680	8.5%	4,567	4.6%	4,633	7.4%	9,200	6.0%	4,861	6.4%	4,807	3.8%	9,668	5.1%	5,327	9.6%
Data & IP																															
ISDN products	463	(4.1%)	442	(3.7%)	905	(3.9%)	447	(3.5%)	430	(2.7%)	877	(3.1%)	420	(6.0%)	406	(5.6%)	826	(5.8%)	398	(5.2%)	379	(6.7%)	777	(5.9%)	363	(8.8%)	349	(7.9%)	712	(8.4%)	340	(6.3%)
IP access	398	20.6%	446	25.3%	844	23.0%	475	19.3%	500	12.1%	975	15.5%	517	8.8%	545	9.0%	1,062	8.9%	559	8.1%	570	4.6%	1,129	6.3%	581	3.9%	585	2.6%	1,166	3.3%	590	1.5%
Other data and calling products	747	(9.2%)	681	(12.2%)	1,427	(10.7%)	662	(11.4%)	616	(9.5%)	1,278	(10.4%)	606	(8.5%)	614	(0.3%)	1,220	(4.5%)	586	(3.3%)	549	(10.6%)	1,135	(7.0%)	554	(5.5%)	536	(2.4%)	1,090	(4.0%)	528	(4.7%)
Data & IP Total	1,608	(1.7%)	1,569	(1.4%)	3,176	(1.5%)	1,584	(1.5%)	1,546	(1.5%)	3,130	(1.4%)	1,543	(2.6%)	1,565	1.2%	3,108	(0.7%)	1,543	0.0%	1,498	(4.3%)	3,041	(2.2%)	1,498	(2.9%)	1,470	(1.9%)	2,968	(2.4%)	1,458	(2.7%)
Network applications and services	479	(18.8%)	552	(9.4%)	1,031	(14.0%)	484	1.0%	657	19.0%	1,140	10.6%	574	18.6%	687	4.6%	1,261	10.6%	662	15.3%	877	27.7%	1,539	22.0%	853	28.9%	1,110	26.6%	1,963	27.6%	1,007	18.1%
Media																															
Pay TV bundling	247	6.0%	264	12.8%	511	9.4%	286	15.8%	298	12.9%	584	14.3%	302	5.6%	301	1.0%	603	3.3%	302	0.0%	293	(2.7%)	595	(1.3%)	297	(1.7%)	308	5.1%	605	1.7%	322	8.4%
T-Box	0	n/m	1	n/m	1	n/m	22	n/m	18	1700.0%	40	3900.0%	20	(9.1%)	23	27.8%	43	7.5%	19	(5.0%)	27	17.4%	46	7.0%	26	36.8%	12	(55.6%)	38	(17.4%)	8	(69.2%)
IPTV	4	0.0%	5	0.0%	9	0.0%	8	100.0%	11	120.0%	19	111.1%	8	0.0%	12	9.1%	20	5.3%	12	50.0%	13	8.3%	25	25.0%	25	108.3%	31	138.5%	56	124.0%	34	36.0%
Content (ii)	841	(13.0%)	1,052	(9.9%)	1,892	(11.3%)	681	(19.0%)	1,074	2.1%	1,755	(7.2%)	524	(23.1%)	947	(11.8%)	1,471	(16.2%)	50	(90.5%)	44	(95.4%)	94	(93.6%)	40	(20.0%)	37	(15.9%)	77	(18.1%)	41	2.5%
Cable	35	12.9%	50	11.1%	85	11.8%	38	8.6%	64	28.0%	102	20.0%	58	52.6%	60	(6.3%)	118	15.7%	61	5.2%	59	(1.7%)	120	1.7%	60	(1.6%)	60	1.7%	120	0.0%	60	0.0%
Media - Total	1,127	(8.7%)	1,370	(5.6%)	2,497	(7.1%)	1,034	(8.3%)	1,465	6.9%	2,500	0.1%	912	(11.8%)	1,343	(8.3%)	2,255	(9.8%)	444	(51.3%)	436	(67.5%)	880	(61.0%)	448	0.9%	448	2.8%	896	1.8%	465	3.8%
CSL New World	374	(24.4%)	396	(19.8%)	770	(22.1%)	424	13.4%	390	(1.5%)	814	5.7%	436	2.8%	424	8.7%	860	5.7%	494	13.3%	517	21.9%	1,011	17.6%	630	27.5%	415	(19.7%)	1,045	3.4%	0	(100.0%)
Global connectivity	215	(16.7%)	199	(24.6%)	414	(20.7%)	187	(13.0%)	221	11.1%	408	(1.4%)	252	34.8%	256	15.8%	508	24.5%	249	(1.2%)	262	2.3%	511	0.6%	291	16.9%	320	22.1%	611	19.6%	322	10.7%
TelstraClear	269	(2.2%)	260	(4.4%)	529	(3.3%)	265	(1.5%)	251	(3.5%)	516	(2.5%)	255	(3.8%)	246	(2.0%)	501	(2.9%)	164	(35.7%)	0	(100.0%)	164	(67.3%)	0	(100.0%)	0	n/m	0	(100.0%)	0	n/m
Other sales revenue	262	46.4%	256	19.1%	518	31.1%	220	(16.0%)	137	(46.5%)	357	(31.1%)	177	(19.5%)	250	82.5%	427	19.6%	288	62.7%	322	28.8%	610	42.9%	419	45.5%	469	45.7%	888	45.7%	558	33.2%
Total sales revenue	12,323	(2.5%)	12,490	(1.9%)	24,813	(2.2%)	12,263	(0.5%)	12,720	1.8%	24,983	0.7%	12,405	1.2%	12,827	0.8%	25,232	1.0%	12,124	(2.3%)	12,174	(5.1%)	24,298	(3.7%)	12,564	3.6%	12,555	3.1%	25,119	3.4%	12,642	0.6%
Other revenue	19	(71.2%)	85	21.4%	104	(23.5%)	20	5.3%	90	5.9%	110	5.8%	14	(30.0%)	122	35.6%	136	23.6%	67	378.6%	109	(10.7%)	176	29.4%	62	(7.5%)	139	27.5%	201	14.2%	78	25.8%
Total revenue	12,342	(2.9%)	12,575	(1.7%)	24,917	(2.3%)	12,283	(0.5%)	12,810	1.9%	25,093	0.7%	12,419	1.1%	12,949	1.1%	25,368	1.1%	12,191	(1.8%)	12,283	(5.1%)	24,474	(3.5%)	12,626	3.6%	12,694	3.3%	25,320	3.5%	12,720	0.7%
Other income	47	(11.3%)	65	20.4%	112	4.7%	125	166.0%	86	32.3%	211	88.4%	82	(34.4%)	53	(38.4%)	135	(36.0%)	110	34.1%	192	262.3%	302	123.7%	177	60.9%	799	316.1%	976	223.2%	294	66.1%
Total income	12,389	(2.9%)	12,640	(1.6%)	25,029	(2.3%)	12,408	0.2%	12,896	2.0%	25,304	1.1%	12,501	0.7%	13,002	0.8%	25,503	0.8%	12,301	(1.6%)	12,475	(4.1%)	24,776	(2.9%)	12,803	4.1%	13,493	8.2%	26,296	6.1%	13,014	1.6%
Expenses																															
Labour	2,438	(9.0%)	2,202	(11.2%)	4,640	(10.1%)	2,520	3.4%	2,434	10.5%	4,954	6.8%	2,549	1.2%	2,419	(0.6%)	4,968	0.3%	2,246	(11.9%)	2,281	(5.7%)	4,527	(8.9%)	2,367	5.4%	2,365	3.7%	4,732	4.5%	2,432	2.7%
Goods and services purchased	2,615	(0.6%)	2,745	2.4%	5,360	0.9%	3,148	20.4%	3,035	10.6%	6,183	15.4%	3,161	0.4%	3,018	(0.6%)	6,179	(0.1%)	3,135	(0.8%)	3,112	3.1%	6,247	1.1%	3,295	5.1%	3,170	1.9%	6,465	3.5%	3,262	(1.0%)
Other expenses	2,019	(4.6%)	2,165	4.1%	4,184	(0.1%)	2,161	7.0%	1,856	(14.3%)	4,017	(4.0%)	2,041	(5.6%)	2,081	12.1%	4,122	2.6%	1,978	(3.1%)	1,855	(10.9%)	3,833	(7.0%)	1,852	(6.4%)	2,136	15.1%	3,988	4.0%	1,993	7.6%
Operating expense (before interest)	7,072	(4.8%)	7,112	(1.8%)	14,184	(3.3%)	7,829	10.7%	7,325	3.0%	15,154	6.8%	7,751	(1.0%)	7,518	2.6%	15,269	0.8%	7,359	(5.1%)	7,248	(3.6%)	14,607	(4.3%)	7,514	2.1%	7,671	5.8%	15,185	4.1%	7,687	2.3%
Share of net (profit)/loss from jointly controlled and associated entities	0	(100.0%)	-2	(50.0%)	-2	(33.3%)	-1	n/m	0	(100.0%)	-1	(50.0%)	0	(100.0%)	0	n/m	0	(100.0%)	0	n/m	1	n/m	1	n/m	0	n/m	-24	n/m	-24	n/m	-10	n/m
EBITDA	5,317	(0.3%)	5,530	(1.5%)	10,847	(0.9%)	4,580	(13.9%)	5,571	0.7%	10,151	(6.4%)	4,750	3.7%	5,484	(1.6%)	10,234	0.8%	4,942	4.0%	5,226	(4.7%)	10,168	(0.6%)	5,289	7.0%	5,846	11.9%	11,135	9.5%	5,317	0.5%
Depreciation and amortisation	2,185	(3.1%)	2,161	1.2%	4,346	(1.0%)	2,204	0.9%	2,255	4.3%	4,459	2.6%	2,186	(0.8%)	2,226	(1.3%)	4,412	(1.1%)	2,068	(5.4%)	2,010	(9.7%)	4,078	(7.6%)	2,013	(2.7%)	1,937	(3.6%)	3,950	(3.1%)	1,989	(1.2%)
EBIT	3,132	1.7%	3,369	(3.2%)	6,501	(0.9%)	2,376	(24.1%)	3,316	(1.6%)	5,692	(12.4%)	2,564	7.9%	3,258	(1.7%)	5,822	2.3%	2,874	12.1%	3,216	(1.3%)	6,090	4.6%	3,276	14.0%	3,909	21.5%	7,185	18.0%	3,328	1.6%
Net finance costs	520	29.0%	443	(11.0%)	963	6.9%	571	9.8%	564	27.3%	1,135	17.9%	396	(30.6%)	492	(12.8%)	888	(21.8%)	477	20.5%	456	(7.3%)	933	5.1%	490	2.7%	467	2.4%	957	2.6%	353	(28.0%)
Profit before income tax expense	2,612	(2.4%)	2,926	(1.9%)	5,538	(2.1%)	1,805	(30.9%)	2,752	(5.9%)	4,557	(17.7%)	2,168	20.1%	2,766	0.5%	4,934	8.3%	2,397	10.6%	2,760	(0.2%)	5,157	4.5%	2,786	16.2%	3,442	24.7%	6,228	20.8%	2,975	6.8%
Income tax expense	726	(3.8%)	872	5.4%	1,598	1.0%	598	(17.6%)	709	(18.7%)	1,307	(18.2%)	689	15.2%	821	15.8%	1,510	15.5%	758	10.0%	759	(7.6%)	1,517	0.5%	825	8.8%	854	12.5%	1,679	10.7%	876	6.2%
Profit for the period from continuing operations	1,886	(1.8%)	2,054	(4.7%)	3,940	(3.3%)	1,207	(36.0%)	2,043	(0.5%)	3,250	(17.5%)	1,479	22.5%	1,945	(4.8%)	3,424	5.4%	1,639	10.8%	2,001	2.9%	3,640	6.3%	1,961	19.6%	2,588	29.3%	4,549	25.0%	2,099	7.0%
(Loss)/profit from discontinued operation																			(53)	n/m	204	n/m	151	n/m	(221)	317.0%	17	(91.7%)	(204)	(235.1%)	19	(108.6%)
Profit for the period	1,886	(1.8%)	2,054	(4.7%)	3,940	(3.3%)	1,207	(36.0%)	2,043	(0.5%)	3,250	(17.5%)	1,479	22.5%	1,945	(4.8%)	3,424	5.4%	1,586	7.2%	2,205	13.4%	3,791	10.7%	1,740	9.7%	2,605	18.1%	4,345	14.6%	2,118	21.7%

(i) Includes NBN.
(ii) Media Content includes Classifieds & Advertising

Summary Reported Half-Yearly Data	Half 1 Dec-09	PCP Growth	Half 2 Jun-10	PCP Growth	Full year Jun-10	PCP Growth	Half 1 Dec-10	PCP Growth	Half 2 Jun-11	PCP Growth	Full year Jun-11	PCP Growth	Half 1 Dec-11	PCP Growth	Half 2 Jun-12	PCP Growth	Full year Jun-12	PCP Growth	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth
Selected statistical data																																				
Fixed Voice																																				
Retail basic access lines in service (thousands)	7,545	(3.6%)	7,407	(4.2%)	7,407	(4.2%)	7,298	(3.3%)	7,158	(3.4%)	7,158	(3.4%)	7,034	(3.6%)	6,877	(3.9%)	6,877	(3.9%)	6,695	(4.8%)	6,524	(5.1%)	6,524	(5.1%)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,104	(4.0%)
Wholesale basic access lines in service (thousands)	1,263	(5.8%)	1,253	(2.5%)	1,253	(2.5%)	1,235	(2.2%)	1,212	(3.3%)	1,212	(3.3%)	1,200	(2.8%)	1,180	(2.6%)	1,180	(2.6%)	1,207	0.6%	1,239	5.0%	1,239	5.0%	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,318	3.2%
Fixed voice lines in service (thousands) (i)	**8,808**	**(3.9%)**	**8,660**	**(4.0%)**	**8,660**	**(4.0%)**	**8,533**	**(3.1%)**	**8,370**	**(3.3%)**	**8,370**	**(3.3%)**	**8,234**	**(3.5%)**	**8,057**	**(3.7%)**	**8,057**	**(3.7%)**	**7,902**	**(4.0%)**	**7,763**	**(3.6%)**	**7,763**	**(3.6%)**	**7,633**	**(3.4%)**	**7,530**	**(3.0%)**	**7,530**	**(3.0%)**	**7,422**	**(2.8%)**
Unconditioned local loop (ULL) services in operation (thousands)	770	25.2%	831	19.1%	831	19.1%	914	18.7%	1,001	20.5%	1,001	20.5%	1,061	16.1%	1,160	15.9%	1,160	15.9%	1,245	17.3%	1,322	14.0%	1,322	14.0%	1,400	12.4%	1,482	12.1%	1,482	12.1%	1,528	9.1%
Number of local calls (millions)	2,176	(13.0%)	1,958	(16.4%)	4,134	(14.7%)	1,872	(14.0%)	1,698	(13.3%)	3,570	(13.6%)	1,576	(15.8%)	1,418	(16.5%)	2,994	(16.1%)	1,292	(18.0%)	1,143	(19.4%)	2,435	(18.7%)	1,053	(18.5%)	938	(17.9%)	1,991	(18.2%)	876	(16.8%)
National long distance minutes (millions)	3,053	(6.9%)	2,862	(12.7%)	5,915	(9.8%)	2,770	(9.3%)	2,638	(7.8%)	5,408	(8.6%)	2,420	(12.6%)	2,271	(13.9%)	4,691	(13.3%)	2,066	(14.6%)	1,868	(17.7%)	3,934	(16.1%)	1,706	(17.4%)	1,539	(17.6%)	3,245	(17.5%)	1,378	(19.2%)
Fixed to mobile minutes (millions)	1,611	(3.8%)	1,522	(8.1%)	3,133	(6.0%)	1,562	(3.0%)	1,560	2.5%	3,122	(0.4%)	1,503	(3.8%)	1,450	(7.1%)	2,953	(5.4%)	1,371	(8.8%)	1,287	(11.2%)	2,658	(10.0%)	1,241	(9.5%)	1,170	(9.1%)	2,411	(9.3%)	1,112	(10.4%)
International direct minutes (millions)	280	0.7%	261	(7.4%)	541	(3.4%)	260	(7.1%)	250	(4.2%)	510	(5.7%)	241	(7.3%)	228	(8.8%)	469	(8.0%)	222	(7.9%)	240	5.3%	463	(1.3%)	273	23.0%	274	14.2%	546	17.9%	256	(6.2%)
Average fixed voice revenue per user per month ($'s)	56.03	(3.2%)	54.12	(5.3%)	54.99	(4.3%)	53.04	(5.3%)	51.66	(4.5%)	52.41	(4.7%)	49.97	(5.8%)	47.65	(7.8%)	48.88	(6.7%)	46.34	(7.3%)	45.49	(4.5%)	45.90	(6.1%)	44.53	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.73	(4.0%)
Fixed data																																				
Fixed data SIOs - Retail (thousands)	2,221	(3.3%)	2,234	(1.8%)	2,234	(1.8%)	2,376	7.0%	2,396	7.3%	2,396	7.3%	2,504	5.4%	2,599	8.5%	2,599	8.5%	2,684	7.2%	2,772	6.7%	2,772	6.7%	2,847	6.1%	2,956	6.6%	2,956	6.6%	3,043	6.9%
Broadband wholesale SIOs (thousands)	1,053	(10.7%)	1,003	(9.6%)	1,003	(9.6%)	919	(12.7%)	869	(13.4%)	869	(13.4%)	815	(11.3%)	767	(11.7%)	767	(11.7%)	761	(6.6%)	769	0.3%	769	0.3%	777	2.1%	789	2.6%	789	2.6%	816	5.0%
Fixed data SIOs (thousands) (i)	**3,274**	**(5.8%)**	**3,237**	**(4.3%)**	**3,237**	**(4.3%)**	**3,295**	**0.6%**	**3,265**	**0.9%**	**3,265**	**0.9%**	**3,319**	**0.7%**	**3,366**	**3.1%**	**3,366**	**3.1%**	**3,445**	**3.8%**	**3,541**	**5.2%**	**3,541**	**5.2%**	**3,624**	**5.2%**	**3,745**	**5.8%**	**3,745**	**5.8%**	**3,859**	**6.5%**
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	672	34.1%	735	26.7%	735	26.7%	741	10.3%	725	(1.4%)	725	(1.4%)	717	(3.2%)	696	(4.0%)	696	(4.0%)	658	(8.2%)	631	(9.3%)	631	(9.3%)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)
Average retail fixed data revenue per user per month ($'s)	55.87	(2.5%)	55.11	(3.7%)	55.54	(3.7%)	53.26	(4.7%)	52.05	(5.6%)	53.34	(4.0%)	53.41	0.3%	53.72	3.2%	53.64	0.6%	54.29	1.7%	54.79	2.0%	54.53	1.7%	55.09	1.4%	55.20	0.7%	54.98	0.8%	55.83	1.3%
Average fixed data revenue per user per month ($'s)	55.87	(2.5%)	55.11	(3.7%)	55.54	(3.7%)	49.34	(11.7%)	48.79	(11.5%)	49.39	(11.1%)	49.83	1.0%	49.96	2.4%	49.92	1.1%	50.29	0.9%	50.52	1.1%	50.35	0.9%	50.75	0.9%	50.98	0.9%	50.74	0.8%	51.53	1.5%
ISDN																																				
ISDN access (basic access line equivalents) (thousands)	1,305	1.6%	1,308	1.3%	1,308	1.3%	1,312	0.5%	1,308	0.0%	1,308	0.0%	1,304	(0.6%)	1,297	(0.8%)	1,297	(0.8%)	1,282	(1.7%)	1,285	(0.9%)	1,285	(0.9%)	1,265	(1.3%)	1,225	(4.7%)	1,225	(4.7%)	1,181	(6.6%)
ISDN average revenue per user per month ($'s)	59.46	(4.7%)	56.40	(5.0%)	58.05	(4.3%)	56.88	(4.3%)	54.67	(3.1%)	55.87	(3.8%)	53.56	(5.8%)	52.10	(4.7%)	52.86	(5.4%)	51.47	(3.9%)	49.25	(5.5%)	50.19	(5.1%)	47.41	(7.9%)	46.79	(5.0%)	47.29	(5.8%)	47.07	(0.7%)
Mobiles																																				
Total retail mobile SIOs (thousands)	10,386	7.0%	10,555	3.6%	10,555	3.6%	11,482	10.6%	12,223	15.8%	12,223	15.8%	13,205	15.0%	13,815	13.0%	13,815	13.0%	14,423	9.2%	15,072	9.1%	15,072	9.1%	15,811	9.6%	16,009	6.2%	16,009	6.2%	16,375	3.6%
Postpaid handheld mobile SIOs (in thousands)	5,394	(4.9%)	5,427	(5.2%)	5,427	(5.2%)	5,728	6.2%	6,062	11.7%	6,062	11.7%	6,400	11.7%	6,596	8.8%	6,596	8.8%	6,861	7.2%	7,019	6.4%	7,019	6.4%	7,122	3.8%	7,194	2.5%	7,194	2.5%	7,275	2.1%
Mobile broadband (data cards) SIOs (in thousands)	1,210	58.2%	1,498	43.2%	1,498	43.2%	1,970	62.8%	2,310	54.2%	2,310	54.2%	2,746	39.4%	3,118	35.0%	3,118	35.0%	3,336	21.5%	3,570	14.5%	3,570	14.5%	3,672	10.1%	3,679	3.1%	3,679	3.1%	3,809	3.7%
Prepaid mobile handheld unique users (thousands)	1,921	0.3%	1,889	(3.2%)	1,889	(3.2%)	1,943	1.1%	1,921	1.7%	1,921	1.7%	1,988	2.3%	2,029	5.6%	2,029	5.6%	2,102	5.7%	2,197	8.3%	2,197	8.3%	2,347	11.7%	2,446	11.3%	2,446	11.3%	2,490	6.1%
Machine to Machine (M2M) (thousands)	484	n/m	539	n/m	539	n/m	577	19.2%	658	22.1%	658	22.1%	744	28.9%	809	22.9%	809	22.9%	888	19.4%	970	19.9%	970	19.9%	1,086	22.3%	1,261	30.0%	1,261	30.0%	1,385	27.5%
Satellite (thousands)	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	24	n/m	25	n/m	25	n/m	26	8.3%	27	8.0%	27	8.0%	28	7.7%	30	11.1%	30	11.1%	30	7.1%
Total wholesale SIOs (thousands)	76	1.3%	81	12.5%	81	12.5%	80	5.3%	74	(8.6%)	74	(8.6%)	65	(18.8%)	57	(23.0%)	57	(23.0%)	67	3.1%	241	322.8%	241	322.8%	348	419.4%	379	57.3%	379	57.3%	408	17.2%
Mobile voice telephone minutes (millions)	5,723	2.7%	5,801	6.7%	11,524	4.7%	6,416	12.1%	7,096	22.3%	13,512	17.3%	8,063	25.7%	8,863	24.9%	16,926	25.3%	9,906	22.9%	10,504	18.5%	20,410	20.6%	11,633	17.4%	12,194	16.1%	23,827	16.7%	13,240	13.8%
Number of SMS sent (millions)	4,783	9.9%	4,611	0.5%	9,394	5.0%	4,810	0.6%	5,095	10.5%	9,905	5.4%	5,882	22.3%	6,165	21.0%	12,047	21.6%	6,771	15.1%	6,992	13.4%	13,763	14.2%	7,475	10.4%	7,846	12.2%	15,321	11.3%	8,642	15.6%
Blended average revenue per user (incl interconnection and MRO) ($'s)	50.55	(3.0%)	50.18	1.6%	50.61	0.1%	49.77	(1.5%)	47.71	(4.9%)	48.90	(3.4%)	47.71	(4.1%)	43.94	(7.9%)	46.08	(5.8%)	44.29	(7.2%)	43.47	(1.1%)	43.84	(4.9%)	43.35	(2.1%)	42.48	(2.3%)	43.28	(1.3%)	44.55	2.8%
Average postpaid handheld revenue per user (excl. MRO) ($'s) (ii)	0.00	n/m	0.00	n/m	0.00	n/m	66.34	n/m	65.96	n/m	66.05	n/m	67.43	1.6%	64.38	(2.4%)	66.24	0.3%	65.34	(3.1%)	65.92	2.4%	65.90	(0.5%)	66.80	2.2%	66.20	0.4%	66.57	1.0%	69.71	4.4%
Average postpaid handheld revenue per user (incl. MRO) ($'s)	65.13	2.1%	65.85	8.6%	65.26	4.7%	64.81	(0.5%)	63.32	(3.8%)	63.95	(2.0%)	63.38	(2.2%)	59.04	(6.8%)	61.51	(3.8%)	58.88	(7.1%)	58.29	(1.3%)	58.80	(4.4%)	58.81	(0.1%)	58.47	0.3%	58.70	(0.2%)	62.22	5.8%
Average prepaid handheld revenue per user ($'s)	15.38	2.3%	15.12	(2.6%)	15.36	1.5%	17.52	13.9%	15.94	5.4%	16.89	10.0%	16.76	(4.3%)	16.67	4.6%	16.87	(0.1%)	17.79	6.1%	18.44	10.6%	17.94	6.3%	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%
Average mobile broadband revenue per user per month ($'s)	58.82	(21.0%)	52.07	(11.0%)	55.30	(14.0%)	43.44	(26.1%)	36.37	(30.1%)	40.22	(27.3%)	32.50	(25.2%)	29.84	(18.0%)	31.26	(22.3%)	29.75	(8.5%)	29.93	0.3%	29.80	(4.7%)	29.60	(0.5%)	29.20	(2.4%)	29.59	(0.7%)	28.89	(2.4%)
Average machine to machine revenue per user per month ($'s)	11.36	n/m	10.07	n/m	10.63	n/m	9.66	(15.0%)	9.76	(3.1%)	9.54	(10.3%)	9.60	(0.6%)	8.50	(12.9%)	9.09	(4.7%)	8.66	(9.8%)	8.30	(2.4%)	8.46	(6.9%)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.93	(9.9%)
Average satellite revenue per user per month ($'s)	0.00	n/m	0.00	n/m	0.00	n/m	0.00	n/m	0.00	n/m	0.00	n/m	47.07	n/m	34.67	n/m	40.70	n/m	43.47	(7.6%)	39.46	13.8%	41.32	1.5%	40.43	(7.0%)	40.44	2.5%	39.98	(3.2%)	46.61	15.3%
Premium pay TV																																				
Total premium pay TV SIOs ('000)	479	4.1%	504	12.0%	504	12.0%	513	7.1%	508	0.8%	508	0.8%	504	(1.8%)	501	(1.4%)	501	(1.4%)	507	0.6%	500	(0.2%)	500	(0.2%)	500	(1.4%)	526	5.2%	526	5.2%	560	12.0%

(i) Includes NBN

(ii) Prior year adjustment due to an incorrect omission of a number of Telstra Business MRO accounts from the calculated ARPU.

Note: statistical data represents management's best estimates.