



Telstra Corporation Limited and controlled entities

Appendix 4D

Half-year report

for the half-year ended 31 December 2005

Appendix 4D
Half-year report
31 December 2005
Telstra Corporation Limited

Results for announcement to the market

	Telstra Group			
	Half-year ended 31 December			
	2005	2004	Movement	Movement
	\$m	\$m	\$m	%
Extract from the income statement				
Revenue from ordinary activities (including finance income)	11,614	11,394	220	1.9
Net profit available to Telstra Entity shareholders	2,140	2,385	(245)	(10.3)

For the half-years ended 31 December 2005 and 31 December 2004, all items included in our income statement are considered to be from ordinary activities. As a result, our profit from ordinary activities after tax available to Telstra Entity shareholders is the same as our net profit available to Telstra Entity shareholders.

During the half-years ended 31 December 2005 and 31 December 2004, there were no individual transactions that had a sufficiently significant impact on revenues or expenses that require specific disclosure.

Strategic review

On 15 November 2005, we announced our preliminary results from the strategic review that was initiated on 1 July 2005.

We unveiled a strategy for improving our business by deploying:

- a company wide market based management system;
- the adoption of a one factory approach to managing operations; and
- the delivery of integrated services to our customers.

We also announced several key decisions and commitments regarding our processes, systems and products, which will impact the future performance of our Company. The outcomes of these decisions and commitments are currently in progress, and dependant on some extent on certain regulatory outcomes. The strategic review has not had a significant impact on the income statement and balance sheet of the Telstra Group as at 31 December 2005.

We anticipate that the strategic review will have a significant impact on the operations of the Company in future reporting periods. As a result, the outcomes of this review are expected to significantly affect our future financial results and position.

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Results for announcement to the market (continued)**Dividends paid or declared**

	Half-year ended 31 December	
	2005	2004
	¢	¢
Dividends per share		
Interim dividends in respect of the 31 December half-year		
- interim dividend	14.0	14.0
- special dividend to be paid with the interim dividend	6.0	6.0
Total interim dividend	<u>20.0</u>	<u>20.0</u>
Final dividends for the financial year ended 30 June provided for and paid during the interim period		
- final dividend	14.0	13.0
- special dividend paid with the final dividend	6.0	-
Total final dividend provided for and paid during the interim period.	<u>20.0</u>	<u>13.0</u>

Our interim and final ordinary dividends are fully franked at a tax rate of 30%.

Our interim ordinary dividend (including the special dividend to be paid with the interim dividend) in respect of the half-year ended 31 December 2005 will have a record date of 24 February 2006 with payment to be made on 24 March 2006. Shares will trade excluding entitlement to the dividend on 20 February 2006.

Our final ordinary dividend (including the special dividend paid with the final dividend) in respect of the financial year ended 30 June 2005 was provided for and paid during the interim period. The final ordinary dividend (including the special dividend) had a record date of 30 September 2005 and payment was made on 31 October 2005.

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Australian Business Number (ABN): 33 051 775 556

Contents and reference page

Appendix 4D Requirements	Reference
1. Reporting period and the previous corresponding period.	Refer to the 31 December 2005 half-year financial report lodged with this document.
2. Results for announcement to the market.	Refer page 2 for "Results for announcement to the market".
3. Net tangible assets per security.	Refer item 1 on page 5 of this report.
4. Details of entities where control has been gained or lost during the period.	Refer item 2 on page 5 of this report.
5. Details of individual and total dividends or distributions and dividend or distribution payments.	Refer to the "Results for announcement to the market" on page 3 of this report. Also refer to note 4: Dividends and note 8: Events after balance date in the 31 December 2005 half-year financial report lodged with this document for additional information.
6. Details of dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in an dividend or distribution reinvestment plan.	Refer item 3 on page 5 of this report.
7. Details of our joint venture and associated entities.	Refer item 4 on page 6 of this document for details on our joint ventures and associated entities.
8. Accounting standards used in compiling reports by foreign entities (e.g. International Accounting Standards).	Not applicable.
9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.	Refer item 5 on page 7 of this report.

Appendix 4D**Half-year ended 31 December 2005****1. Net tangible assets per security**

	Telstra Group	
	Half-year ended 31 December	
	2005	2004
	¢	¢
Net tangible assets per security	75.8	80.8

The comparative net tangible assets has been restated due to the adjustments required under the Australian equivalents of International Financial Reporting Standards.

2. Details of entities where control has been gained or lost during the period

We have not gained or lost control over any significant entities during the half-year ended 31 December 2005.

On 9 December 2005, we announced our intention to merge our 100% owned subsidiary Telstra CSL Limited with New World Mobile Holdings Limited (NWMHL). We will own 76.4% of the merged entity and receive \$42 million (HK\$244 million) in cash, NWMHL will hold the remaining 23.6%. The transaction is subject to approval by the shareholders of NWMHL and the Office of the Telecommunications Authority, Hong Kong. If approved, the merger will be finalised by 31 March 2006. The financial effect of the merger was not brought to account as at 31 December 2005.

3. Details of dividend or distribution reinvestment plans in operation

During the half-years ended 31 December 2005 and 31 December 2004, we had no dividend or distribution reinvestment plans in operation.

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Half-year ended 31 December 2005

4. Details of investments in joint ventures and associated entities

Our investments in associated entities are listed below:

Name of associated entity	Principal activities	Telstra Group	
		Ownership interest	
		As at	
		31 December	30 June
		2005	2005
		%	%
Australian-Japan Cable Holdings Limited (incorporated in Bermuda) (a)	Network cable provider	46.9	39.9
Telstra Super Pty Ltd	Superannuation trustee	100.0	100.0
Keycorp Limited	Electronic transactions solutions	47.8	47.8
Telstra Foundation Limited	Charitable trustee organisation	100.0	100.0
LinkMe Pty Ltd	Internet recruitment provider	40.0	40.0

Unless noted, all investments have a balance date of 30 June and are incorporated in Australia.

(a) Balance date is 31 December.

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Half-year ended 31 December 2005

4. Details of investments in joint ventures and associated entities (continued)

Our investments in joint ventures are listed below:

Name of joint venture	Principal activities	Telstra Group	
		Ownership interest	
		As at	
		31 December 2005	30 June 2005
		%	%
FOXTEL Partnerships #	Pay television	50.0	50.0
Customer Services Pty Ltd	Customer service	50.0	50.0
FOXTEL Management Pty Ltd	Management services	50.0	50.0
FOXTEL Cable Television Pty Ltd	Pay television	80.0	80.0
Reach Ltd (incorporated in Bermuda) (a)	International connectivity services	50.0	50.0
Xantic B.V. (incorporated in The Netherlands) (a)(c)	Global satellite communications	35.0	35.0
TNAS Limited (incorporated in New Zealand) (b)	Toll free number portability in New Zealand	33.3	33.3
Money Solutions Pty Ltd	Financial advice and education services	50.0	50.0
HelpYouPay Systems Pty Ltd	Debt management services	-	50.0
HelpYouPay Pty Ltd	Debt management services	-	50.0
Enhanced Processing Technologies Inc (incorporated in United States)	Software sales	-	60.0
Enhanced Processing Technologies Pty Ltd	Business process outsourcing	60.0	60.0
Adstream (Aust) Pty Ltd	Digital advertising and asset management	33.3	33.3
3GIS Pty Ltd (a)	Management services	50.0	50.0
3GIS Partnership (a)	3G network services	50.0	50.0
Bridge Mobile Pte Ltd (incorporated in Singapore)	Regional roaming provider	12.5	12.5
m.Net Corporation Limited	Mobile phone content provider	39.5	39.5

Unless noted, all investments have a balance date of 30 June and are incorporated in Australia.

This includes both the FOXTEL partnership and the FOXTEL television partnership.

(a) Balance date is 31 December.

(b) Balance date is 31 March.

(c) During the half-year ended 31 December 2005, we entered into an agreement with Stratos Global Corporation for the sale of our 35% interest in our jointly controlled entity, Xantic B.V (Xantic). Completion of this transaction was subject to certain conditions precedent being satisfied. As a result, we separately disclosed the carrying value of our investment in Xantic as "assets classified as held for sale" in our balance sheet as at 31 December 2005.

We received US\$13 million as a result of a capital return by Xantic on 27 January 2006. The transaction is expected to be completed in mid February 2006 with cash consideration of US\$67million to be received. The net gain on sale of this investment will be recognised in our income statement for the year ended 30 June 2006.

5. Statement about the audit status

Our half-year report is based on the financial report of Telstra Corporation Limited and its controlled entities for the half-year ended 31 December 2005, which has been reviewed by the Australian National Audit Office (ANAO). Our half-year financial report is not subject to audit dispute or qualification. Refer to the 31 December 2005 half-year financial report for the independent review report provided to the members of Telstra Corporation Limited.