

## message from our Chairman and CEO

We are pleased to present to you the 2000 Half Year Report to Shareholders. The second tranche of the sale of Telstra in October 1999 has added a further 820,000 new shareholders to our register, which now contains over 2 million shareholders, including more than 90% of Telstra employees.

Results for the first half of the financial year were reasonable, with revenues up 4.6% to \$9.7 billion and profit after tax and minorities up 15.6% to \$2.1 billion on the previous first half period.

The Board has declared an 8 cent dividend (franked at 49.17%) for the 6 months ended 31 December 1999, which will be distributed to shareholders on 28 April 2000.

The telecommunications industry continues to be shaped by two key forces – the widening impact of deregulation and open competition, and the growing appetite for next generation communications, entertainment and information services within a networked world. Telstra's results and strategies reflect these forces and seek to position the company for long-term success.

In this first half, the number of competing licensed carriers grew to 33, the construction of new, high capacity fibre optic networks accelerated, plans were initiated for an additional four wireless networks and regulatory decisions further facilitated ready access to Telstra's facilities by resellers seeking to avoid investing in additional capacity, but with strategies aimed to add value to basic services acquired from Telstra.

In this environment, competition has flourished and customers have been well served. Prices continue to fall sharply, consumers have increasing choice, innovative new services are being introduced and the speed of change is often bewilderingly fast.



Telstra has responded accordingly. Lower local call prices, per second mobile billing and Easy Half Hours® rates, etc. have meant that calling with Telstra has never been more affordable. Our investments in national infrastructure continue at historically high levels. On the other hand, aggressive price based competition in local calls and for basic services in the corporate sector, plus the mandated loss of some fixed to mobile revenues from single basket preselection, have combined to put our revenues and profits under pressure in these categories. The future will see continuing price reductions and greater diversity in product packages and features. Our 'Rapid Delivery' program is one example of efforts to reduce by half the time taken to move projects from concept to launch.

**A fundamental element of our strategy to lead the competition is ensuring that our productivity and cost structures are efficient and in line with global benchmarks.** Telstra's history in cost management is good, but the task is ongoing and a sharper urgency has emerged in the face of the deep price discounting evident in our market. The company has now detailed its plans to achieve an appropriate cost base over the next two years.

Enormous efforts continue to be directed towards improving service delivery to all our constituencies, but especially in the most demanding areas of Regional Australia. Proportionately more capital and resources are invested in rural and remote Australia than urban areas and the quality of services available to the bush continues to improve. Service will remain a priority issue for the company as the volume grows for the connection of second (and third...) lines, as Australian families continue to change residences and migrate an increasingly rich array of communications utilities, as businesses seek new high bandwidth services.

The second driver of change reflects the emerging appetite for access to the Internet, for the capability to do transactions online, for the increasing use of wireless devices for a range of information services.

**Most Australians now anticipate a future where they are online all the time, are able to work from many locations, can access information, entertainment instantly and can exploit the Internet to overcome barriers of distance, timezones or linkage to vital services.**

Telstra has anticipated this environment. The decisions to build a modern high capacity fibre optic network, the construction of a GSM and CDMA wireless infrastructure, the creation of the leading cable TV and Internet service organisations are some of the examples of forward thinking during the last decade. The next steps are to 'packetise our networks' – i.e. make them ready for an all-Internet world, and to provide affordable access to bandwidth. Our Data Mode of

**Productivity** > lost time due to injury down 37.4% over 12 months to December 1999

Operations program is making our company Internet-ready. We are also rolling out ADSL and cable modem connectivity, providing Internet access speeds many times faster than the commonly used dial up process. In parallel, we have accelerated our efforts to web-enable Telstra to ensure that we optimise the benefits of the Internet environment for our own productivity and for the satisfaction of our customers.

Six years ago, less than a quarter of Telstra's revenues came from non-traditional products and services. Now that figure is about half. That part of our business is expected to grow at a double digit rate in revenue, although the underlying volume growth has more closely followed the doubling of Internet traffic every six months and the escalating activity around eCommerce by Australian corporates.

**Progressively, Telstra will become a modern communications, entertainment and information enterprise with a deep and enduring base in voice products and services.**

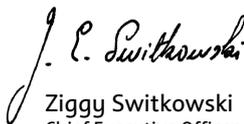
The first half of this operating year saw a number of important steps taken towards the creation of our new age business architecture. We took up 100% of the equity in Pacific Access, giving us unencumbered opportunities to develop the all important Yellow Pages® and White Pages® businesses. Similarly, we negotiated with Lend Lease and IBM to acquire 100% of Advantra – a strategic managed network and communications services enterprise. The CDMA rollout is substantially completed; telstra.com™ has been launched; wireless application protocol (WAP) products have been introduced.

Our majority shareholder continues to advocate the full privatisation of Telstra – a position we completely support. Substantial government equity in Telstra limits the company's financial flexibility as well as putting the Government in the potentially conflicting position of being owner as well as regulator, while being exposed to the shifting sentiments within the stock market. We will be working with the Government, other political constituencies and regulators to ensure the best possible outcomes.

**Telecommunications remains the most dynamic and important industry in the land. Telstra intends to lead it forward with products, services and facilities in place to provide Australians with world-class options as they make their individual journeys into the digital future.**



Bob Mansfield  
Chairman



Ziggy Switkowski  
Chief Executive Officer and Managing Director

## PRODUCTIVITY

Implementation of major new revenue and cost initiatives

# financial highlights continued strong earnings

The continued performance of the company in the past six months is reflected in the following:

- Total revenue: Increased by 4.6% to \$9.7 billion.
- Operating profit after tax: Grew by 15.6% to \$2.1 billion.
- Earnings per share: Increased by 15.6% to 16.3 cents.
- Dividend: 8 cents per share, franked to 49.17%.

### Consolidated Profit and Loss

|   | 6 months to<br>Dec '99<br>A\$m | 6 months to<br>Dec '98<br>A\$m | change<br>% |
|---|--------------------------------|--------------------------------|-------------|
| Total revenue                                     | 9,667                          | 9,239                          | 4.6         |
| Operating expenses                                | 6,591                          | 6,492                          | 1.5         |
| Operating profit before income tax expense        | 3,076                          | 2,747                          | 12.0        |
| Operating profit after tax and minority interests | 2,093                          | 1,810                          | 15.6        |
| Earnings per share                                | 16.3¢                          | 14.1¢                          | 15.6        |
| Normal dividends per share                        | 8.0¢                           | 7.0¢                           | 14.3        |
| Return on equity                                  | 37.0%                          | 31.5%                          |             |
| Number of full-time employees                     | 51,667                         | 54,710                         | (5.6)       |

| T2 resulted in 820,000 new shareholders |                         |                               |                  |
|---|-------------------------|-------------------------------|------------------|
| State                                   | Fully Paid Shareholders | T2 Instalment Receipt Holders | Combined*        |
| Australian Capital Territory            | 34,861                  | 37,023                        | 52,680           |
| New South Wales                         | 382,599                 | 496,896                       | 650,297          |
| Northern Territory                      | 6,992                   | 7,488                         | 10,886           |
| Queensland                              | 177,064                 | 224,105                       | 301,564          |
| South Australia                         | 102,100                 | 122,276                       | 163,395          |
| Tasmania                                | 19,051                  | 20,986                        | 29,398           |
| Victoria                                | 423,598                 | 471,615                       | 650,792          |
| Western Australia                       | 131,408                 | 172,416                       | 229,215          |
| <b>Total Australia</b>                  | <b>1,277,673</b>        | <b>1,552,805</b>              | <b>2,088,227</b> |

As at 24 December 1999  
 \*Holders of either Instalment Receipts or Fully Paid Shares, or both.

The quotation of 2.13 billion T2 instalment receipts commenced at 11.30am on Monday, 18 October 1999. The total number of share and instalment receipt holders now on Telstra's register is in excess of 2 million, easily making it the most widely held stock in Australia. The public interest in holding Telstra shares is well spread around Australia, as shown in the table above.

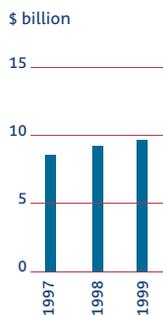


#### Telstra vs the All Ordinaries Index

During the six months to 31 December 1999, Telstra's share price underperformed the All Ordinaries Index, after outperforming the Index in the six months to June 1999.

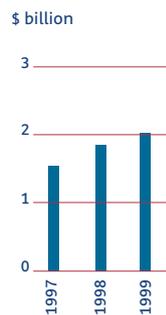
The share price moved from \$8.66 as at 30 June 1999 to \$8.28 as at the end of December 1999.

#### Total revenue



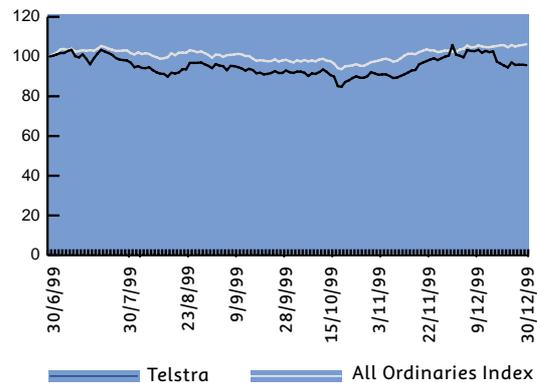
6 months to Dec '97, Dec '98, Dec '99

#### Net profit after tax (before abnormals)



6 months to Dec '97, Dec '98, Dec '99

#### Telstra vs the All Ordinaries Index



## SERVICE

Independent report shows an overall improvement in service levels around Australia

# voice *Focussing on service*

Telstra's initiatives to improve service levels are showing results. A report by the Australian Communication Authority published in December showed an overall improvement in service levels around Australia. Over the last decade, telephone lines have grown at twice the rate of the population and despite this additional load, Telstra is clearing more faults faster and connecting more services on time.

Our goal is to make the Copper Access Network (residential telephone lines) more robust, build more capacity for growth and improve service and response levels. Contracts have been signed with eleven contractors totalling \$350 million for improvements to our copper access network in this financial year.

Telstra has also implemented a number of major changes that will benefit the industry. One important step is Local Number Portability, which was introduced at the end of November. Customers are now able to keep their existing telephone numbers when moving between telecommunication carriers.

Recognising the differing telecommunication needs amongst customers, we are trialing a Customer Mode of Operation that tailors a package of telecommunication products to the customer's needs. For example, a university student may choose a low cost service. A family with children may select a package that includes a fixed telephone, a mobile phone and Internet access.

Telstra's 'single bill' service, where various Telstra services are combined in the one bill, is proving very popular. As at 31 December 1999, 451,000 customers, representing 1.5 million services, have a 'single bill'.

Our wholesale customers, whilst they are our competitors for retail business, are important to us. To better service this group, we have launched a wholesale-tailored online billing information and customer transfer service called 'LinxOnline *ebill*'. LinxOnline™ is part of a new-look wholesale branded product portfolio which includes a range of products and services developed specifically for our wholesale customers, such as the VoiceLinx suite of products.

| Growth indicators (approximate): Half-year ended December | 1999          | 1998          | % change |
|---|---------------|---------------|----------|
| Local Calls (number of calls)                             | 5,645,000,000 | 5,555,000,000 | 1.6      |
| National Long Distance Minutes                            | 6,352,000,000 | 6,075,000,000 | 4.6      |
| International Outgoing Minutes                            | 451,000,000   | 339,000,000   | 33.0     |
| International Incoming Minutes                            | 502,000,000   | 398,000,000   | 26.1     |
| EasyCall® Call Waiting (penetration)                      | 57%           | 47%           |          |

Over 15,000 customers connected to MobileNet® on Christmas Day

## wireless *Performing strongly*

We have maintained our position as the leading provider of mobile telecommunications services in Australia – both in terms of number of customers and the geographical coverage of our services. As a result of the Christmas boom for mobile phones, Australia now has more than 7.5 million cellular users, which is around 40% of the population. Over half a million new connections were made during December – 280,000 of them Telstra's, our best result ever.

A major new digital network, Code Division Multiple Access (CDMA) was launched in August 1999 and had over 150,000 customers by the end of December. Customers now have the choice of either the GSM or the CDMA network. The CDMA network will eventually replace the Analogue Network that is being progressively closed down in accordance with Government requirements. Our new youth focussed brand was launched in October, with the success reflected by over 25% of our new customers connecting to the prepaid service. Additionally, over 15,000 customers actually connected on Christmas Day – obviously a very popular gift.

Wireless Application Protocol (WAP), which makes possible Internet access using WAP enabled mobile phones, was launched in December. Our WAP customers can use their mobile phones to access Email, CNN news, general news, finance, weather, sport and a trial Westpac banking application. New applications and content are being continually developed. Over 700 customers were activated on the WAP server in the three weeks between launch and end of December.

Telstra Retail Stores have received a boost, with 52 of the 89 stores being revitalised/refitted and seven new stores being opened. We have also launched a new Telstra Licensed Shop program, with six pilot stores opened up to December 1999, with a further 100 planned for 2000/01. This allows independent owner operators to leverage off the successful Telstra Retail Store concept.



| Growth indicators (approximate): Half-year ended December | 1999          | 1998          | % change |
|---|---------------|---------------|----------|
| Mobile telephone minutes                                  | 2,123,000,000 | 1,572,000,000 | 35.1     |
| Mobile telephone customers                                |               |               |          |
| Analogue  | 291,000       | 1,047,000     | -72.2    |
| Digital – GSM   | 3,322,000     | 2,183,000     | 52.2     |
| Digital – CDMA  | 154,000       | 0             | na       |
| Total mobile customers                                    | 3,767,000     | 3,230,000     | 16.6     |
| MessageBank® penetration                                  | 70%           | 54%           |          |

## OPPORTUNITIES

Internet portal telstra.com launched – Access the Internet with a 'WAP' mobile phone

# data and Internet *Broadbanding Australia*

Telstra has cemented its role as Australia's leading Internet and content provider with the launch of 'telstra.com', which brings together applications such as Unified Messaging, Web Mail and a very rich set of content. The project was achieved within its original time frame of 90 days, a demonstration of our high focus on improving the 'speed to market' of new products and services.

The Telstra eCommerce Procurement Solution was launched simultaneously in New York and Sydney in October. This is Telstra's first global offering in business-to-business eCommerce. The Procurement Solution enables large companies and government organisations to streamline their purchasing requirements. By automating their supply chain, buyers will experience significant efficiency gains and suppliers will be exposed to a larger market and at the same time be able to reduce their costs.

The South Australian Government was the first to embrace this service. It is expected that when this program is fully implemented, taxpayers will save an estimated \$28 million on the more than \$2.6 billion worth of purchases the Government makes each year from around 20,000 companies.

In Launceston we have launched a three-year Internet research trial aimed at examining the way people interact in an electronic marketplace by gathering valuable information on factors that motivate Internet usage. This regional portal provides local people with access to a variety of community information, hyperlinks and resources from the one web site. Developed in consultation with community organisations, local businesses and residents, it involves a study of 200 Launceston households and 25 small businesses into new social and technical trends that influence the way people communicate.

The introduction of Online Bill Payment allows customers to view and subsequently pay their fixed telephone and mobile bills online. Customers will eventually be able to access previous bills paid over the preceding 24 month period. The trial-to-date has seen over 65,000 online payments made, totalling \$11.4 million for the first half of the financial year.

| Growth indicators (approximate): Half-year ended December | 1999    | 1998    | % change |
|---|---------|---------|----------|
| FaxStream® services access lines                          | 417,000 | 396,000 | 5.3      |
| Internet subscribers                                      | 463,000 | 329,000 | 40.7     |
| Pay TV services in operation                              | 575,000 | 415,000 | 38.6     |

# networks *Supporting Australia*

Telstra has progressed with its revolutionary Data Mode of Operation development.

In the fourth strand of this project, we have issued a tender seeking responses on what equipment would best help the company convert from circuit switched telephony to Internet Protocol (IP) form. An example of the benefits of the move to IP is that customers, through the Internet, can select additional lines that will be instantly activated, all by a simple click of the mouse. This will not only enhance our customer service and satisfaction, but also reduce the overall cost of Telstra's operations.

The 'Year 2000' event passed without any significant incident, a tribute to staff directly involved in ensuring our systems and processes were Year 2000 compliant.

The SEA-ME-WE3 cable (a submarine cable connecting Australia to the rest of the world) was commissioned in August and planning for a new Australian-Japan cable is under way. This additional cable capacity is driven by a spiralling demand for international communications, particularly from data and Internet requirements.

On a somewhat different, but important matter, Telstra has played a significant role in rebuilding telecommunications in East Timor and reconnecting the country to the rest of the world. Working with the Australian Defence Force and the United Nations, Telstra rebuilt infrastructure for local calls in Dili and installed an exchange to re-establish international calls into and out of East Timor. Telstra also provided support to the INTERFET (International Force East Timor) peacekeepers, including mobile satellite services which allowed the Australian troops to use PhoneAway® cards to contact loved-ones in Australia.



We have centralised the operational management of our core networks by establishing a single global operations centre.



| Growth indicators (approximate): Half-year ended December | 1999      | 1998      | % change |
|---|-----------|-----------|----------|
| Basic access lines in service                             |           |           |          |
| Residential   | 6,730,000 | 6,870,000 | -2.0     |
| Business  | 3,170,000 | 2,800,000 | 13.2     |
| Total   | 9,900,000 | 9,670,000 | 2.4      |
| ISDN access lines (equivalents)                           | 861,000   | 605,000   | 42.3     |

# Olympics

As the official telecommunications partner for the Sydney 2000 Olympic and Paralympic Games, Telstra is providing the Sydney 2000 Olympic and Paralympic Games with one of the most comprehensive telecommunications networks in Olympic history – The Millennium Network™.

Telstra's advanced video, data, radio, mobiles and voice services will bring the Olympic and Paralympic Games to the world via satellite and submarine optical fibre cable. During the Olympic and Paralympic Games, Telstra will provide a complete end to end network, including quick five digit dialling; high speed ISDN and other fast data services; a 60 channel Olympic cable television service; and enhanced cellular mobile coverage on the GSM and CDMA networks.

Telstra has enjoyed a long and committed relationship with sports in Australia, and has supported the Australian Olympic Summer and Winter Teams since the Barcelona Olympic Games in 1992. Telstra is also the principal sponsor of Australian Swimming, Australian Weightlifting and Women's Hockey and a worldwide sponsor of the Sydney 2000 Paralympic Games.

“The Telstra Millennium Network and the customer operations that support it will also showcase Australia's ability to apply technology and our expertise, nationally and internationally, to service customers in an online and digital world.”

Dr Ziggy Switkowski, CEO Telstra





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The Telstra Millennium Network will:

- Ensure the Games are broadcast to the world – an audience that at any one time could be four billion people and cumulatively will reach more than 28 billion
- Provide the media with sophisticated telecommunications services – video and audio links, data transmission, phones, faxes and mobiles
- Enable athletes to phone home and receive goodwill messages
- Provide phone services for visitors to the Olympic venues
- Carry information about scoring and timekeeping, medical records and drug testing, security and accreditation
- Help facilitate translation services and coordinate transport needs
- Service more than 35 competition venues, three Olympic villages, International Broadcast Centre, Media Press Centre, Technology Command Centre and dozens of training venues
- Service more than 50 non-competition venues covering transport, tickets, accreditation and other services

The Millennium Network will involve a communications platform, much of which will remain into the new century. Some of the statistics include:

- 4,800 kilometres of optical fibre between Olympic venues and International Broadcast Centre at Homebush Bay – more than five times the distance between Sydney and Melbourne
- An estimated 30,000 new telephone lines in sporting and non-sporting venues
- Mobile support network for 300,000 users in Sydney Olympic Park
- An estimated 280 video links from sporting venues to the International Broadcast Centre
- An estimated 3,200 audio links
- 12,000 trunked radio services to provide private stand-alone networks for organisers, officials and security personnel
- 250 data links used for timing and scorekeeping by independent media organisations to stay in touch with head office
- Numerous earth stations carry telecommunications via 11 satellites, up to 60 private cable television channels

# discussion and analysis

Sales revenue grew by 5.3% in a period of continued strong competition

- Non-traditional product revenue (mobiles, fixed-to-mobile, intercarrier, data, text and Internet, inbound calling and other sales and service) continued to grow, and represented 50% of total revenue compared with 46.2% in the prior comparable period and 48.0% for the year ended 30 June 1999. Fixed-to-mobile revenue was relatively stable during the period even though preselection for these calls was introduced
- Revenue from traditional products continued to come under pressure. International call and domestic long distance (fixed-to-fixed) revenue continued to decline as the effect of price decreases more than offset increased minutes of use. Local call revenue (excluding enhanced services (call return, calling number display)) remained flat due to stronger competition in this market

1 ↑ 5.3%

Expenses grew by 1.5% as a result of:

- Labour costs decreased A\$157m with A\$100m due to employer superannuation contributions being included in the prior period before agreement with the superannuation fund that employer contributions could be suspended. No contributions were made in the period to 31 December 1999
- Direct cost of sales increased by A\$193m mainly due to increased domestic network payments to other carriers for calls terminating on their networks and costs associated with mobile handset sales and subsidies. This does not include \$134m of mobile handset subsidies on two year contracts, which are now being deferred due to a change in accounting policy
- Depreciation and amortisation charges increased by A\$105m during the period, reflecting higher levels of capital expenditure and capitalised software
- Borrowing costs reduced mainly due to gains made on the close out of interest rate swaps and higher capitalised interest on higher capital expenditure during the period
- Other operating expenses remaining relatively flat compared with the prior period

2 ↑ 1.5%

Income tax expense was A\$98m lower than would otherwise be the case as a result of lower company tax rates in future years.

3 ↑ 5.9%

# Profit and Loss Statement

|  | 6 months<br>to Dec '99<br>A\$m | 6 months<br>to Dec '98<br>A\$m | % change    |
|--|--------------------------------|--------------------------------|-------------|
| <b>1</b> Sales revenue                         | 9,285                          | 8,819                          | 5.3         |
| <b>Total revenue</b>                           | <b>9,667</b>                   | <b>9,239</b>                   | <b>4.6</b>  |
| <b>2</b> Total expenses                        | (6,591)                        | (6,492)                        | 1.5         |
| Profit before tax                              | 3,076                          | 2,747                          | 12.0        |
| <b>3</b> Tax                                   | (988)                          | (933)                          | 5.9         |
| Profit after tax                               | 2,088                          | 1,814                          | 15.1        |
| Minority interests                             | 5                              | (4)                            | -           |
| <b>Profit attributable to shareholders</b>     | <b>2,093</b>                   | <b>1,810</b>                   | <b>15.6</b> |
| Dividend declared*                             | 1,029                          | 901                            | 14.2        |
| <b>Basic Earnings per share (cents)</b>        | <b>16.3</b>                    | <b>14.1</b>                    | <b>15.6</b> |
| <b>Interim dividend per share (cents)*</b>     | <b>8.0</b>                     | <b>7.0</b>                     | <b>14.3</b> |
| Dividend franking percentage (at 36% tax rate) | 49.17%                         | 100.0%                         |             |

\*The interim dividend is payable on 28 April 2000 for registered shareholdings at 24 March 2000. It remains the intention of the directors to pay total dividends of at least 60% of operating profit for the full financial year. The income tax payments anticipated in the future should be sufficient to allow full franking of the final dividend from earnings in the current year.

# discussion and analysis

Balance Sheet commentary compares 31 December 1999 to 30 June 1999.

Cash decrease of A\$642m due to:

- final dividend payment of 26 cents per share (including a 16 cent per share special dividend)
- liquidity requirements: more funds were invested in bank bills maturing over 90 days (shown in other current assets) compared with 30 June 1999

1 ↓ 65.6%

Other current assets increased A\$546m mainly as a result of:

- increased bank bills maturing over 90 days of A\$294m
- higher levels of mobile handsets and network construction inventory – A\$127m
- current portion of deferred mobile handset subsidies of A\$77m

2 ↑ 15.3%

Total non-current assets increased A\$1,031m due to:

- Property, plant and equipment (after depreciation) increased A\$647m due to expenditure on the customer access network and the roll-out of the CDMA mobile phone network
- Other non-current assets increased A\$384m as a result of:
  - strategic investments in listed companies of A\$327m
  - increased net capitalised software development – A\$187m
  - deferral of mobile handset subsidies – A\$57m
  - future income tax benefits reduced A\$209m as group tax losses were used in the determination of the tax liability

3 ↑ 4.5%

Total liabilities decreased A\$103m as a result of:

- Total borrowings increased A\$2,515m due to:
  - higher levels of capital expenditure and investments
  - A\$2,000m borrowed to replenish capital after payment of the A\$3,345m final dividend
- Decrease in total other liabilities of A\$2,618m due to:
  - reduction in dividend provision of A\$2,316m to A\$1,029m
  - reduced accounts payable and revenue received in advance (A\$419m) due to timing of business cycles
  - increased deferred income tax liabilities of A\$311m as the timing of depreciation for tax is accelerated, compared with accounting depreciation

4 ↓ 0.6%

Operating cash flow showed an increase of 0.9% to A\$2,947m

Capital expenditure during the period was A\$2,138m (excluding capitalised interest) for operational capital expenditure (increase of 22%) and another A\$438m for investments, which represented an increase of A\$408m over the prior corresponding period. The increase in investments was mainly due to investments in Computershare Limited, Solution 6 Holdings Limited and Sausage Software Limited and other equity interests

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# Balance Sheet

|                                   | As at Dec '99<br>A\$m | As at June '99<br>A\$m | As at Dec '98<br>A\$m |
|-----------------------------------|-----------------------|------------------------|-----------------------|
| 1 Cash                            | 337                   | 979                    | 667                   |
| 2 Other current assets            | 4,120                 | 3,574                  | 3,506                 |
| <b>Total assets</b>               | <b>4,457</b>          | <b>4,553</b>           | <b>4,173</b>          |
| Property, plant and equipment     | 21,528                | 20,881                 | 19,998                |
| Other non-current assets          | 2,632                 | 2,248                  | 2,167                 |
| 3 <b>Total non-current assets</b> | <b>24,160</b>         | <b>23,129</b>          | <b>22,165</b>         |
| <b>Total assets</b>               | <b>28,617</b>         | <b>27,682</b>          | <b>26,338</b>         |
| Current borrowings                | 3,308                 | 2,265                  | 2,056                 |
| Other current liabilities         | 4,966                 | 7,888                  | 5,269                 |
| Non-current borrowings            | 6,418                 | 4,946                  | 5,065                 |
| Other non-current liabilities     | 2,593                 | 2,289                  | 1,954                 |
| 4 <b>Total liabilities</b>        | <b>17,285</b>         | <b>17,388</b>          | <b>14,344</b>         |
| Shareholders' equity              | 11,332                | 10,294                 | 11,994                |

# Statement of Cash Flows

|   | 6 months<br>to Dec '99<br>A\$m | 6 months<br>to Dec '98<br>A\$m |
|---|--------------------------------|--------------------------------|
| Net cash provided by operating activities | 2,947                          | 2,921                          |
| Net cash used in investing activities     | (2,386)                        | (1,537)                        |
| Net cash used in financing activities     | (1,203)                        | (1,666)                        |
| 5 Net increase/(decrease) in cash         | (642)                          | (282)                          |

# investor information

The Telstra Share Register will be accessible via the Internet from late March 2000.

Our share registry will provide a website ([www.registrars.perpetual.com.au](http://www.registrars.perpetual.com.au)) that will allow securityholders access to the following information about their holdings:

- current holding balance
- annual report election, i.e. whether you have elected to receive the full annual report, short-form annual report or none
- whether Tax File Number (TFN) has been quoted
- dividend information such as banking instructions.

From May 2000, you will be able to update many of your personal securityholding details over the Internet.

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your surname/company name and postcode.

### Share Registry Forms

There are also a number of forms, including amalgamation of securityholding, change of address notification, deceased estate, dividend instruction forms etc, which are available to download from the website.

### E-mail enquiries to the Share Registry

Links are available to e-mail enquiries directly to the registry through the website. Our e-mail address is: [telstra@perpetual.com.au](mailto:telstra@perpetual.com.au) Securityholders should identify the class of shares (e.g. fully paid shares, instalment receipts) when detailing their enquiry.

### How much is the second instalment on my T2 Instalment Receipt holding and when is it due? †

A registered holder of instalment receipts on 20 October 2000 must pay the final instalment of \$2.90 by 2 November 2000, and reminder notices will be sent prior to this date.

### Can I prepay the second instalment? †

Yes – you can prepay the second instalment from 12 November 1999 and every second Friday thereafter, up until 1 September 2000, as outlined in the prospectus. If you do prepay the final instalment, you will not receive the loyalty discount of 15 cents on those instalment receipts.

If you have a question regarding your T2 Instalment Receipts, please refer to your prospectus in the first instance or if necessary call the Telstra T2 Information Line on FREECALL™ 1800 18 18 18.\*

### Telstra Share Registry enquiries.

If you have any queries regarding your Telstra Shareholding, please contact the Telstra Share Registrar on FREECALL™ 1800 06 06 08.\*

If you would like more information about any of the products mentioned in this report, contact our customer service centre on 132 000.

† Applicable to Australian retail instalment receipt holders only. Refer to prospectus for detailed conditions.