

5 March 2004

The Manager

Company Announcements Office
Australian Stock Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

Telephone 03 9634 6400
Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Half-year Report 2004

In accordance with the listing rules, I attach an announcement for release to the market.

Yours sincerely



Douglas Gration
Company Secretary



Telstra

Australia's connection to the future

Financial Calendar 2004

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Ex dividend share trading commences	22								
Record date for interim dividend	26								
Interim dividend paid		30							
Financial year end				30					
2004 annual results announcement						12			
Ex dividend share trading commences							20		
Record date for final dividend							24		
Annual General Meeting								28	
Final dividend paid								29	

Note: Timing of events may be subject to change

management discussion

P.2 Chairman and CEO's message

P.2

business review

P.6 fixed line
 P.7 mobile
 P.8 broadband internet
 P.9 media
 P.10 international
 P.11 innovations/
 corporate social
 responsibility

P.6

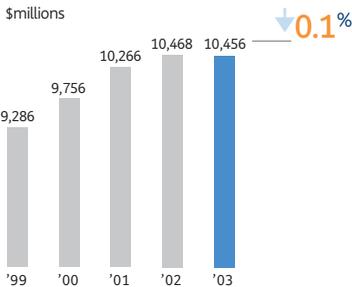
summary of financial statements

P.12 financial performance
 P.14 financial position/
 cash flows
 P.16 investor information

P.12

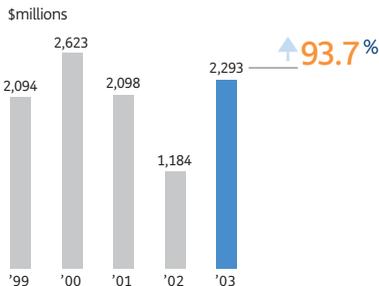
financial highlights

Telstra has delivered both increased interim ordinary dividends to shareholders for the half-year to 31 December 2003, as well as completing a \$1 billion share buy-back during this period. Increased productivity has enabled Telstra to increase the cash returned to shareholders.



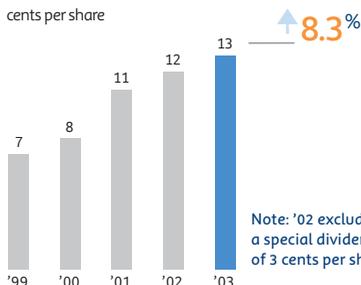
sales revenue

Sales revenue decreased by 0.1% to \$10,456 million. Growth experienced in mobiles, PSTN products, internet and IP and Sensis® was offset by declines in revenues from offshore subsidiaries, partly due to the impact of exchange rate movements, together with declines in ISDN and other sales and service revenue.



net profit after minorities

Reported net profit after minorities increased by 93.7% to \$2,293 million mainly due to the write down of our investment in REACH Ltd, which took place in the prior corresponding half-year. Excluding this adjustment, net profit after minorities would have increased by 6.7%.



dividends per share

Total interim ordinary dividends per share increased by 8.3% due to the strength of our free cash flows. The increase in the interim ordinary dividend plus Telstra's buy-back, which was completed in November 2003, are both examples of Telstra's commitment to increasing returns to shareholders.

Dear fellow shareholders,

With stability and growth returning to our industry, Telstra is sharpening its focus on accelerating revenue and earnings.

The turbulent industry conditions over recent years are now largely behind us – and no company is better placed than Telstra, your company, to take advantage of this improved environment. We are confident that we can drive our revenue growth back towards industry growth rates over coming years, all the while maintaining rigorous cost management and first-class service levels.

Our full service integrated business model is a key competitive advantage. The fact that we can serve our customers in every aspect of the telecommunications industry gives us genuine strength. The challenge within Telstra is to manage across this portfolio in the best possible way for our customers and our investors. Accordingly, the ability to offer multiple communication solutions to our customers in one package – bundling – is something you will see a lot more of from Telstra.



Robert Mansfield
Chairman

We are Australia's leading telecommunications company – with a strong balance sheet, efficient and ready to deliver the next phase of renewed growth. This will come through traditional offerings and exciting new wireless, broadband, entertainment, information and transaction services, underpinned by technological innovation, disciplined operational and financial management and, fundamentally, an unrelenting focus on our reason for being – customers.

Financials

It has been a steady, solid performance over the six months to 31 December 2003. Results were largely as expected. Our balance sheet remains strong with key ratios many of our peers would envy. Free cash flow* is up again and gives us flexibility to be active in our capital management program. We have returned more cash to our shareholders by way of a share buy-back and interim dividends are up again, improving by 8.3% to a fully franked interim ordinary dividend of 13 cents per share.

Revenue growth remained subdued but bottom line earnings growth was solid. Margins are up. Profit is up. Free cash flow* is up. Expense control remains tight. Critically, service continues to improve.

First half activity

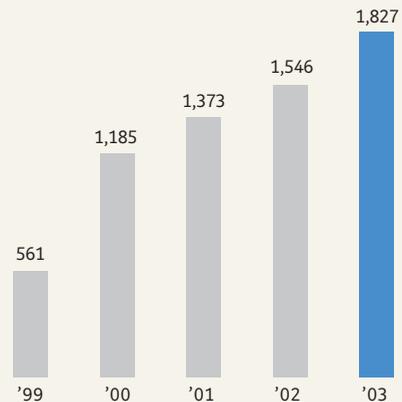
Once again it has been an extremely busy six months to 31 December 2003.

Telstra successfully completed its first ever share buy-back in November, repurchasing approximately 1.9% of the share capital on issue from shareholders at a cost of \$1 billion. Further initiatives to return surplus capital to shareholders remain an option given our strong cash flows.

Our rigour on costs continues. Our track record to date should put our commitment in this area beyond question. A raft of

Free cash flow*

\$millions



* Free cash flow excludes a large one off asset sale of \$570 million in the six months ended 31 December 2002.

company-wide initiatives are not merely about reducing labour costs, but improving efficiency, while at the same time enhancing service quality and customer satisfaction. We are looking at delivering permanent savings from our underlying cost base of \$800 million over the next three years.

Broadband continues to be a growing part of the business. The take up rates of broadband are soaring as more and more people realise how much broadband enriches the internet experience. Telstra is committed to driving the acceptance of high-speed internet access for all Australians; we have introduced a range of innovative customer plans for BigPond™ broadband services; and subscribers have more than doubled since the start of 2003.

Opportunities for growth

Make no mistake about it, telecommunications is still a growth industry – and with a link into virtually every home and business in Australia, Telstra intends to play a major part in that growth.

Growth will come from traditional businesses by protecting revenues through rebalancing PSTN products to ensure pricing structures match cost structures as closely as possible; increasing call

completion rates on our core fixed line network through features such as Home Messages 101™ and #1® Feature Assistant; introducing innovative value offerings for different market segments and bundling traditional with new age products.

Growth will also come from segments such as wireless, broadband, Sensis® (our advertising and directories business) and FOXTEL®.

We are on track to get to a million broadband customers in 2005, having already passed the 500,000 customer mark. This should mean about a billion dollars of broadband-related revenues for Telstra in 2006. We are finding that once a customer experiences broadband, they are just not interested in going back to dial up. Broadband technology is the future – now.

Customer demand for mobility will drive wireless services. There is so much happening in the mobile space – SMS and MMS, enhanced networks that support the power of mobiles and internet combined (1xRTT on our CDMA digital mobile network), and the convergence of email and telephony (our BlackBerry® product on the GSM network), to name a few. Telstra is improving service and marketing metrics by reinvigorating and simplifying our customer offerings.

Sensis® is a jewel of a business. It continues to grow not only its newer online revenue streams but also its more traditional print revenues in White Pages® and Yellow Pages®, which still perform very well. Sensis®' performance demonstrates that it is a leading business in the broader advertising industry and we have plans to reposition it as such and progressively increase market share.

How Australians watch TV is set to change dramatically. FOXTEL® announced plans and pricing for the new digital service – dozens of new channels, new interactive services including the FOXTEL® box office video on demand service, widescreen TV channels, 30 new radio channels and an upgraded electronic program guide. We have spent a lot of productive time and effort developing this business along with our partners and it is important to Telstra's overall strategy. Notwithstanding some public commentary, our 50% shareholding is not negotiable.

Outlook

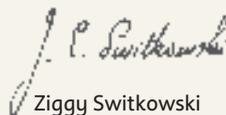
We are confident about the outlook for this company over the next several years, recognising there are challenges that have to be met.

Driven by the non-traditional segments of the market, particularly mobiles and internet, industry revenue growth will continue. With our growth rate currently about half the industry's, we intend to close the gap. We do not accept market share losses and we will deliver improved revenue and profit growth over time.

Be assured, though, that in pursuit of revenue and earnings growth, we will not be implementing any program that could compromise customer service. Notwithstanding – or even because of – the critical technical choices that are ahead of us as we move into an all-IP world, Telstra will always remain a service-driven organisation, alert to changing customer needs – an equation aimed to deliver value to all our shareholders.



Robert Mansfield
Chairman



Ziggy Switkowski
Chief Executive Officer
and Managing Director

fixed line



Telstra's fixed line products represent the backbone for many telecommunications products that service the needs of residential and business customers. These products utilise the traditional Public Switched Telephone Network (PSTN). Recent initiatives have been made by Telstra to help customers get the most out of these products through features such as the free Telstra Home Messages 101™ service, 1#® Feature Assistant and the release of a new range of residential rental phones.

Telstra has experienced growth in the number of customers selecting our online billing solutions. Online billing provides the convenience of more timely information to customers and easy payment options.

Telstra Country Wide®

A nationwide network of 35 regionally-based Telstra Country Wide® managers provides locally-focused, rapid response sales and service to customers. Telstra Country Wide® is committed to providing regional customers with the products and customer service they need in less densely

populated areas of Australia and in the major regional cities.

Telstra Country Wide® is undertaking a program of network upgrades, cable replacement, technology improvement and enhanced product availability. For instance, as part of the untimed local calls in extended zones project for the Federal Government and under the Remote Australia Telecommunications Enhancement (RATE) program, we are replacing all older radio concentrator systems to give customers in these remote areas increased dialup speeds and calling products such as Calling Number Display.

Customer Service

Telstra is totally committed to providing high levels of service to all customers. Telstra's performance is measured against the Customer Service Guarantee (CSG). CSG performance in provisioning new telephone services for the September quarter improved nationally to 93%. CSG restoration performance in the same quarter improved to 93%.

Performance indicators: Half-year ended 31 December	2003	2002	% change
Basic access lines in service	10,260,000	10,340,000	↓ 0.8
Calling number display customers	1,077,000	925,000	↑ 16.4
Local calls (number of calls)	4,831,000,000	5,019,000,000	↓ 3.7
National long distance minutes	4,343,000,000	4,656,000,000	↓ 6.7
Fixed to mobile minutes	2,099,000,000	1,955,000,000	↑ 7.4
International Direct® minutes	338,000,000	387,000,000	↓ 12.7

mobile



Growth

Telstra ended the first half of the financial year with more than 6.9 million customers, a 14.5% increase on the number of customers at 31 December 2002. Telstra continues to invest in the Telstra shop network with 13 stores refitted with new interiors reflecting a more contemporary retail environment. Our retail distribution partners also were significant in achieving growth in our customer base.

Reliability

Australian mobile growth has continued and mobile penetration is now approximately 77% of the population. Customers are becoming more discerning and require a higher grade of voice quality and reduced call-drop-outs, as they spend more time using their phones. The recent Rugby World Cup was used to trial new technology allowing for increased call capacity at peak times. Telstra is selectively using this technology to manage capacity efficiently to cope with periods of increased demand and meet high customer expectations.

Networks

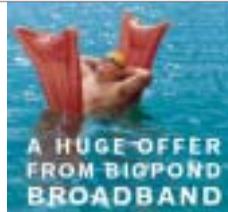
Telstra has installed more than 1,000 base stations across both Telstra's CDMA and GSM networks since December 2002. More than half of these base stations were installed in regional and rural Australia. This network is being enhanced to allow high-speed access to the internet from mobile devices utilising a further development of CDMA technology called 1xRTT. Telstra Country Wide® plans to extend the coverage of 1xRTT across the country in 2004.

Mobile Data

Customers are using more data services. The number of Short Messaging Service (SMS) messages sent continued to grow with 44% more messages sent in the first half of the financial year than over the same period last year. This is attributed to the spread of SMS use from the TV and radio competitions that utilise SMS voting. Customers are becoming increasingly familiar with other data services such as Telstra Wireless Hotspot™ and Picture Messaging Service.

Performance indicators: Half-year ended 31 December	2003	2002	% change
Mobile services in operation			
GSM	6,139,000	5,421,000	↑ 13.2
CDMA	846,000	677,000	↑ 25.0
Total	6,985,000	6,098,000	↑ 14.5
Mobile telephone minutes	4,287,000,000	3,098,000,000	↑ 38.4
SMS sent	910,000,000	632,000,000	↑ 44.0

broadband internet



High speed access to the internet through Telstra's broadband offerings continues to grow strongly. We remain on track to meet our targets of one million broadband customers by the end of 2005 and \$1 billion dollars in broadband revenue by the end of 2006. In January, Telstra announced upgrades to the ADSL product so that from March 2004, 90% of Australians will have access to this important broadband technology.

Over the next two years, Telstra plans to spend \$100 million on a wide range of programs to improve our customers' experiences, including simplified billing processes, a new email platform and better customer service facilities.

With more than 500,000 broadband customers shared between BigPond™ and Telstra Wholesale, we have experienced growth of 108% in broadband customers over the prior corresponding period.

The reasons for this rapid growth are simple. Broadband users find that once they try broadband, they never want to go back to dial-up. They enjoy the

convenience of a high speed internet connection without the need for a separate telephone line to receive incoming calls.

Residential

BigPond™ delivers an attractive range of content, products and services at very competitive prices. In the last year we have introduced new sporting content, a music download service and the convenience of an easy to use ADSL Home Wireless and networking kit.

Wholesale

Telstra's wholesale customers (such as other Internet Service Providers or 'ISPs') are also benefiting from Telstra's products. Telstra has introduced a new wholesale marketing campaign designed to grow the entire industry which will benefit both retail customers and Telstra's wholesale ISPs.

Telstra Country Wide®

There are a number of options available to Telstra customers outside the ADSL footprint. ISDN BigPond™, 1-way and 2-way Satellite BigPond™ and Broadband Regional Connect are attractive, high speed internet access options.

Performance indicators: Half-year ended 31 December	2003	2002	% change
Narrowband subscribers	1,178,000	1,103,000	↑ 6.8
Broadband subscribers	507,000	244,000	↑107.8
Total	1,685,000	1,347,000	↑ 25.1
Total ADSL enabled exchanges	1,023	806	↑ 26.9

Sensis®

Sensis® further consolidated its position as a leading advertising and media business with strong performances across both print and online.

Product innovation continues to drive revenue growth in the White Pages® and Yellow Pages® print directories. The Yellow Pages® full and half page metro display advertisements, for example, exceeded revenue targets for the period by 80%.

The online portfolio enjoyed similar success. The White Pages® OnLine and Yellow Pages® OnLine paid customer base doubled over the calendar year. This growth was underpinned by new display solutions and 39% growth (to over 2.5 million) in average monthly usage of the two online directories for the calendar year. Location and navigation products enjoyed a 91.7% revenue increase in the six months to 31 December 2003 over the corresponding period in 2002, mainly due to buoyant sales of the in-car navigation CD.

Sensis® continued its focus on excellent customer service, with the delivery of substantial reductions in time taken to provide customers with a proof following the purchase of an advertisement and a dedicated Customer Care unit.

FOXTEL®

FOXTEL® is Australia's leading subscription TV provider. Customers managed by both FOXTEL® and Telstra continue to grow and are approaching 0.9 million Australians. The total number of Australians viewing FOXTEL® content^ is almost 1.1 million.

FOXTEL® will launch its new digital service in the first half of the 2004 calendar year. The FOXTEL® digital service will provide customers with in excess of 130 channels, interactive sports and news services, Near Video On Demand (NVOD), electronic program guide, games and other enhanced services.

Performance indicators: Half-year ended 31 December

Unique users (average per month)	2003	2002	% change
Yellow Pages® Online site	1,373,000	1,047,000	↑ 31.1
White Pages® Online site	1,779,000	1,543,000	↑ 15.3
CitySearch® site	678,000	498,000	↑ 36.1
FOXTEL® subscribers~	862,000	809,000	↑ 6.6

^ This includes wholesale subscribers to FOXTEL content.

~ Includes subscribers to FOXTEL services managed by FOXTEL and Telstra.

international



Telstra's international strategy is to create profitable growth by enhancing the value of existing investments and developing new business opportunities primarily in the Asia-Pacific region.

Telstra continues to monitor and evaluate new business investment opportunities within a very disciplined framework and rigorous investment criteria.

Hong Kong CSL (CSL)

Market conditions have been adversely affected by SARS and an ongoing price war. Despite these challenges, CSL has continued its market leadership. Over the coming year, CSL will jointly develop data applications with Telstra for its core business and business opportunities in mainland China.

In September 2003, CSL launched Asia's first EDGE (Enhanced Data Rates for GSM Evolution) network. EDGE will enable customers in Hong Kong to access mobile multimedia services at higher speeds and improve the quality of services such as Video Messaging, MMS, Java games, email and Wireless Application Protocol (WAP) browsing.

REACH Ltd (REACH)

REACH is Asia's largest international wholesale carrier of voice and data services. REACH continues to operate in a very difficult environment with aggressive pricing due to an over supply of undersea cable capacity.

REACH has improved operational efficiency through effective information technology and systems integration, combined with improvements in productivity. The industry outlook remains poor.

TelstraClear

TelstraClear is our fully owned subsidiary operating in the New Zealand market. TelstraClear is the second largest full service provider in New Zealand and is continuing to grow its customer base across all segments of the telecommunications market. TelstraClear currently holds a 12% share of the market which we expect will grow strongly over the medium term.

CSL	REACH	TelstraClear
<ul style="list-style-type: none"> • Most profitable mobile operator in Hong Kong • Approximately 16% market share 	<ul style="list-style-type: none"> • Asia's largest international wholesale carrier of combined voice and data services • Challenging operating conditions continue • Carried over 7 billion minutes of voice traffic in 2003 	<ul style="list-style-type: none"> • Number two, full service provider in New Zealand • Approximately 12% market share in New Zealand

innovations



Telstra is committed to innovation. We have a number of exciting new services that have just been released which will drive profitable growth for the company. These services will continue to augment Telstra's current solutions for our large corporate, small, medium business and government customers, together with driving satisfaction for our residential customers. Several important product developments that have recently been released by Telstra are summarised below.

Internet Protocol (IP) solutions

Telstra launched the first major IP telephony solution by an Australian carrier. Telstra's IP telephony service provides a range of new multimedia and telephony features, for example allowing for voice telephone calls over the internet. This allows customers to reduce the costs of telephony. IP solutions enable business and governments to boost productivity and manage tight capital budgets with state-of-the-art technology.

BlackBerry®

In November 2003, the BlackBerry® for individuals was introduced. This device allows Telstra customers to wirelessly access their email, make phone calls, send SMS messages and browse web sites all from one handheld mobile device. The BlackBerry® to date has proved to be a successful solution for many of our business and government customers.

i-Mate™ mobile devices

From December 2003, Telstra has hosted a Microsoft Exchange 2003 email, calendar and scheduling solution for medium businesses and small corporate customers. This represents a further offering which boosts the productivity of Telstra's medium businesses and small corporate customers.

corporate social responsibility

In October 2003, Telstra produced its first Corporate Social Responsibility Report. The report is a statement of principle about how we operate our business in terms of its impact on society and industry. It collates our existing and new activities that impact

on the community, environment, economy and industry to provide greater transparency of reporting to our stakeholders.

The report is available at

www.telstra.com.au/communications/csr
or by calling 1800 812 266.

selected items from the

statement of financial performance

	6 months to 31 Dec. 2003 A\$m	6 months to 31 Dec. 2002 A\$m	change %
Sales revenue	10,456	10,468	(0.1)
1 Total revenue (excluding interest)	10,826	11,367	(4.8)
2 Total expenses (excluding borrowing costs)	7,304	8,817	(17.2)
3 Net borrowing costs	355	432	(17.8)
Profit before income tax expense	3,167	2,118	49.5
4 Income tax expense	874	968	(9.7)
Net profit	2,293	1,150	99.4
Outside equity interests in net loss	–	34	N/M
Net profit available to Telstra Entity shareholders	2,293	1,184	93.7
Interim ordinary dividends declared ¹	1,642	1,544	6.3
Interim ordinary dividend per share (cents) ¹	13.0	12.0	8.3
Special dividends declared	–	386	N/M
Special dividend per share (cents) ¹	–	3.0	N/M
Basic earnings per share ²	17.9	9.2	94.6
Dividend franking percentage at 30 percent tax rate	100%	100%	

¹ The 31 December 2003 interim ordinary dividend is scheduled to be paid on 30 April 2004, to shareholders who are registered as a shareholder on 26 March 2004, and will be fully franked at an income tax rate of 30%. The income tax payments anticipated to be made relating to earnings in the current year should enable full franking of the final 2004 dividend.

² Our earnings per share for the half-year ending 31 December 2003 was based on a weighted average number of shares of 12,817,398,218 (2002: 12,866,600,200). The weighted average number of shares decreased due to the buy-back of 238,241,174 shares that took place on 23 November 2003.

discussion and analysis

1 Total revenue

↓4.8%

Total revenue (excluding interest) decreased by \$541m to **\$10,826m**, primarily due to:

- a decrease in sales revenue by \$12m to \$10,456m with mobile services and handsets, fixed to mobiles, internet and IP solutions and Sensis® (advertising and directories) revenues being the main areas of growth. The continuing impact of our rebalancing initiatives also resulted in an increase in basic access revenues partly offset by a decrease in local call and International Direct® revenues. Offsetting this growth is a decline in ISDN (access and calls), revenues from various controlled entities and other sales and services revenues; and
- other revenue decreased by \$529m to \$370m, primarily due to the decline in revenue from the sale of assets and investments. Included in the prior corresponding half-year was revenue from the sale of seven office properties for \$570m, while in the current year we recognised revenue from the sale of our associated entity IBM Global Services Australia Limited (IBMGSA) of \$154m.

2 Total expenses

↓17.2%

Total expenses (excluding borrowing costs) decreased by \$1,513m to **\$7,304m** primarily due to:

- a decrease in goods and services purchased by \$321m, attributable to reduced network payments, a reduction in handset subsidies and our cost reduction programs;
- other expenses decreased by \$362m due to the decline in the carrying value associated with assets and investments sold. Included in other operating expenses in the prior corresponding half-year was the carrying value of the seven office properties sold of \$439m. This decline was partially offset in the current half-year by a modification to an information technology services contract with IBMGSA that resulted in a \$130m expense being recognised upon sale of our shareholding in this entity;
- a decrease of \$940m in our share of net loss from associates and joint venture entities mainly attributable to the \$965m write down of our investment in REACH Ltd in the prior corresponding half-year; and
- depreciation and amortisation increased by \$99m due to continued growth in our communications plant asset base and capitalised software development.

3 Net borrowing costs

↓17.8%

Net borrowing costs decreased by \$77m to **\$355m**, primarily due to lower borrowing costs as a result of the maturity of some of our interest-bearing liabilities offset by lower interest derived from the PCCW converting note. We also incurred additional borrowing costs in the prior corresponding period due to the close out of interest rate swaps.

4 Income tax expense

↓9.7%

Income tax expense decreased by \$94m to **\$874m**, giving an effective tax rate of 27.6%. The income tax expense benefited from a final adjustment as part of our election to enter tax consolidation. The benefit to income tax expense in the half-year ended 31 December 2003 amounted to \$58m, which was attributable to a further reset of tax values.

selected items from the

statement of financial position

	As at 31 Dec. 2003 A\$m	As at 30 June 2003 A\$m
Cash assets	559	1,300
Other current assets	4,569	4,457
1 Total current assets	5,128	5,757
Property, plant and equipment	22,666	23,012
Other non-current assets	6,239	6,830
2 Total non-current assets	28,905	29,842
Total assets	34,033	35,599
Current interest-bearing liabilities	1,488	1,323
Other current liabilities	3,535	4,511
Non-current interest-bearing liabilities	10,796	11,232
Other non-current liabilities	3,104	3,111
3 Total liabilities	18,923	20,177
4 Shareholders' equity	15,110	15,422

selected items from the

statement of cash flows

	6 months to 31 Dec. 2003 A\$m	6 months to 31 Dec. 2002 A\$m
Net cash provided by operating activities	2,925	2,951
Net cash used in investing activities	(1,098)	(835)
5 Free cash flow	1,827	2,116
6 Net cash used in financing activities	(2,562)	(1,818)
Net increase/(decrease) in cash	(735)	298

discussion and analysis

➔ 1	Total current assets	Total current assets decreased by \$629m to \$5,128m predominantly due to: <ul style="list-style-type: none">• a decrease in cash assets by \$741m as a result of the decline in bank deposits, bills of exchange and promissory notes used primarily to fund our share buy-back.
➔ 2	Total non-current assets	Total non-current assets decreased by \$937m to \$28,905m due to: <ul style="list-style-type: none">• a decrease in receivables by \$281m due mainly to a reduction in our cross currency swap hedge receivable, arising from exchange rate fluctuations;• a decrease in property, plant and equipment by \$346m due mainly to depreciation and amortisation charges and lower additions as a result of following our capital expenditure program; and• a decrease in total intangibles by \$156m due to amortisation charges and exchange rate movements.
➔ 3	Total liabilities	Total liabilities decreased by \$1,254m to \$18,923m due to: <ul style="list-style-type: none">• a decrease in current payables by \$581m due to the timing of payments and expenditure, and a reduction in accruals required;• a decrease in income tax payable by \$304m mainly due to an increase in income tax paid arising from an alteration to our final June 2003 instalment and our PAYG instalment rate;• a decrease in total interest-bearing liabilities by \$271m mainly due to the maturity and revaluation of our loans and Telstra bonds partially offset by the increase in short-term debt to service working capital requirements and movements in our cross currency swap hedge payables; and• a decrease in current revenue received in advance by \$109m mainly due to the timing of revenue collections relating to Yellow Pages® and White Pages® directories.
➔ 4	Shareholders' equity	Shareholders' equity decreased by \$312m to \$15,110m primarily due to our net profit for the half-year of \$2,293m being offset by the payment of the fiscal 2003 final ordinary dividend of \$1,544m and the completion of our share buy-back amounting to \$1,009m.
➔ 5	Free cash flow	Free cash flow decreased by \$289m to \$1,827m , primarily due to lower proceeds from asset and investment sales as the prior corresponding half-year included proceeds of \$570m from the sale of seven office properties. Additionally, operating capital expenditure declined by \$154m to \$1,376m due to continued tight control of our capital expenditure program.
➔ 6	Net cash used in financing activities	Net cash used in financing activities increased by \$744m to \$2,562m , predominantly due to the share buy-back undertaken as part of our ongoing capital management program. In addition, positive free cash flow enabled us to fund the 2003 final ordinary dividend payment of \$1,544m.

investor information

Access information about your holdings online via the internet

You can contact the Telstra Share Registry on 1300 88 66 77 or you can visit the Telstra Share Registry website at www.asxperpetual.com.au/telstra. From this site you can access holding information, make changes to your holding record and download forms to ensure your details are up to date.

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

Becoming an electronic shareholder

Australian shareholders who have not already moved to receiving their communications electronically, may have received with their half-year report a form giving them the opportunity to become an electronic shareholder and assist the environment at the same time. Telstra is very pleased to be part of this worthwhile initiative which encourages shareholders to

receive electronic rather than paper based communications. Telstra will make a donation of \$2 to Landcare Australia for every shareholder who chooses to receive all their communications electronically and \$1 for every shareholder who chooses to receive just their shareholder reports and notices of meetings electronically. You can find more information online at www.ETree.com.au or www.landcareaustralia.com.au. Participation in the scheme is entirely voluntary. For shareholders who prefer to receive paper documents we will continue to send their information in hardcopy.

Keeping Telstra Australian owned

The Telstra Corporation Act restricts foreign ownership. That is, foreign persons collectively cannot control more than 35% of the non-Commonwealth owned Telstra shares and individual foreign persons cannot control more than 5% of them. Telstra will divest shares if an unacceptable foreign ownership situation arises. Telstra will also keep relevant stock exchanges advised of foreign ownership levels.

Retail Shareholders as at 31 December 2003*

Shareholders by State	Number of Shareholders	Number of Shares	Millions of shares
Australian Capital Territory	39,226	64,650,622	<ul style="list-style-type: none"> ● New Zealand Private 0.44% ● Other Overseas Private 6.05% ● Australian Private 42.47% ● Commonwealth of Australia 51.04%
New South Wales	542,022	1,034,420,504	
Northern Territory	8,540	12,060,440	
Queensland	255,933	462,704,037	
South Australia	132,819	231,791,902	
Tasmania	25,345	41,187,849	
Victoria	555,508	1,017,198,852	
Western Australia	174,474	305,284,767	
Total	1,733,867	3,169,298,973	

* Retail Shareholders (holding less than 100,000 shares) as at 31 December 2003. * Includes American Depository Receipts

BlackBerry® is a registered trade mark of Research in Motion.
 FOXTEL ■■■™ is a registered trade mark of Twentieth Century Fox Film Corporation.
 FOXTEL® is a registered trade mark of Twentieth Century Fox Film Corporation.
 i-Mate™ is a trade mark of Carrier Devices Ltd

contact details

Telstra Corporation Limited

Incorporated in the Australian Capital Territory

Telstra is listed on Stock Exchanges in Australia, New Zealand (Wellington), and the USA (New York)

General Enquiries

Australia: 1300 368 387

All Other: +61(8) 8308 1721

Registered Office

Level 41, 242 Exhibition Street
Melbourne Victoria 3000 Australia

Douglas Gratton
Company Secretary
Ph: +61(3) 9634 6400

Principal Australian Office

242 Exhibition Street
Melbourne Victoria 3000 Australia

Investor Relations Unit

Level 36, 242 Exhibition Street
Melbourne Victoria 3000 Australia

David Anderson
Manager
Ph: +61(3) 9634 8632

The Telstra Share Registrar

ASX Perpetual Registrars Limited
PO Box 14300 MELBOURNE
Victoria 8001

Shareholder Enquiries

Australia: 1300 88 66 77
All other: +61(3) 9615 9126
email: telstra@asxperpetual.com.au
website: www.asxperpetual.com.au/telstra
Facsimile: +61(3) 9615 9911

Website

The Half-year Report can also be found via Telstra's Investor Relations home page at: www.telstra.com.au/communications/shareholder

Mini Glossary

ADSL Asymmetric Digital Subscriber Line – a technology for transmitting digital information at high speed on existing phone lines to homes and businesses

CDMA Code Division Multiple Access – a digital mobile standard which provides voice, data, fax and short messaging services

GSM Global System for Mobile Communications – one of Telstra's two digital mobile networks. GSM covers 96% of the Australian population. This system uses the customers' personal SIM card

ISDN Integrated Services Digital Network – a fully digital service that allows higher quality dial up communications from 64Kbps to 2Mbps

ISP Internet Service Provider – provider of internet services to the consumer

MMS Multimedia Messaging Service – technology allowing mobile phone users to send colour photos, audio clips and text from their handsets

PSN Public Switched Telephone Network – is accessible to all those with a telephone and access rights and refers to the worldwide voice telephone network

SMS Short Messaging Service – refers to the ability to receive and deliver text messages to mobile devices such as the mobile phone

3G Third Generation Mobile Technology – is an evolution of GSM and CDMA 2G and 2.5G technology to support voice and high speed data & multimedia services

1xRTT One Times Radio Transmission Technology – a 3G development of CDMA for high speed packet switched data

Telstra – Australia's connection to the future

© Telstra Corporation Limited (ABN 33 051 775 556) 2004.

™ Trade mark of Telstra Corporation Limited.

® Registered trade mark of Telstra Corporation Limited.

