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.

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.

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.

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

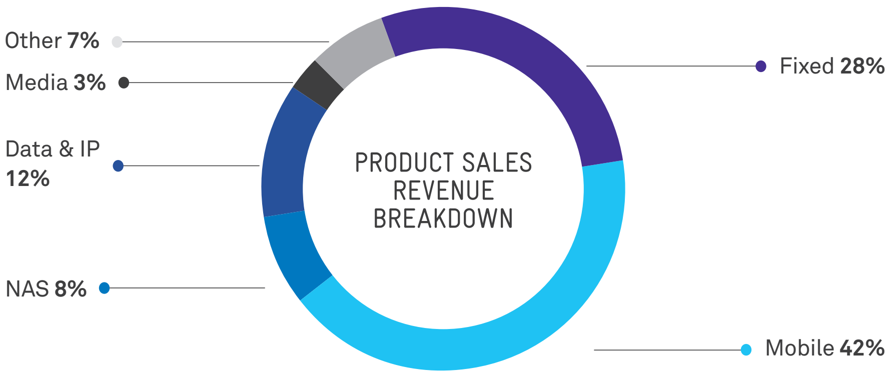
	1H15 $m	1H14 $m	Change %
Fixed	3,505	3,564	(1.7)
Mobile	5,327	4,861	9.6
Data and IP	1,458	1,498	(2.7)
NAS	1,007	853	18.1

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.

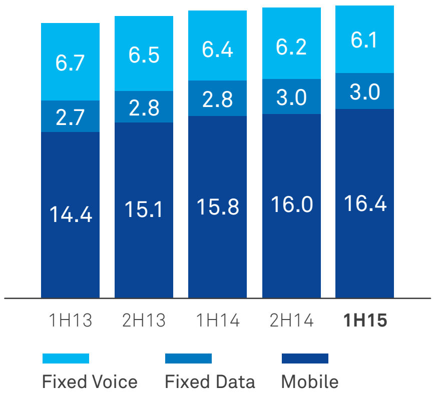
Other fixed revenue decreased by 0.7 per cent to $413 million with an increase in inter-carrier access services revenue offset by lower customer premise equipment and other fixed telephony revenue.

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)



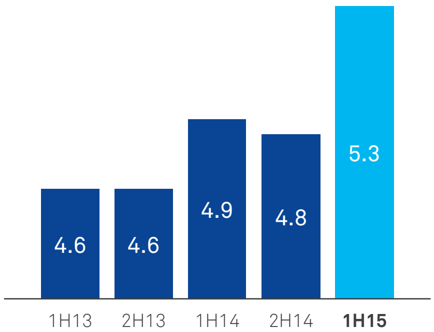
Postpaid handheld revenue grew by 8.3 per cent to $2,701 million. This was driven by an increase in ARPU, with higher value customers using more data. As a result, ARPU, excluding the impact of mobile repayment options (MRO), increased 4.4 per cent to $69.71 as these higher value customers used more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



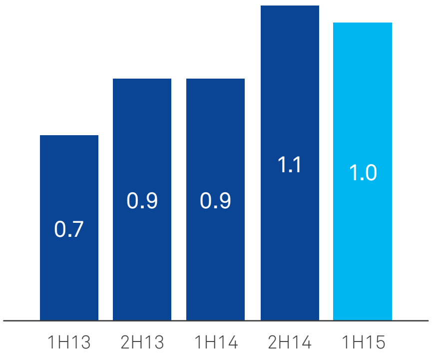
We continued to invest in our mobile network. Telstra's 4G coverage now reaches 90 per cent of the Australian population and we plan to take our total 4G coverage to 94 per cent of the Australian population by mid-2015.

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.

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.

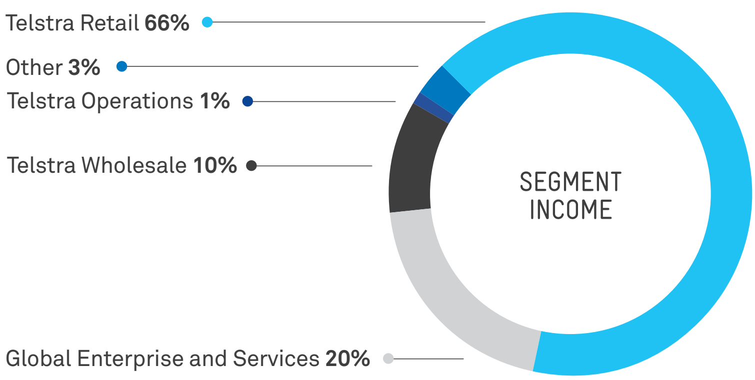
The reduction in other finance costs primarily relates to non-cash revaluation impacts of our offshore debt portfolio and associated hedges that resulted in a floating position (fair value hedges). The early adoption of new accounting standard AASB 9 (2013) allows a component of our borrowing margin 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)



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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

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).

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.