

Full year results and operations review - June 2012

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.
(Assumes wholesale product price stability, no fiscal 2012 impairments to investments and excludes any proceeds on the sale of businesses)

	REPORTED				ADJUSTMENT					GUIDANCE BASIS		
	Jun-12 \$m	Jun-11 \$m	Growth %		Jun-12					Jun-12 \$m	Jun-11 \$m	Growth %
					LMobile (i) \$m	ACCC FAD (ii) \$m	MTA (iii) \$m	NBN (iv) \$m	TClear (v) \$m			
Sales Revenue	25,232	24,983	1.0%			48	75	(67)		25,288	24,983	1.2%
Total Revenue	25,368	25,093	1.1%			48	75	(67)		25,424	25,093	1.3%
Total income (excl. finance income)	25,503	25,304	0.8%		16	48	75	(67)		25,543	25,304	0.9%
Labour	4,061	3,924	3.5%				0			4,061	3,924	3.5%
Goods and services purchased	6,179	6,183	(0.1%)				93			6,272	6,183	1.4%
Other expenses	5,029	5,047	(0.4%)		(56)		0		(130)	4,843	5,047	(4.0%)
Operating expenses	15,269	15,154	0.8%		(56)	0	93	0	(130)	15,176	15,154	0.1%
Share of net profit from jointly controlled and associated entities	0	(1)	(100.0%)							0	(1)	(100.0%)
EBITDA	10,234	10,151	0.8%		40	48	(18)	(67)	130	10,367	10,151	2.1%
Depreciation and amortisation	4,412	4,459	(1.1%)							4,412	4,459	(1.1%)
EBIT	5,822	5,692	2.3%		40	48	(18)	(67)	130	5,955	5,692	4.6%
Net finance costs	888	1,135	(21.8%)							888	1,135	(21.8%)
Profit before income tax expense	4,934	4,557	8.3%		40	48	(18)	(67)	130	5,067	4,557	11.2%
Income tax expense	1,510	1,307	15.5%		2	14	(5)	(20)	0	1,501	1,307	14.8%
Profit for the period	3,424	3,250	5.4%		38	34	(13)	(47)	130	3,566	3,250	9.7%
Attributable to:												
Equity holders of the Telstra Entity	3,405	3,231	5.4%		38	34	(13)	(47)	130	3,547	3,231	9.8%
Non controlling interests	19	19	0.0%							19	19	0.0%
Free cashflow	5,197	5,477	(5.1%)			48	(18)	(385)		5,285	5,447	(3.5%)

This table has been subject to review by our auditors.

Note:

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

(i) **LMobile Group impairment, writeback of deferred consideration and loss on sale adjustment:**

Adjustments relating to the LMobile Group reflect a review of future cashflows including the writeback of non current deferred consideration of \$33m and impairment of goodwill \$49m and other intangible assets \$7m (total \$56m) undertaken during the year. Adjustments include a \$17m loss on sale on the divestment of Lmobile subsequent to the previous cashflow review undertaken.

(ii) **ACCC Final Access Determination adjustment:**

Adjustments for ACCC Final Access Determination (FAD) pricing for fixed services.

(iii) **Mobile Terminating Agreement (MTA) adjustment:**

Adjustments for the re-pricing of mobile terminating rates from 9 cents to 6 cents.

(iv) **NBN related adjustment:**

Adjustments impacting the Income statement are associated with revenue for the build of NBN related infrastructure.

Adjustments impacting free cashflow relate to net \$300m cash received (\$321m net of cash impact of tax paid) related to the build of NBN infrastructure and \$85m cash received (\$100m less \$15m expected in year cash receipts) under the Retraining Funding Deed to establish a retraining arrangement for employees impacted by the rollout of NBN.

(v) **TelstraClear impairment adjustment:**

Adjustments relating to an impairment of goodwill of \$130m arising from the TelstraClear sale to Vodafone New Zealand.

(vi) **FOXTEL loan:**

Adjustment to reflect \$443m loan provided to FOXTEL for AUSTAR acquisition. The provision of this loan is excluded from Telstra's cashflow guidance purpose.