

Notes to the Financial Statements (continued)

3. Earnings per share

	Telstra Group	
	Year ended 30 June	
	2012 cents	2011 cents
Basic earnings per share	27.5	26.1
Diluted earnings per share	27.4	26.1
	\$m	\$m
Earnings used in the calculation of basic and diluted earnings per share		
Profit for the year attributable to equity holders of Telstra Entity	3,405	3,231
	Number of shares millions	
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue	12,443	12,443
Effect of shares held by employee share plan trusts (a)(b)	(45)	(61)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	12,398	12,382
Effect of dilutive employee share instruments (c)	8	15
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	12,406	12,397

(a) In order to underpin the equity instruments issued under the Growthshare plan, the Telstra Growthshare Trust purchases Telstra shares on the market. These shares are not considered to be outstanding for the purposes of calculating basic and diluted earnings per share.

(b) Share options issued under the Telstra Employee Share Ownership Plan Trust I (TESOP97) and II (TESOP99) are not considered outstanding for the purposes of calculating basic earnings per share.

(c) In fiscal 2012 and fiscal 2011, the following equity instruments are considered dilutive to earnings per share:

- incentive shares granted under the Growthshare short term incentive scheme;
- certain performance rights and restricted shares granted under the Growthshare long term incentive scheme; and
- share options issued under TESOP97.

In fiscal 2012 and fiscal 2011, the following equity instruments are not considered dilutive to earnings per share:

- certain performance rights, restricted shares and options issued under Growthshare; and
- share options issued under TESOP99.

Refer to note 27 for details regarding equity instruments issued under the Growthshare and TESOP share plans.