

## Notes to the Financial Statements (continued)

### 21. Impairment

#### Cash generating units

For the purposes of undertaking our impairment testing, we identify cash generating units (CGUs). Our CGUs are determined according to the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of our goodwill is detailed below:

CGUs	Goodwill	
	As at 30 June	
	2012 \$m	2011 \$m
CSL New World Group *	784	740
Telstra Europe Group*	55	54
Sensis Group (a)	215	215
Location Navigation (a)	14	14
1300 Australia Pty Ltd	16	16
Sequel Group* (b)	-	100
Autohome* (b)	96	-
Sequel Media* (b)	11	-
Octave Group* (c)	-	-
iVision (d)	-	36
LMobile Group* (e)	-	45
TelstraClear Group* (f)	-	129
Other (d)	98	66
	<b>1,289</b>	<b>1,415</b>

\* These CGUs operate in overseas locations, therefore the goodwill allocated to these CGUs will fluctuate in line with movements in applicable foreign exchange rates during the period.

(a) Our assessment of the Sensis Group CGU excludes the Location Navigation CGU that forms part of the Sensis reportable segment. This CGU is assessed separately.

(b) We have completed an internal restructure of the Sequel Group by transferring all the shares in China Topside Limited and Norstar Advertising Media Holdings Limited from Autohome Inc. (formerly Sequel Limited) to Sequel Media Inc. This restructure has resulted in two CGUs at 30 June 2012 as compared to a single CGU at 30 June 2011.

(c) During fiscal 2011, the carrying value of our assets in the Octave Group CGU (included in the Telstra International Group reportable segment) was tested for impairment based on value in use. This resulted in an impairment charge of \$133 million against goodwill (\$94 million) and other intangible assets (\$39 million) being recognised in the Telstra Group financial statements. The carrying amount of the Octave Group goodwill has been reduced to nil.

(d) Following the acquisition of iVision in March 2011 its operations have been integrated into the Telstra Group, mainly into the Telstra Enterprise and Government segment in fiscal 2012. As at 30 June 2012, iVision was not considered a separate CGU. The \$36 million goodwill recognised on initial acquisition has been included in 'Other' and tested for impairment at the Telstra Enterprise and Government (TE&G) cash generating unit level, which is aligned with the TE&G operating segment.

(e) During fiscal 2012, the carrying value of our assets in the LMobile Group CGU (included in the Telstra International Group reportable segment) was tested for impairment based on value in use. This resulted in an impairment charge of \$56 million against goodwill (\$49 million) and other intangible assets (\$7 million) being recognised in the Telstra Group financial statements. The impairment arose as a result of competitive market pressure, which contributed to significant uncertainty around future cash flows from the LMobile Group. We also estimated that the pre-determined revenue and EBITDA targets for the year ended 31 December 2010 will not be met. As such, we derecognised the \$33 million contingent consideration liability recognised at the date of acquisition of the LMobile Group. The \$33 million gain on the derecognition of the contingent consideration liability has been recorded as other income.

Subsequent to the impairment on 27 March 2012 our controlled entity Telstra Robin Holdings Ltd disposed of its entire ownership interest in the LMobile Group. Refer to Note 20 for further details.

(f) Goodwill allocated to the TelstraClear Group CGU (included in the TelstraClear reportable segment) relates to TelstraClear Limited. As at 30 June 2012, assets and liabilities of TelstraClear Limited have been classified as assets and liabilities held for sale and measured at the lower of carrying amount and fair value less costs to sell. This resulted in an impairment charge of \$130 million against goodwill being recognised in the Telstra Group financial statements. For further details refer to note 12 and note 31.