

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Telstra Group

	Reserves							Total equity \$m
	Share capital \$m	Foreign currency translation (a) \$m	Cash flow hedging (b) \$m	General reserve (c) \$m	Retained profits \$m	Total \$m	Non-controlling interests \$m	
Balance at 1 July 2012	5,635	(751)	(87)	(29)	6,712	11,480	209	11,689
Profit for the year (restated).....	-	-	-	-	3,739	3,739	52	3,791
Other comprehensive income (restated)	-	252	(5)	-	548	795	25	820
Total comprehensive income for the year	-	252	(5)	-	4,287	4,534	77	4,611
Dividends	-	-	-	-	(3,480)	(3,480)	(28)	(3,508)
Transactions with non-controlling interests.....	-	-	-	1	-	1	-	1
Amounts repaid on share loans provided to employees.....	47	-	-	-	-	47	-	47
Additional shares purchased.....	(42)	-	-	-	-	(42)	-	(42)
Exercise of employee share options..	29	-	-	-	-	29	-	29
Share-based payments.....	42	-	-	-	-	42	6	48
Balance at 30 June 2013	5,711	(499)	(92)	(28)	7,519	12,611	264	12,875
Profit for the year	-	-	-	-	4,275	4,275	70	4,345
Other comprehensive income.....	-	413	(30)	-	82	465	(3)	462
Total comprehensive income for the year	-	413	(30)	-	4,357	4,740	67	4,807
Dividends	-	-	-	-	(3,545)	(3,545)	(22)	(3,567)
Non-controlling interests on acquisitions.....	-	-	-	-	-	-	6	6
Non-controlling interests on disposals	-	-	-	-	-	-	(198)	(198)
Transactions with non-controlling interests (d)	-	-	-	8	-	8	13	21
Amounts repaid on share loans provided to employees.....	3	-	-	-	-	3	-	3
Additional shares purchased.....	(61)	-	-	-	-	(61)	-	(61)
Exercise of employee share options..	29	-	-	-	-	29	-	29
Share-based payments.....	37	-	-	-	-	37	8	45
Balance at 30 June 2014	5,719	(86)	(122)	(20)	8,331	13,822	138	13,960

The notes following the financial statements form part of the financial report.

(a) The foreign currency translation reserve is used to record exchange differences arising from the conversion of the non-Australian controlled entities' financial statements into Australian dollars. This reserve is also used to record our percentage share of exchange differences arising from equity accounting our non-Australian investments in joint ventures and associated entities.

(b) The cash flow hedging reserve represents the effective portion of gains or losses on remeasuring the fair value of the hedge instrument, where a hedge qualifies for hedge accounting. These gains or losses are transferred to the income statement when the hedged item affects income or, in the case of forecast transactions, is included in the measurement of the initial cost of property, plant and equipment or inventory.

(c) The general reserve represents other items we have taken directly to equity.

(d) During the year we decreased our ownership of Autohome Inc. from 66.0 per cent at 30 June 2013 to 63.2 per cent at 30 June 2014 via share buy-back, subsequent initial public offering and employee share issues. We also acquired the non-controlling interests of the Octave Group. Neither of these transactions resulted in a change of control. Changes in valuation of non-controlling interests resulting from these transactions are recorded in the general reserve. Refer to note 20 for further details.