AGENDA

TORRES STRAIT ISLAND REGIONAL COUNCIL

August 2022

TRUSTEE MEETING

Wednesday, 24th August 2022

Division 12, Masig

TRUSTEE MEETING
Wednesday, 24th August 2022
Agenda Items

1.	9:00am - 9:05am	Opening Prayer and Welcome
2.	9:05am – 9:10am	Apologies
3.	9:10am - 9:15am	Declaration of Conflict of Interest (COI) Declarable and Prescribed
4.	9:15am – 9:20am	Confirmation of Trustee Meeting Minutes • Trustee Meeting – 19th July 2022
5.	9:20am – 9:25am	Trustee Outstanding Action Items
6.	9:25am – 9:35am	Standing Agenda Item: (verbal update) • Undocumented commercial land occupation project – verbal update • DOGIT Transfers – Verbal Update
7.	9:35am – 9:50am	LEGAL – Telstra request to transfer lease interests to Amplitel
8.	9:50am – 9:50am	Next meeting – Tuesday, 20th September 2022 – Poruma
9.	9:50am – 9:55am	Closing Remarks and Prayer

MORNING TEA – 10:00AM - 10:30AM

Draft Minutes

TORRES STRAIT ISLAND REGIONAL COUNCIL

July 2022

TRUSTEE MEETING

Tuesday, 19th July 2022

Video Conference

PRESENT:

Cr Phillemon Mosby, Mayor
Cr Dimas Toby, Division 1 - Boigu
Cr Torenzo Elisala, Division 2 – Dauan
Cr Conwell Tabuai, Division 3 – Saibai
Cr Keith Fell, Division 4 – Mabuiag
Cr Laurie Nona, Division 5 – Badu
Cr Lama Trinkoon, Division 6 – Kubin (Arkai), Mua Island
Cr John Levi, Division 7 – Wug (St Pauls), Mua Island
Cr Seriako Dorante, Division 8 – Kirriri (Hammond)
Cr Getano Lui Jnr, Deputy Mayor, Division 9 – Iama (Yam)
Cr Kabay Tamu, Division 10 – Warraber (Sue)
Cr Francis Pearson, Division 11 – Poruma (Coconut)
Cr Rocky Stephen, Division 13 – Ugar (Stephen)
Cr Jimmy Gela, Division 14 – Erub (Darnley)
Cr Aven Noah, Division 15 – Mer (Murray)

STAFF:

Mr James William, Chief Executive Officer (CEO)
Ms Hollie Faithfull, Executive Director, Financial Services (EDFS)
Mr David Baldwin, Executive Director, Engineering Services (EDES)
Mr Dawson Sailor, Head of Community Services (HOCS)
Mr Wayne Green, Executive Director Building Services
Ms Julia Maurus, Senior Legal Officer (SLO)
Mrs Ursula Nai, Senior Executive Assistant to the CEO (SEA)
Mr Jacob Matysek, Executive Officer, Corporate Affairs
Ms Naila Nomoa, Travel Officer

APOLOGIES:

Cr Hilda Mosby, Division 12 – Masig (Yorke) – Sorry Business
Mr Peter Krebs, Acting Executive Director Corporate Services (a/EDCS) – Sick
Ms May Mosby, Acting Secretariat Officer - Sorry Business

TRUSTEE MEETING
Tuesday, 19th July 2022

1. 9:04am - 9:13am Opening Prayer and Welcome

Mayor Phillemon Mosby welcomed Councillors and Executive Staff to the Trustee Meeting and acknowledged the following:

- Our Heavenly Father for his awesome wisdom, knowledge and understanding upon our lives;
- Traditional Owners throughout the length and breadth of Zenadth Kes including our offices in Cairns and Thursday Island;
- Family members on the homeland and mainland who are in sorry business and mourning the loss of their loved ones. Our thoughts and prayers are with their families, relatives and friends.

Mayor Mosby invited Cr Keith Fell to open the meeting in a word of prayer and a minute's silence was observed as a mark of respect in memory of our loved ones.

2. 9:13am – 9:14am Apology

Cr Hilda Mosby, Division 12 – Masig (Yorke) – due to sorry business (Leave of Absence approved).

RESOLUTION:
Moved: Cr Aven Noah; Second: Cr Keith Fell
That Council accepts the apology of Cr Hilda Mosby for the June 2022 Trustee Meeting.
MOTION CARRIED UNANIMOUS

3. 9:14am - 9:15am Declaration of Conflict of Interest (COI) Declarable and Prescribed

No declarations or relevant legal proceedings declarations were made by Councillors. Mayor Mosby encouraged Councillors to make a declaration at any time during the meeting.

4. 9:15am – 9:16am Confirmation of Trustee Meeting Minutes

- Trustee Meeting – 28th June 2022

RESOLUTION:
Moved: Cr John Levi Second: Cr Laurie Nona
That the Trustee accepts the minutes of the Trustee meeting held on 28th 2022 as a true and accurate account of that meeting.
MOTION CARRIED UNANIMOUS

5. 9:16am – 9:19am Trustee Outstanding Action Items

Senior Legal Counsel, Ms Julia Maurus provided an update of the action items.

9:17am – Ms Hollie Faithfull, Executive Director, Financial Services left the meeting.
9:18am – Cr Torenzo Elisala joined the meeting.
9:21am – Ms Hollie Faithfull, Executive Director, Financial Services re-joined the meeting.

6. 9:19am – 9:47am Standing Agenda Item: (verbal update)

- Undocumented commercial land occupation project – verbal update
- DOGIT Transfers – Verbal Update

Senior Legal Counsel, Ms Julia Maurus provided a verbal update, and an in-depth discussions were held on these topics.

9:20am – Cr Conwell Tabuai joined meeting.
9:28am- Ms Hollie Faithfull, Executive Director, Financial Services left the meeting.
9:30am- Ms Hollie Faithfull, Executive Director, Financial Services re-joined the meeting.
9:30am- Ms Hollie Faithfull, Executive Director, Financial Services left the meeting.
9:35am- Ms Hollie Faithfull, Executive Director, Financial Services re-joined the meeting.
9:37am - Mr James William, Chief Executive Officer left the meeting.
9:38am - Mr James William, Chief Executive Officer re-joined the meeting.
9:41am - Mr David Baldwin, Executive Director Engineering Services left the meeting.
9:45am - Mr David Baldwin re-joined the meeting.

ACTION ITEM: That Chief Executive Officer and Manager Legal Services to come up with a land Strategy and provide a paper to the Culture, Land, Arts and Heritage Committee.

7. 9:47am – 9:48am Next meeting – Wednesday 24th August 2022 – Masig

Mayor Phillemon Mosby confirmed the next Trustee meeting will be held on Masig on 24th August 2022.

8. 9:35am – 9:40am Closing Remarks

Mayor Phillemon Mosby thanked Councillors and Staff for their attendance and declared the Trustee meeting closed.

MEETING CLOSED – 9:40AM

……………………………………	…………………………………………
Mr James William	Cr Phillemon Mosby
Chief Executive Officer	Mayor
Torres Strait Island Regional Council	Torres Strait Island Regional Council
Date:	Date:

STATEGIC AND OPERATIONAL ACTIONS FROM ORDINARY MEETING AND EXECUTIVE - PLUS OPERATIONAL ACTIONS ONLY FROM SARG TO BE INPUT ONTO THIS DOCUMENT #85075

Date	Month of Meeting	Year	Type of Meeting	Community	Agenda Report	Action	Lead Officer	Advisory Officer	Budget	Plans - O	Lead Officer Comments	ETA
19	July	2022	Trustee	VC	Standing Agenda: Undocumented commercial land occupation project	That Chief Executive Officer and Manager Legal Services to come up with a land Strategy and provide a paper to the Culture, Land, Arts and Heritage Committee	Chief Executive Officer and Manager Legal Services				Currently in progress	

TORRES STRAIT ISLAND REGIONAL COUNCIL

TRUSTEE AGENDA REPORT

ORDINARY MEETING:	August 2022
DATE:	24 & 25 August 2022
ITEM:	Trustee Agenda Item for Resolution by Council
SUBJECT:	Telstra request to transfer lease interests to Amplitel
AUTHOR:	Julia Maurus, Senior Legal Officer

Personal Interests

Councillors are reminded to declare any personal interests relating to:

- Telstra Corporation Limited
- Amplitel Pty Ltd
- Traditional owner interests on land currently occupied by Telstra

Recommendation:

(Each Trustee resolution should be carried separately, with the relevant Divisional Councillor as mover)

1. ***Boigu:*** *That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of* ***Lease T (712162563)*** *from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*

2. ***Dauan:*** *That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of* ***Lease T (715884617)*** *from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*

3. ***Saibai:*** *That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of* ***Lease 719676460*** *(Lot 103 SP267944) from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*

4. ***Mabuiag:*** *That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of* ***Lease T (716045963)*** *from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*

5. ***Arkai/Kubin:*** *That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of* ***Lease T (716688153) and Lease U (717120988)*** *from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers*

Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.

6. ***Wug/St Pauls:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (716688174)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*
7. ***Kirriri/Hammond:** That the Trustee resolve, pursuant to the* Aboriginal Land Act 1991 *(Qld), to require the occupant of **Lot 10 on SP248418** (Francis Rd, Hammond Island), being the operator of the Hammond Island R/T (Site ref TC16965) (Telstra Corporation Limited or Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited), to enter into a standard Trustee lease, subject to native title future act validation; and delegate to the Mayor and Chief Executive Officer each the power to negotiate, sign and discharge the Deed of Agreement for Lease, Lease and General Consent forms, as required.*
8. ***Iama:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (713124952)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*
9. ***Warraber:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (715884606)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*
10. ***Poruma:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (715600944)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*
11. ***Masig:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease 718782028** (Lot 213 SP277431) from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required..*
12. ***Ugar:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (713124934)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*
13. ***Erub:** That the Trustee resolve, pursuant to the* Torres Strait Islander Land Act 1991 *(Qld), to consent to Telstra's lessee request to transfer or licence of **Lease T (713124893)** from Telstra Corporation Limited to Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited; and delegate to the Mayor and Chief Executive Officer each the power to sign and discharge lease transfer, Deed of Consent to Assignment and General Consent forms, as required.*

Executive Summary:

Telstra has requested Trustee consent to transfer or licence its various leases on Council-held DOGIT land to its new subsidiary, Amplitel Pty Ltd. Under the terms of the leases, the Trustee cannot unreasonably refuse consent to Telstra's request.

Amplitel intends to use the leased premises for the same purposes as Telstra currently uses those premises. The terms of the leases will not change, other than that Amplitel will become the tenant or licensee (as appropriate) under the leases.

Background:

On 30 June 2021, Telstra announced the sale of a non-controlling stake in its mobile and non-mobile towers business to a high-calibre consortium – comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper and managed by HRL Morrison & Co. Telstra has retained 51 per cent ownership and continues to own the active parts of its network.

This transaction was completed on 1 September 2021.

To facilitate this sale, the assets and operations of the tower business have been transferred into a new Telstra subsidiary called Amplitel Pty Ltd. On 1 September 2021, the Future Fund, Commonwealth Superannuation Corporation and Sunsuper acquired a 49 per cent interest in Amplitel.

Amplitel will continue to operate the towers business in a similar manner to Telstra, including allowing telecommunications carriers and other tower users access to the facilities to operate their mobile telephone and other networks.

As part of the sale, leases held by Telstra used for towers and associated assets, including any leases, licences or other tenures granted by Torres Strait Island Regional Council may be transferred to Amplitel. Some tenures will remain with Telstra where these have fixtures that are used by Telstra, but will be licensed or sublicensed to Amplitel (for example, Telstra will grant licences by Amplitel to its customers and contractors requiring access to the tower and other facilities on the land).

The leases granted by Council to Telstra require consent to be transferred or licensed to Amplitel. Telstra has contacted Council seeking this consent from Council. Telstra will not seek to transfer the leases requiring consent of the Council until it has received that consent.

Amplitel Pty Ltd agrees with Council to comply with the tenant's obligations under the leases from the date of the lease transfer as if Amplitel Pty Ltd was named in the leases as the tenant.

There will be no other proposed changes to the terms of the leases and the operations of the tower business will continue as usual.

Leases to be transferred to Amplitel – consent sought

Site Ref	Site Name	Lease no.	Lot on Plan	Address
TC16279	BANKS PEAK R/T	716688153	Lease T on SP274785 in Lot 5 SP271019	Banks Peak, Moa Island
TC17112	MABUYAG RT (WAS MABUIAG)	716045963	Lease T on SP267833 in Lot 105 SP273192	104 Bani Rd, Mabuiag Island
TC17153	MOA ISLAND R/T	716688174	Lease T on SP145580 in Lot 21 SP256048	26 Main St, St Pauls
TC17351	UGAR RT (WAS STEPHENS ISLAND R/T)	713124934	Lease T on SP175711 in Lot 4 SP282706	Cemetery Rd, Stephen Island
TC17290	SAIBAI ISLAND R/T	719676460	Whole of Lot 103 SP267944	

Sites to be licensed from Telstra to Amplitel – consent sought

Site Ref	Site Name	Lease no.	Lot on Plan	Address
TC14662	YORKE ISLAND WEST RT	718782028	Whole of Lot 213 SP277431	54 Steve & Jeff Road, Masig

TC16783	PORUMA RT (WAS COCONUT ISLAND R/T)	715600944	Lease T on SP145583 in Lot 1 SP270862	Mimia St, Coconut Island
TC17152	KUBIN VILLAGE R/T	717120988	Lease U on SP238257 in Lot 51 SP271019	51 Gerainelgau Yabu Rd, Kubin Village
TC17634	WARRABER RT (WAS SUE ISLAND R/T)	715884606	Lease T on SP145584 in Lot 44 SP270859	Aikuru St, Warraber Island
TC16873	DAUAN ISLAND R/T	715884617	Lease T on SP146515 in Lot 39 SP270872	Main St, Dauan Island
	BOIGU ISLAND R/T	712162563	Lease T on SP175710 in Lot 67 SP273190	
	ERUB / DARNLEY ISLAND R/T	713124893	Lease T on SP175712 in Lot 73 SP270873	
	IAMA / YAM ISLAND R/T	713124952	Lease T on SP151805 in Lot 104 SP270867	

The proposed resolutions give Trustee consent to a transfer or licence to Amplitel of each site, rather than specifying a transfer or licence in each case. This is for the sake of administrative efficiency, so that, if Telstra changes its intentions (deciding to transfer instead of licensing, or vice versa), it will not be necessary for Council to make another Trustee resolution. JLL/Telstra have already advised of changes since its letter of 2 March 2022 (**attached**).

Comment:

Clause 17.1 of each lease between Council and Telstra states that Telstra may transfer the lease only with the Trustee's written consent, which the Trustee must not unreasonably withhold. Telstra is liable for its obligations under the lease up to the date of transfer. From the date of transfer, Amplitel will be liable for all lessee obligations under the lease, while Telstra remains liable for all matters up to the date of transfer.

Hammond Island R/T (Site ref TC16965) (Lot 10 SP248418) (Francis Rd, Hammond Island)

Telstra's correspondence sought Trustee approval to transfer the lease for the Hammond Island Telstra site to Amplitel. However, on reviewing the land title, it has come to light that Telstra does not have a registered lease over this land. This seems to have been overlooked. There are no registered interests for this land. Amplitel will require a new lease for this land, so this site has been added to the list of undocumented commercial land occupation. JLL is seeking instructions to confirm that Amplitel is seeking a new lease for this land. The new lease may require native title future act validation. Development approval will not be required because it is an existing use.

Considerations

Risk Management

Compliance (leasing, land titles, native title):
The transfer and licence of the Telstra leases is consistent with the terms of the leases. Therefore, native title future act validation is not required for the proposed lease transfers and licences.
Amplitel Pty Ltd agrees with Council to comply with the tenant's obligations under the leases from the date of the lease transfer as if Amplitel Pty Ltd was named in the leases as the tenant.

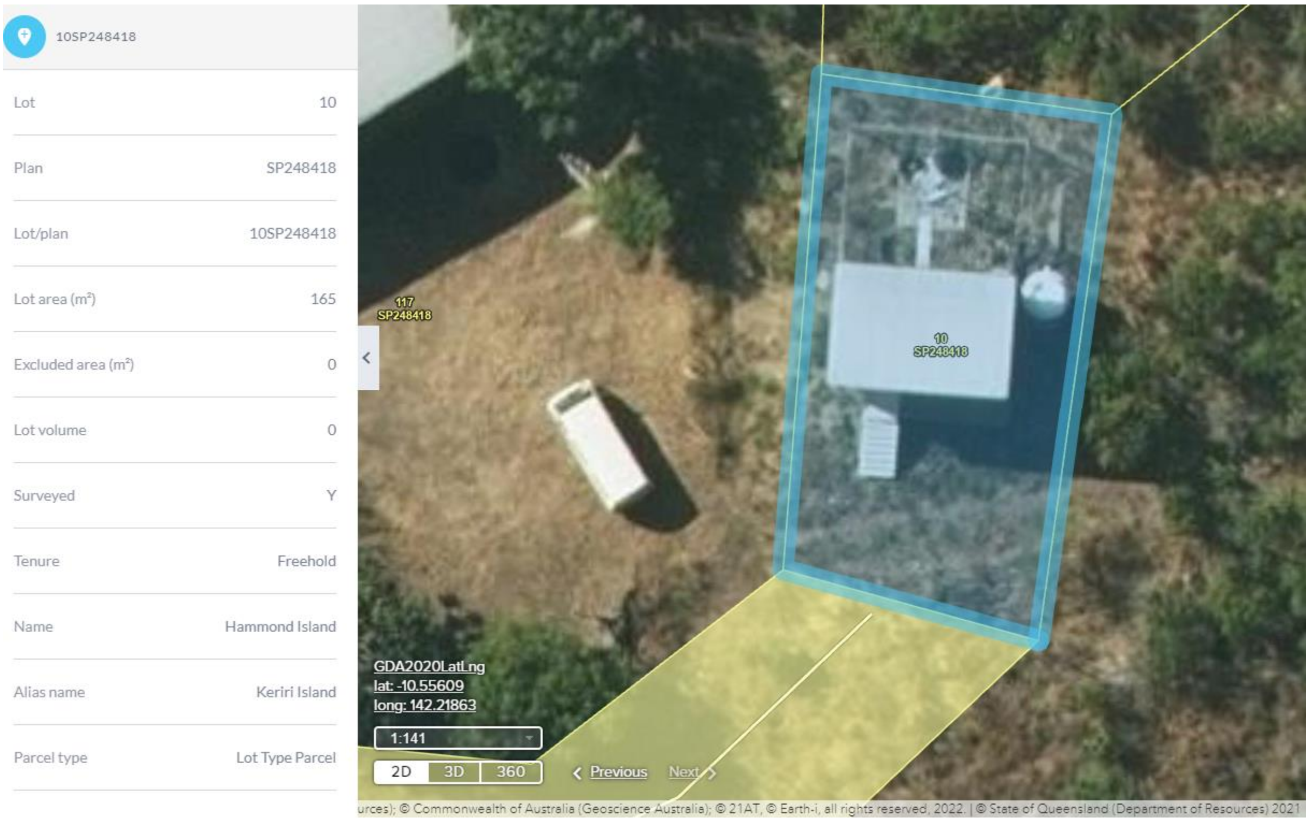
Compliance (Trustee decision-making process):
To effect each lease transfer, a Council Trustee resolution will be required. As the Divisional Councillor has effective veto power for land-related decision-making, it is recommended that a separate trustee resolution is made for each Telstra lease, and that individual Councillors move the resolution relevant to their respective communities. If a Divisional Councillor is absent from the Trustee meeting, the resolution for that particular community should be held over to the next Trustee meeting.
Following the Trustee resolution, for each lease a Form 1 lease transfer and Form 18 general consent form will need to be executed by the parties and lodged with Queensland's Land Titles Office.

Council Finance

Telstra will cover Council's reasonable costs of these lease dealings, where the lease requires this.

Rent is payable under all of the leases, however most of the Telstra leases involved payment of rent at the beginning of the lease. Only four of the leases (Kubin Lease T, Kubin Lease U, St Pauls and Saibai) involve ongoing annual rent. This is summarised in the **attached** table.

Trustee lease revenue is vital to ensuring the sustainability of the Trustee's functions and improvement of the DOGIT. The Hammond Island site has been added to the list of undocumented commercial land occupation and the Legal Services team will work with Telstra/Amplitel to progress a lease for this site consistent with the Trustee's commercial rent methodology. Hammond Lot 10 SP248418 (shown below) is a small lot totalling 165m² so the minimum starting rent of $6,000 per annum will apply.



Consultation:

- Telstra
- Council (March 2022)
- SARG (August 2022)

Links to Strategic Plans:

TSIRC Corporate Plan 2020–2025
Delivery Pillar: Sustainability
Outcome 8: We manage council affairs responsibly for the benefit of our communities

- 8.1: Effective management of DOGIT Land as a Trustee

Statutory Requirements:

Torres Strait Islander Land Act 1991 (Qld)
Native Title Act 1993 (Cth)
Land Title Act 1994 (Qld)

Conclusion:
Unless there are reasonable grounds to withhold consent, it is recommended that the Trustee consent to Telstra's request to transfer and/or licence its leases of DOGIT land.

Recommended & Endorsed:
Peter Krebs
Acting Executive Director, Corporate Services

Endorsed:
James William
Chief Executive Officer

Current Registered Telstra leases

Division	Lessee	Premises / Lot and / or Plan Description	Lease number	Title Reference	Commencement Date	Expiry Date	Rental/ Consideration excluding GST	Invoice Period
Boigu	Telstra Corporation Limited	Lease T on Lot 4 on SP175710	712162563	51146323	12.12.2008	11.12.2038	$15,000	Full term
Dauan	Telstra Corporation Limited	Lease T Lot 9 on CP TS169 on SP146515	715884617	51093448	20.03.2014	23.05.2031	$15,000	Full term
Erub	Telstra Corporation Limited	Lease T on Lot 4 on CPTS156 on SP175712	713124893	51073597	23.02.2010	22.02.2036	$15,000	Full term
Iama	Telstra Corporation Limited	Lease T on Lot 13 on CP TS177	713124952	51080143	19.02.2010	18.02.2036	$15,000	Full term
Kubin	Telstra Corporation Limited	Lease T on Lot 5 SP248095	716688153	51089383	21.08.2014	22.01.2032	**$5,633**	**Annual with CPI**
Kubin	Telstra Corporation Limited	Lease U on Lot 5 on CP TS158	717120988	51089019 51089413	22.09.2015	22.01.2032	**$5,549**	**Annual with CPI**
Mabuiag	Telstra Corporation Limited	Lease T on Lot 2 on SP242990	716045963	51176800	20.03.2014	23.05.2031	$15,000	Full term
Masig	Telstra Corporation Limited	Lease AA on Lot 213 on SP277431	718782028	51071774	01.09.2016	31.08.2056	$15,000	Full term
Poruma	Telstra Corporation Limited	Lease T on SP145583 - Lot 6	715600944	51078100	28.06.2013	23.05.2031	$15,000	Full term
Saibai	Telstra Corporation Limited	Lot 103 on SP267944	719676460	51134357	10.03.2016	09.03.2046	**$5,895**	**Annual with CPI**
St Pauls	Telstra Corporation Limited	Lease T on Lot 6 -CP TS158 on SP145580	716688174	21296136	21.08.2014	22.01.2032	**$5,633**	**Annual with CPI**
Ugar	Telstra Corporation Limited	Lease T on Lot 7 on CP TS174	713124934	51146429	29.01.2010	28.01.2036	$15,000	Full term
Warraber	Telstra Corporation Limited	Lease T on Lot 4 on CPTS171 on SP145584	715884606	51056768	20.03.2014	29.07.2032	$15,000	Full term

2 March 2022

Julia Maurus
Torres Strait Island Regional Council

By email: Julia.Maurus@tsirc.qld.gov.au

Dear Julia,

Transfer of tenures associated with Telstra's towers business to Amplitel

You may be aware that Telstra Corporation Limited recently announced the sale of a non-controlling stake in its mobile and non-mobile towers business to a high-calibre consortium – comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper and managed by HRL Morrison & Co. Telstra has retained 51 per cent ownership and continues to own the active parts of its network.

To facilitate this sale, the assets and operations of the tower business are being transferred into a new Telstra subsidiary called Amplitel Pty Ltd.

Amplitel will continue to operate the towers business in a similar manner to Telstra, including allowing telecommunications carriers and other tower users access to the facilities to operate their mobile telephone and other networks.

As part of the sale, leases held by Telstra used for towers and associated assets, including any leases, licences or other tenures granted by Torres Strait Island Regional Council may be transferred to Amplitel. Some tenures will remain with Telstra, but will be licensed or sublicensed to Amplitel.

The details for Amplitel are as follows:

Amplitel Pty Ltd ACN 648 133 073
contactable care of Telstra Corporation Limited
242 Exhibition Street
Melbourne VIC 3000

Tenures granted to Telstra

A list of the leases granted by the Council to Telstra that are covered by this letter, is in Attachment 1.

Our records indicate that some of the leases granted by the Council to Telstra require consent to be transferred to Amplitel, whether under the terms of the lease or by law. We are seeking this consent from the Council, but please let us know if we also need to engage with a Minister or any other third party regarding the consent sought. We would be grateful for any assistance that the Council can provide in coordinating obtaining any required third-party consents.

The remaining leases granted by the Council to Telstra do not require the Council's consent to be transferred to Amplitel, as Amplitel is a related body corporate of Telstra. These tenures not requiring consent were transferred to Amplitel on 31 August 2021.

Telstra will not seek to transfer the leases requiring consent of the Council and/or any other third party until it has received that consent. Telstra will give notice to the Council once the leases requiring consent have been transferred or licensed to Amplitel.

Transfer and licensing of tenures to Amplitel

By this letter, Telstra is:

(a) giving notice to the Council that the leases in Attachment 1 are proposed to be transferred or licensed to Amplitel (as indicated in Attachment 1);

(b) giving notice to the Council that the leases in Attachment 1 marked "Consent not required" have been assigned to Amplitel (as indicated in Attachment 1); and

(c) seeking the Council's consent to the transfer of those leases marked "Consent sought" in Attachment 1, and to the ongoing use and operation of the tower and other facilities on the land, for all tenures in Attachment 1 (including, where relevant, to grant licences by Amplitel to its customers and contractors requiring access to the tower and other facilities on the land).

There will be no other proposed changes to the terms of the leases and the operations of the tower business will continue as usual.

In order to confirm that Amplitel is bound by the leases from the transfer date, Amplitel will agree to sign a document in favour of the Council under which it agrees to comply with the leases from the transfer date. Please let us know if the Council would like Amplitel to sign such a document.

Further questions

We know you may have more questions about this letter. You will see some frequently asked questions (FAQs) included with this letter, which will provide more details on Amplitel, the sale of the towers business and the transfer of the Council's leases. These FAQs have been prepared for the landlords of Telstra and Amplitel and do not necessarily address any particular requirements of the Council.

We would also welcome the opportunity to meet with you to discuss the transfer further, including any assistance we can provide that will help you to manage the volume of this request efficiently. We will be in touch over the next two weeks to schedule a meeting to discuss next steps in further detail.
If you require any further information, please let us know.

If you have any other questions or concerns, please email **TowersProperty@team.telstra.com**.

Yours sincerely,

Julian McKernan
Property Principal
Finance Operations and Reporting
Global Business Services
Telstra Corporation Limited and Telstra Limited

Attachment 1 List of leases

Sites to be transferred to Amplitel – consent sought

Site Ref	Site Name	Lot on Plan	Address
TC16279	BANKS PEAK R/T	Lot 5 Plan 271019	Banks Peak, Moa Island
TC16585	BADU ISLAND R/T	Lot 14 Plan 253545	Badu Island
TC16965	HAMMOND ISLAND R/T	Lot 10 Plan 248418	Francis Rd, Hammond Island
TC17112	MABUYAG RT (WAS MABUIAG)	Lot 105 Plan 273192	104 Bani Rd, Mabuiag Island
TC17153	MOA ISLAND R/T	Lot 21 Plan 256048	26 Main St, St Pauls
TC17351	UGAR RT (WAS STEPHENS ISLAND R/T)		Cemetery Rd, Stephen Island

Sites transferred to Amplitel – consent not required

Site Ref	Site Name	Lot on Plan	Address
TC17290	SAIBAI ISLAND R/T	Lot 103 Plan 267944	

Sites to be licensed from Telstra to Amplitel - Consent required

Site Ref	Site Name	Lot on Plan	Address
TC14662	YORKE ISLAND WEST RT	Lot 213 Plan 277431	54 Steve & Jeff Road, Masig
TC16783	PORUMA RT (WAS COCONUT ISLAND R/T)	Lot 51 Plan 270862	Mimia St, Coconut Island
TC17152	KUBIN VILLAGE R/T	Lot 51 Plan 271019	51 Gerainelgau Yabu Rd, Kubin Village
TC17634	WARRABER RT (WAS SUE ISLAND R/T)	Lot 44 Plan 270859	Aikuru St, Warraber Island
TC16873	DAUAN ISLAND R/T	Lot 39 Plan 270872	Main St, Dauan Island

AMPLITEL PTY LTD
LEASE TRANSFER FREQUENTLY ASKED QUESTIONS

1. Who is Amplitel?

On Wednesday, 30 June 2021, Telstra announced the sale of a non-controlling stake in its mobile and non-mobile towers business to a high-calibre consortium – comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper and managed by HRL Morrison & Co.

This transaction was completed on 1 September 2021.

To facilitate this sale, the assets and operations of the tower business will be transferred into a new Telstra subsidiary called Amplitel Pty Ltd. Some tenures will remain with Telstra where these have fixtures that are used by Telstra, but will be licensed or sublicensed to Amplitel.

2. What is included in the Amplitel towers infrastructure portfolio?

The Amplitel towers business (originally known as InfraCo Towers) is the largest passive or physical mobile tower infrastructure provider in Australia. It includes Telstra's passive tower infrastructure asset portfolio of over 8,000 physical towers, mast and large pole structures used to mount mobile and non-mobile communication equipment for Telstra, other mobile network operators and non-mobile customers.

3. Who owns Amplitel?

Telstra has retained 51 per cent ownership of Amplitel and will continue to own the active parts of its network, including the radio access network and spectrum assets.

The Future Fund, Commonwealth Superannuation Corporation and Sunsuper became strategic partners in Amplitel when they acquired a 49 per cent interest in Amplitel on 1 September 2021.

4. What are Amplitel's contact details?

- Legal Entity: Amplitel Pty Ltd as trustee for the Towers Business Operating Trust, care of Telstra Corporation Limited
- ACN: 648 133 073
- ABN: 75 357 171 746
- Address: 242 Exhibition Street, Melbourne VIC 3000

Telstra's head office at 242 Exhibition Street, Melbourne will be the registered office of Amplitel.

5. How will Amplitel operate?

It is anticipated that Amplitel will operate the towers infrastructure in the same way as Telstra currently operates those assets. In particular, Amplitel will host telecommunications equipment of Telstra and other telecommunications access seekers on the towers as well as equipment for broadcast services and emergency services.

6. Is my consent needed for the transfers?

Yes, for some or all the leases listed in Attachment 1. The tenures requiring your consent are marked 'Consent sought'.

Where any of the leases that allow a transfer to a related body corporate of Telstra (such as a subsidiary of Telstra), consent will not be required as Amplitel remains a subsidiary of Telstra. These tenures are marked 'Consent not required'.

7. When will the transfers take place?

Where the lease requires your consent for the transfer to Amplitel, once your consent is obtained.

8. When will Amplitel become bound by the lease?

Amplitel becomes bound by the lease from the date of the transfer. For leases that transferred on 31 August 2021, Amplitel became bound on that date.

Telstra will contact you to confirm when the transfer of the lease has taken place. From that transfer date, Amplitel replaces Telstra as your tenant and will comply with the lease from that date.

In order to confirm that Amplitel is bound by the lease from the transfer date, Amplitel will agree to sign a document in favour of you under which it agrees to comply with the lease from the transfer date.

9. What do I have to do for the transfers?

Apart from any administrative requirements that you may have, very little. Telstra and Amplitel will take the necessary steps to transfer the leases from Telstra to Amplitel.

You will not need to re-issue rent tax invoices where Telstra has already paid that rent. Instead, Telstra and Amplitel will make any necessary adjustments between themselves for rent payable by Amplitel for the period from the transfer date until the next rent payment is due.

After the lease transfer, any rent and any other payments that become due under the lease will be paid by Amplitel.

If you send out your own tax invoices for the rent and other payments, you will need to address those tax invoices to Amplitel, and not Telstra. The tax invoice can still be sent to the current property managers, JLL.

Where JLL has issued tax invoices for you (as recipient created tax invoices), JLL will issue any future tax invoices to you and show Amplitel as the tenant.

Any correspondence between Amplitel and you will still need to be sent to JLL using the current email address.

As a reminder, that email address is: TelstraProperty@team.telstra.com

10. Will you cover our legal and administrative costs?

Where your lease requires this, Telstra will cover the reasonable costs that you incur in connection with the transfer.

We are keen to minimise the amount of work required to implement the transfer, and would welcome the opportunity to implement any efficiencies that are available, for example use of a single consent or assignment document covering multiple tenures, to the extent that such documentation is required.

11. Will the lease change?

No, other than that Amplitel will become the tenant or licensee or will be appointed as a licensee or sublicensee (as appropriate) under the lease, licence or other tenure. Otherwise, the lease will not be amended and will remain the same.

12. Will the use of the land change?

No. As mentioned, Amplitel intends to use the premises for the same purposes as Telstra currently uses those premises.

13. What if I have other questions?

If you have any other questions about the transfers, you can send the questions to Telstra and Amplitel at TowersProperty@team.telstra.com.

We will endeavour to respond to your questions as soon as possible.

The Dynamic Company & Securities Report

ACN, ABN AND NAME REPORT - CURRENT

Order No: 72010363
Report Date: 16/12/2021 17:50

Matter Ref: 15 648 133 073
ACN: 648 133 073

The Dynamic Company and Securities Report contains public record information retrieved from the Australian Securities and Investment Commission, Australian Financial Security Authority and the Australian Taxation Office. This report can be used to confirm key details about a company, its identity, ownership and directors as well as any registered financial interests as reported on the Personal Property and Securities Register.

COMPANY SNAPSHOT

Company Name: AMPLITEL PTY LTD
Company Type: Australian Proprietary Company
Registered Office: LEVEL 41, 242 EXHIBITION STREET, MELBOURNE, 3000, VIC
Principal Place of Business: LEVEL 41, 242 EXHIBITION STREET, MELBOURNE, 3000, VIC
No. Registered Business Names: N/A
ACN: 648 133 073
ABN: 15 648 133 073

ASIC Status: Registered
ABN Status: Active

Current Registered Name: AMPLITEL PTY LTD
Period From: 27/07/2021
Company Class: Limited By Shares
Registered In: Victoria
Place of Registration: N/A
Governance Type: N/A
Most Recent ASIC Filing Date: 04/10/2021

Name Start: 27/07/2021
Sub Class: Proprietary Company
Registered Date: 22/02/2021
Previous State No: N/A
Review Date: 22/02/2022
Disclosing Entity: No

COMPANY OFFICERS SNAPSHOT

No. of Current Company Directors:	6
No. of New Directors in the last six months:	6
No. of External Administrators:	0
Average Age of Current Directors:	49
No. of Current Secretaries:	1

Average Tenure of Current Directors:	0 Years
Average Tenure of Former Directors:	0 Years

PPSR Grantor Search Details

PPSR Grantor Search Identifiers Used

- Grantor ACN: 648 133 073
- Grantor ABN: 15 648 133 073
- Grantor Name: AMPLITEL PTY LTD

PPSR Securities Snapshot

PPSR Registration(s) Recorded		ALLPAAP Registrations(s) Recorded	
No. PPSR Registrations Recorded:	2	No. New Security Interests Last Year:	2
No. PMSIs Recorded:	2	No. New Security Interests Last 3 Months:	2
No. Unique Secured Parties Recorded:	1	No. Transitional Registrations:	0
No. Grantor Identifiers Used:	3	No. Non Transitional Registrations:	2

PPSR Secured Party Summary

	Creditor (Secured Party)	No. PPSR Registrations	No. PMSIs	ALLPAAP Registrations?	Most Recent Registration
	TOYOTA FINANCE AUSTRALIA LTD	2	2	No	13/11/2021

Company Directors

Name: BERESFORD-WYLIE, GUY RICHARD CHRISTIAN
Address: 19 MOORHOUSE STREET, ARMADALE, 3143, VIC
Role: Director
Status: CURRENT
Date of Birth: 01/09/1972
Place of Birth: LITTLEBOROUGH UNITED KINGDOM
Age: 49
Tenure: 0 Years
Appointment Date: 28/06/2021
ASIC Document Number: 5EDZ87336

Name: RILEY, BRENDON JAMES
Address: LEVEL 9, 400 GEORGE STREET, SYDNEY, 2000, NSW
Role: Director
Status: CURRENT
Date of Birth: 20/05/1962
Place of Birth: COLLIE WA
Age: 59
Tenure: 0 Years
Appointment Date: 28/06/2021
ASIC Document Number: 5EDZ87336

Name: TOMPKINS, JULIET
Address: 15 SHACKEL AVENUE, CLOVELLY, 2031, NSW
Role: Director
Status: CURRENT
Date of Birth: 02/04/1982
Place of Birth: CHRISTCHURCH NEW ZEALAND
Age: 39
Tenure: 0 Years
Appointment Date: 12/07/2021
ASIC Document Number: 5EEC32093

Name: BOGOIEVSKI, MARKO
Address: 42 CHEVIOT ROAD LOWRY BAY LOWER HUTT, NEW ZEALAND
Role: Director
Status: CURRENT
Date of Birth: 29/04/1963
Place of Birth: LOWER HUTT NEW ZEALAND
Age: 58
Tenure: 0 Years
Appointment Date: 01/09/2021
ASIC Document Number: 5EEI82999

Name: SMALES, WILLIAM OLIVER CLAYTON
Address: 11 CRANBROOK ROAD, BELLEVUE HILL, 2023, NSW
Role: Director
Status: CURRENT
Date of Birth: 08/12/1975
Place of Birth: NOTTINGHAM UNITED KINGDOM
Age: 46
Tenure: 0 Years
Appointment Date: 01/09/2021
ASIC Document Number: 5EEI82999

Name: FRASER-SMITH, JAMES
Address: 117 ADDISON STREET, ELWOOD, 3184, VIC
Role: Director
Status: CURRENT
Date of Birth: 23/08/1973
Place of Birth: MELBOURNE VIC
Age: 48
Tenure: 0 Years
Appointment Date: 01/09/2021
ASIC Document Number: 5EEI83347

Company Secretary

Name: HARRISON, EMMA TERESE
Address: 16 CAMERON STREET, SOUTH BRISBANE, 4101, QLD
Role: Secretary
Status: CURRENT
Date of Birth: 17/01/1980
Place of Birth: MOREE NSW
Age: 41
Tenure: 0 Years
Appointment Date: 05/08/2021
ASIC Document Number: 5EEE88722

External Administrator

No information regarding external administrators was recorded on ASIC for this company.

Other Roles

Name: TELSTRA CORPORATION LIMITED
Address: N/A
Role: Ultimate Holding Company
Status: CURRENT
Date of Birth: N/A
Place of Birth: N/A
Age: N/A
Tenure: 0 Years
Appointment Date: N/A
ASIC Document Number: 5EDB09601

Documents Relating to External Administration and/or Appointment of Controller

No information regarding external administration documents was recorded on ASIC for this company.

Share Capital

Class	Class Type	Shares Issued	Amount Paid	Amount Due	ASIC Document No.
ORD	ORDINARY	100	$100.00	$0.00	5EEJ57018

Note: For each class of shares issued by a proprietary company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holdings the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of a company.

Shareholder and Members

Class	Share %	No. of Shares Held	Ben. Owned	Name	ACN	Address	Joint Holding	ASIC Document No.
ORD	51.00%	51	Yes	TELSTRA TOWERCO NO.2 PTY LTD	648 133 297	242 EXHIBITION STREET, MELBOURNE, VIC 3000	No	5EEJ57547
ORD	49.00%	49	No	TOWERS INFRASTRUCTURE INVESTMENTS PTY LTD	651 443 882	60 MARTIN PLACE, SYDNEY, NSW 2000	No	5EEJ57547

Note: For each class of shares issued by a proprietary company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holdings the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of a company.

ASIC Documents

Date Received	Form Type	Form Description	Date Processed	No. of Pages	Date Effective	ASIC Doc. No.
04/10/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	04/10/2021	2	04/10/2021	5EEM75606
09/09/2021	484	CHANGE TO COMPANY DETAILS CHANGES TO (MEMBERS) SHARE HOLDINGS	09/09/2021	2	09/09/2021	5EEJ57547
09/09/2021	484	CHANGE TO COMPANY DETAILS CHANGES TO SHARE STRUCTURE NOTIFICATION OF SHARE ISSUE CHANGES TO (MEMBERS) SHARE HOLDINGS	09/09/2021	2	09/09/2021	5EEJ57018
03/09/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	03/09/2021	2	03/09/2021	5EEI83347
03/09/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	03/09/2021	2	03/09/2021	5EEI82999
20/08/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	20/08/2021	2	20/08/2021	5EEG82187
05/08/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	05/08/2021	2	05/08/2021	5EEE89280
05/08/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	05/08/2021	2	05/08/2021	5EEE88722
27/07/2021	205	NOTIFICATION OF RESOLUTION CHANGING COMPANY NAME	27/07/2021	2	27/07/2021	7EBJ84398
21/07/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	21/07/2021	2	21/07/2021	5EEC70061
21/07/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	21/07/2021	2	21/07/2021	5EEC65242
19/07/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	19/07/2021	2	19/07/2021	5EEC32093
07/07/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	29/07/2021	2	07/07/2021	1M0033614
30/06/2021	484	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER	30/06/2021	2	30/06/2021	5EDZ87336
22/06/2021	484	CHANGE TO COMPANY DETAILS CHANGES TO (MEMBERS) SHARE HOLDINGS	22/06/2021	2	22/06/2021	5EDY74081
31/05/2021	484	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS	31/05/2021	2	31/05/2021	5EDV93286
22/02/2021	201	APPLICATION FOR REGISTRATION AS A PROPRIETARY COMPANY	22/02/2021	3	22/02/2021	5EDB09601

Note: For each class of shares issued by a proprietary company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holdings the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of a company.

Annual Returns

No information regarding annual returns was recorded for this company.

Financial Reports

No information regarding financial reports was recorded on ASIC for this company.

Collateral Class Summary

Tangible Property	2	Intangible Property	0	Financial Property	0
Motor Vehicle	1	Account	0	Chattel Paper	0
Watercraft	0	General Intangible	0	Intermediated	0
Aircraft	0	Intellectual Property	0	Document of Title	0
> Aircraft Engine	0	> Copyright	0	Currency	0
> Aircraft Frame	0	> Design	0	Investment Instrument	0
> Helicopter	0	> Patent	0	Negotiable Instrument	0
> Small Aircraft	0	> Plant Breeder's Right	0		
Agriculture	0	> Trade Mark	0		
> Crops	0	> Circuit Layout	0		
> Livestock	0				
Other Goods	1				

General Property	0	Unknown	0	Unsupported	0
AllPAAP - no exceptions	0				
> Migrated Fixed	0				
> Migrated Floating	0				
> Migrated Fixed & Floating	0				
> Other ALLPAAPs	0				
ALLPAAP - with exceptions	0				

Collateral Type Summary

Commercial: 2
Consumer: 0
Unknown: 0
Unsupported: 0

Securities Summary (PPSR Registrations)

Registration Number	PMSI	Start Date	Transitional	Migrated	Collateral Class	Secured Parties
202111130000219	Yes	13 Nov 2021 02:03	No	No	Motor Vehicle	TOYOTA FINANCE AUSTRALIA LTD
202111130000226	Yes	13 Nov 2021 02:03	No	No	Other Goods	TOYOTA FINANCE AUSTRALIA LTD

Securities Details (PPSR Registrations Details)

Registration No.: 202111130000219

Registration Kind: SecurityInterest
No. of Attachments: 0
Start Date: 13 Nov 2021 02:03
Subordinate: No
Change Date: 13 Nov 2021 02:03
Transitional: No
End Date: 13 Nov 2046 23:59
Migrated: No
Change Number: 68289030
Fixed & Floating Indicator: N/A
Giving of Notice ID: 6143320

Collateral Type: Motor Vehicle
Collateral Class: Motor vehicle
PMSI: Yes
Inventory: No
Subject to Control: Unknown
Proceeds Claimed: Yes
Grantor: AMPLITEL PTY LTD
Secured Party: TOYOTA FINANCE AUSTRALIA LTD
Collateral Description: Collateral is any motor vehicle supplied or financed from time to time by the Secured Party to the Grantor in which the Secured Party has a security interest (whether by loan, lease, hire purchase, bailment or otherwise) and any proceeds thereof.

Addressee: Vehicle Services
Email Address: ppsr.vehicleservices@toyota.com.au
Fax Number: 02 9430 0914
Mailing Address: Locked Bag 900 Milsons Point 1565, NSW AUSTRALIA

Registration No.: 202111130000226

Registration Kind: SecurityInterest
No. of Attachments: 0
Start Date: 13 Nov 2021 02:03
Subordinate: No
Change Date: 13 Nov 2021 02:03
Transitional: No
End Date: 13 Nov 2046 23:59
Migrated: No
Change Number: 68289031
Fixed & Floating Indicator: N/A
Giving of Notice ID: 6143320

Collateral Type: Other Goods
Collateral Class: Other goods
PMSI: Yes
Inventory: No
Subject to Control: Unknown
Proceeds Claimed: Yes
Grantor: AMPLITEL PTY LTD
Secured Party: TOYOTA FINANCE AUSTRALIA LTD
Collateral Description: Collateral is any goods supplied or financed from time to time by the Secured Party to the Grantor in which the Secured Party has a security interest (whether by loan, lease, hire purchase, bailment or otherwise) and any proceeds thereof.

Addressee: Vehicle Services
Email Address: ppsr.vehicleservices@toyota.com.au
Fax Number: 02 9430 0914
Mailing Address: Locked Bag 900 Milsons Point 1565, NSW AUSTRALIA

PPSR - Organisation Grantor Search Note: The printer-friendly registration details below do not represent "a written search result in the appropriate form" (PPS Act s174). To obtain these results in "an appropriate form", refer to the PPSR Search Certificates. PPSR Search Details & Result Note: PPSR requires that search results are removed after the specified expiry time (see below). Please print results, and place follow-on orders for search certificates and attachments before this expiry time to avoid incurring additional charges from PPSR

PPSR Search Details & Result Note: PPSR requires that search results are removed after the specified expiry time (see below). Please print results, and place follow-on order for search certificates and attachments before this expiry time to avoid incurring additional charges from PPSR

Disclaimer: This report is based on information compiled from various public record registers and third parties. Dye & Durham does not accept liability in whole or in part for any errors or omissions in this report, including the integrity of the third party data used to create this report. You should ensure this information is fit for purpose and Dye & Durham takes no responsibility for decisions made or actions undertaken as a result of this report.

Data sources
> PPSR data extracted for ACN from PPSR on 16/12/2021 17:50
> PPSR data extracted for ABN from PPSR on 16/12/2021 17:50
> PPSR data extracted for Name from PPSR on 16/12/2021 17:50
> ABN data extracted from the Australian Business Register on 16/12/2021 17:50
> ASIC information extracted from the Companies Register on 16/12/2021 17:50

Gareth Webb | Managing Principal
Marsh Pty Ltd

ABN 86 004 651 512
727 Collins Street
MELBOURNE VIC 3008
GPO Box 1229
MELBOURNE VIC 3001
PH (03) 9603 2307 FAX (03) 9670 8581
Gareth.webb@marsh.com
marsh.com.au

27 August 2021

CERTIFICATE OF CURRENCY
PUBLIC LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE HOLDER. IT DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICY. IT IS PROVIDED AS A SUMMARY ONLY OF THE COVER PROVIDED AND IS CURRENT ONLY AT THE DATE OF ISSUE. FOR FULL PARTICULARS, REFERENCE MUST BE MADE TO THE CURRENT POLICY WORDING

INSURED

Amplitel Pty Ltd as trustee for the Towers Business Operating Trust and/or and all subsidiary companies and/or related companies, in addition to Mortgagees, Lessors, Financiers and the like or any other person having an insurable interest for their respective rights and interests or any other person having an insurable interest in the interest insured for their respective rights and interests all as defined in the Policy Wording.

PERIOD OF INSURANCE:

From: 4:00pm on **31 August 2021** Local Standard Time
To: 4:00pm on **31 August 2022** Local Standard Time

Any subsequent period for which the Insured has requested and the Insurer has accepted.

INSURER

NAME	POLICY NUMBER	PARTICIPATION %
Chubb Insurance Australia Limited	02CL032740	100%

COVERING

Insured's Legal Liability to pay compensation in respect of personal injury or damage to property caused by an occurrence during the period of insurance within the geographical limits in connection with the Insured's business

LIMITS OF LIABILITY

$20,000,000 any one occurrence

SUB LIMIT OF LIABILITY

$250,000 each and every occurrence in respect of Care, Custody or Control

SITUATION / GEOGRAPHICAL LIMITS

Anywhere in Australia

Indemnity is subject to the terms and conditions of the Policy, including any applicable Sub-Limit of Liability and Deductible.

In accordance with the ongoing commitment by Marsh to quality management philosophies, this certificate has been verified for accuracy of content by:

Yours faithfully,

Gareth Webb
Managing Principal

30 June 2021

The Manager

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 03 8647 4838
Facsimile 03 9650 0989
companysecretary@team.telstra.com

Investor Relations
Tel: 1800 880 679
investor.relations@team.telstra.com

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra sells 49 per cent of Towers business for $2.8 billion and announces returns for shareholders

In accordance with the Listing Rules, I attach a market release for release to the market.

Authorised for lodgement by:

Sue Laver
Company Secretary

Telstra Corporation Limited
ACN 051 775 556
ABN 33 051 775 556

Telstra sells 49 per cent of Towers business for $2.8 billion and announces returns for shareholders

Wednesday 30 June 2021 - Telstra today announced a consortium comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper will become a strategic partner in Telstra InfraCo Towers after agreeing to acquire a 49 per cent interest.

The Towers business is the largest mobile tower infrastructure provider in Australia with approximately 8,200 towers.

The transaction values Telstra InfraCo Towers at $5.9 billion, representing an FY21 pro forma EV/EBITDAaL[1] multiple of 28x. Telstra expects net cash proceeds after transaction costs of $2.8 billion at completion and the Towers entity will have no debt. Completion is expected in the first quarter of FY22. Telstra intends to return approximately 50 per cent of net proceeds to shareholders in FY22.

Telstra CEO, Andrew Penn said today's announcement was a significant T22 milestone and an acceleration of Telstra's strategy to unlock value in these assets.

"Our T22 strategy is delivering on multiple fronts and I am proud of what we have achieved. Today's announcement is a further endorsement of the strategy, as the establishment of our infrastructure assets as a separate business was designed to enable us to better realise the value of these assets, take advantage of potential monetisation opportunities and create additional value for shareholders and that is exactly what today's announcement achieves," said Mr Penn.

"We are delighted to be forming a long-term strategic partnership with such a high calibre Australian consortium comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper, managed by Morrison & Co.

"Telstra's objective in seeking a strategic partner has been to maximise overall value for our shareholders, maintain control of the assets and agree terms that secure Telstra's mobile network leadership and competitive differentiation into the future. I am pleased that we have been able to achieve that ahead of schedule through this transaction announced today.

"Telstra InfraCo Towers' assets are amongst the most strategic infrastructure assets in Australia and support Telstra's world leading mobile network. The increased commercial focus on Towers since its establishment as a standalone business within Telstra is already delivering efficiencies and we look forward to working with our partners to sustain its market leadership over the long term through investment in new infrastructure and services, availability of competitive market offerings and leveraging new technology to improve speed and efficiency.

"We had previously intended to commence the process to seek external strategic investment in the Towers business in early FY22, with a view to completing any transaction by the end of the 2022 calendar year. We were approached by the consortium earlier in the year as they recognised the value of these assets and provided a compelling rationale to progress the transaction ahead of schedule. We believe the value of the transaction; the high calibre consortium members and the terms of the agreement which protect Telstra's network differentiation, support our decision to accelerate the process."

Mr Penn said as part of the transaction, Telstra would retain majority ownership of InfraCo Towers and continue to own the active parts of its network, including the radio access equipment and spectrum assets, to ensure it continued to maintain its industry leading mobile coverage and network superiority.

"When we announced a potential monetisation of InfraCo Towers, I was clear that we would preserve Telstra's strategic differentiation in mobiles and protect our network leadership. I am confident that the partnership and access arrangements we have agreed to will achieve this and are at the core of how we are structuring the business," said Mr Penn.

[1] EV/EBITDAal defined as Enterprise Value over Earnings Before Interest, Taxes, Depreciation, Amortisation and after Leases.

"We are incredibly proud of our network which provides our customers with the best mobile coverage in Australia. We have built the network through decades of investment and innovation and we will continue to ensure that we provide our customers with access to this world leading connectivity for years to come."

Telstra has entered into a 15 year agreement (with the option to extend) with InfraCo Towers to secure ongoing access to existing and new towers.

Mr Penn said he was also pleased to announce that a large proportion of the funds would be returned to shareholders.

"We will apply the net proceeds consistent with our capital management framework. We will be investing $75 million from the proceeds to further enhance connectivity in regional Australia. Telstra will be guided by the recommendations of the Regional Telecommunications Review Committee (RTRC) in directing this investment recognising the importance we place on building and deepening connectivity in regional Australia," said Mr Penn.

"We then expect to return 50 per cent of net proceeds to shareholders. We anticipate providing further details about the manner in which we will return those proceeds, including a potential share buy-back in FY22, at our full-year results in August. The remainder of the proceeds will be used for debt reduction to ensure we maintain balance sheet strength and flexibility. This level of debt reduction is important to deliver a broadly neutral credit outcome given the long-term Tower access obligations created by the transaction."

Dr Raphael Arndt, CEO of the Future Fund, said the investment added to the Fund's significant Australian infrastructure portfolio.

"This investment further strengthens the Future Fund's exposure to digital infrastructure and the long-term thematic of data growth. We are pleased to partner with Telstra to play an important role in strengthening Australia's 5G infrastructure," said Dr Arndt.

Marko Bogoievski, CEO of Morrison & Co also welcomed the strategic partnership with Telstra.

"As an experienced investor and manager of digital infrastructure assets, we are very pleased to have secured this investment for such a high quality consortium. We look forward to working in partnership with Telstra to deliver essential mobile connectivity for local communities across the country," said Mr Bogoievski.

InfraCo Towers will operate under a Board, chaired by InfraCo CEO, Brendon Riley and comprising other Telstra and consortium representatives. The CEO will be Jon Lipton, currently head of the towers business within Telstra.

Telstra announced earlier this year the proposed legal restructure of the Telstra Group including InfraCo Towers; InfraCo Fixed, which would own and operate Telstra's passive or physical infrastructure assets that underpin Telstra's fixed telecommunications network and ServeCo, which would continue to focus on creating innovative products and services, supporting customers and delivering the best possible customer experience. Telstra also intends to establish its International business under a separate subsidiary within the Telstra Group.

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Reference number: 059/2021

17 February 2022

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the half-year ended 31 December 2021

In accordance with the Listing Rules, I enclose the following, approved by the Board, for immediate release to the market:

1. Appendix 4D – Half-Year Report;
2. Directors' Report;
3. Half-Year Results and Operations Review; and
4. Half-Year Financial Report,

for the half-year ended 31 December 2021.

The enclosed documents comprise the information required by Listing Rule 4.2A and should be read in conjunction with Telstra's Annual Financial Report for the financial year ended 30 June 2021 and any public disclosures made by Telstra in accordance with the continuous disclosure requirements of the Listing Rules and the Corporations Act 2001.

Telstra will conduct an analyst briefing on the half-year results from 9.15am AEDT and a media briefing from 11.00am AEDT. The briefings will be webcast live at https://www.telstra.com.au/aboutus/investors/financial-information/financial-results.

A transcript of the analyst briefing will be lodged with the ASX when available.

Authorised for lodgement by:

Sue Laver
Company Secretary

APPENDIX 4D (ASX LISTING RULE 4.2A.3)
HALF-YEAR REPORT
31 December 2021
Telstra Corporation Limited ABN 33 051 775 556

1. Results for announcement to the market

Telstra Group	Half-year ended 31 Dec			
	2021	2020	Movement	
	$m	$m	$m	%
Revenue (excluding finance income) from ordinary activities	10,503	10,984	(481)	(4.4)
Other income	384	1,031	(647)	(62.8)
Total income	**10,887**	**12,015**	**(1,128)**	**(9.4)**
Finance income	61	29	32	110.3
Profit for the period	**743**	**1,125**	**(382)**	**(34.0)**
Profit for the period attributable to equity holders of Telstra Entity	698	1,098	(400)	(36.4)
Profit from ordinary activities after tax attributable to equity holders of Telstra Entity	698	1,098	(400)	(36.4)

2. Dividend information

Telstra Entity	Amount per share	Franked amount per share
	cents	cents
Interim ordinary dividend per share	6	6
Interim special dividend per share	2	2
Total interim dividend per share	**8**	**8**
Interim dividend dates		
Record date	3 March 2022	
Payment date	1 April 2022	

Refer to note 4.2 to the half-year financial statements and the half-year Directors' Report for other dividend-related disclosures.

3. Net tangible assets per security information

Telstra Group	As at 31 Dec	
	2021	2020
	cents	cents
Net tangible assets per security	69.6	62.1

Net tangible assets are defined as the net assets of the Telstra Group less intangible assets and non-controlling interests. The net assets include both right-of-use assets and corresponding lease liabilities.

The number of Telstra shares on issue as at 31 December 2021 was 11,751 million shares (2020: 11,893 million).

The increase in net tangible assets per security from 31 December 2020 was mainly driven by the disposal of 49 per cent interest in our towers business to non-controlling interests (refer to note 5.1.2 to the half-year financial statements for further details). It also reflected the impact of the on-market share buy-back conducted during the half-year ended 31 December 2021. As part of our capital management program, we announced the return of up to $1.35 billion to shareholders via an on-market share buy-back to be conducted during the financial year 2022. The shares bought back during the half-year ended 31 December 2021 were subsequently cancelled. Refer to note 4.3 to the half-year financial statements for further details.

4. Details of entities where control has been gained or lost during the period

Telstra Group			% of equity held by ultimate parent	
			As at	
			31 Dec 2021	30 Jun 2021
Name of entity	Country of incorporation	Date of control obtained or lost	%	%
Control gained				
Clinical Technology Holdings Pty Limited[1]	Australia	16 August 2021	100.0	-
• Clinical Technology Systems Pty Limited[1]	Australia	16 August 2021	100.0	-
• Health Communication Network Pty Limited[1]	Australia	16 August 2021	100.0	-
• MedicalDirector (NZ) Limited[1]	New Zealand	16 August 2021	100.0	-
• MedicalDirector Limited[1]	United Kingdom	16 August 2021	100.0	-
• Phoenix Medical Publishing Pty Ltd[1]	Australia	16 August 2021	100.0	-
Power Solutions Holdings Pty Ltd[1]	Australia	9 November 2021	70.0	-
• Power Solutions DTD Pty Ltd[1]	Australia	9 November 2021	70.0	-
• Power Health Solutions Limited[1]	New Zealand	9 November 2021	70.0	-
• Power Solutions DTD Limited[1]	Ireland	9 November 2021	70.0	-
• Power Solutions Health Management Consulting LLC[1]	Saudi Arabia	9 November 2021	70.0	-
• PowerHealth Solutions Canada Inc[1]	Canada	9 November 2021	70.0	-
• PowerHealth Solutions Limited[1]	Hong Kong	9 November 2021	70.0	-
• PowerHealth Solutions Ltd[1]	United Kingdom	9 November 2021	70.0	-
• Powerhealth Solutions Sdn. Bhd.[1]	Malaysia	9 November 2021	70.0	-
Fone Zone Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Fone Zone People Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Kel 2000 Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Kel 2010 Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Sprout Corporation Pty Ltd[1]	Australia	12 November 2021	100.0	-
• One Zero Communications Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Computer Geek Squad Pty Ltd[1]	Australia	12 November 2021	100.0	-
• Geek Squad Australia Pty Ltd[1]	Australia	12 November 2021	100.0	-
• One Xerro TLS (Bundaberg) Pty Ltd[1]	Australia	12 November 2021	100.0	-
• One Zero TCS (Warwick) Pty Ltd[1]	Australia	12 November 2021	100.0	-
Control lost				
PT Teltranet Aplikasi Solusi[2]	Indonesia	31 August 2021	-	49.0

1 During the period, these entities were acquired.

2 During the period, the entity was disposed.

A complete list of our controlled entities as at 30 June 2021 is available online at www.telstra.com.au/aboutus/investors/financial-information/financial-results.

5. Details of investments in joint ventures

Telstra Group			Ownership interest	
			As at	
			31 Dec 2021	30 Jun 2021
Name of entity	Principal activities	Principal place of business / country of incorporation	%	%
Joint ventures				
3GIS Pty Ltd	Management of former 3GIS Partnership (non-operating)	Australia	50.0	50.0
ProQuo Pty Ltd[1]	Digital marketplace for small businesses	Australia	-	45.0
Reach Limited[2]	International connectivity services	Bermuda	50.0	50.0
Telstra Ventures Fund II, L.P.	Venture capital	Guernsey	62.5	62.5

1 During the period, the entity was deregistered.

2 Balance date is 31 December.

6. Details of investments in associated entities

Telstra Group			Ownership interest	
			As at	
			31 Dec 2021	30 Jun 2021
Name of entity	Principal activities	Principal place of business / country of incorporation	%	%
Associated entities				
Asia Netcom Philippines Corporation[1]	Ownership of physical property	Philippines	40.0	40.0
Australia-Japan Cable Holdings Limited[1]	Network cable provider	Bermuda	46.9	46.9
Dacom Crossing Corporation[1]	Network cable provider	Korea	49.0	49.0
Digitel Crossing Inc.[1]	Telecommunication services	Philippines	48.0	48.0
NXE Australia Pty Limited	Pay television	Australia	35.0	35.0
Pacific Carriage Holdings Limited[1]	Network cable provider	Bermuda	25.0	25.0
Pacific Carriage Holdings Limited Inc.[1]	Network cable provider	United States	25.0	25.0
Pivotal Labs Sydney Pty Ltd[2]	Software development	Australia	20.0	20.0
Southern Cross Cables Holdings Limited[1]	Network cable provider	Bermuda	25.0	25.0
Telstra Super Pty Ltd	Superannuation trustee	Australia	100.0	100.0
Telstra Ventures Fund III, L.P.[3]	Venture capital	Guernsey	53.3	55.0

1 Balance date is 31 December.

2 Balance date is 31 January.

3 Our ownership interest has reduced due to the dilutive impact of new investors in the fund.

7. Dividend Reinvestment Plan

The Board has determined that the Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2022. The election date for participation in the DRP is 4 March 2022.

Additional Appendix 4D disclosure requirements can be found in the notes to our half-year financial report, the half-year Directors' Report and the Half-year results and operations review lodged with this document.

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors (the Board), the Directors present their report on the consolidated entity (Telstra Group) consisting of Telstra Corporation Limited (Telstra Entity) and the entities it controlled at the end of or during the half-year ended 31 December 2021. Financial comparisons used in this report are of results for the half-year ended 31 December 2021 compared with the half-year ended 31 December 2020 for income statement analysis, and 31 December 2021 compared with 30 June 2021 for statement of financial position analysis.

Review and results of operations

Information on the operations and the results of those operations for the Telstra Group during the half-year ended 31 December 2021 is set out on pages 1 to 12 of the half-year results and operations review accompanying this Directors' Report.

Dividend

We have updated our Capital Management Framework, effective from 16 September 2021, to include the principles listed in the table below:

No.	Principle
1	Committed to balance sheet settings consistent with an A band credit rating
2	Maximise fully-franked dividend and seek to grow over time
3	Ongoing business-as-usual capex of circa $3 billion per annum excluding spectrum
4	Invest for growth and return excess cash to shareholders

Since the end of the half-year, the Directors resolved to pay an interim dividend for the financial year 2022 of 8 cents per ordinary share, comprising an interim ordinary dividend of 6 cents and an interim special dividend of 2 cents. The interim dividend will be fully franked at a tax rate of 30 per cent. The record date for the interim dividend will be 3 March 2022, with payment being made on 1 April 2022. From 2 March 2022, shares will trade excluding entitlement to the dividend.

Our final dividend for the financial year ended 30 June 2021 of 8 cents per ordinary share ($951 million), comprising a final ordinary dividend of 5 cents and a final special dividend of 3 cents, was paid during the half-year ended 31 December 2021. This dividend was fully franked at a tax rate of 30 per cent. The final dividend had a record date of 26 August 2021 and payment was made on 23 September 2021.

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2022. The election date for participation in the DRP is 4 March 2022.

On-market share buy-back

On 12 August 2021, we announced the intention to return up to $1.35 billion of net proceeds from the towers business transaction to shareholders via an on-market share buy-back to be conducted during the financial year 2022. During the half-year ended 31 December 2021, we purchased 142 million shares for the total consideration of $571 million. The shares bought back were subsequently cancelled.

Directors

Directors who held office during the half-year ended 31 December 2021 and until the date of this report were:

Director	Period of directorships
John P Mullen	Chairman since 2016, Director since 2008
Andrew R Penn	Chief Executive Officer and Managing Director since 2015
Eelco Blok	Director since 2019
Roy H Chestnutt	Director since 2018
Craig W Dunn	Director since 2016
Peter R Hearl	Director until 31 December 2021
Bridget Loudon	Director since 2020
Elana Rubin	Director since 2020
Nora L Scheinkestel	Director since 2010
Margaret L Seale	Director until 12 October 2021
Niek Jan van Damme	Director since 2018

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration is on page 2 and forms part of this report.

Rounding of amounts

The Telstra Entity is a company of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and issued pursuant to section 341(1) of the *Corporations Act 2001*. As a result, amounts in this report and the accompanying financial report have been rounded to the nearest million dollars ($m), except where otherwise indicated.

This report is made on 17 February 2022 in accordance with a resolution of the Directors.

John P Mullen
Chairman
17 February 2022

Andrew R Penn
Chief Executive Officer and Managing Director
17 February 2022

Building a better working world

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Auditor's Independence Declaration to the Directors of Telstra Corporation Limited

As lead auditor for the review of the half-year financial report of Telstra Corporation Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
b) No contraventions of any applicable code of professional conduct in relation to the review; and
c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Telstra Corporation Limited and the entities it controlled during the financial period.

Ernst & Young

Sarah Lowe
Partner
17 February 2022

Half year results and operations review

Summary financial results	1H22 $m	1H21 $m	Change %
Revenue (excluding finance income)	**10,503**	10,984	(4.4)
Total income (excluding finance income)	**10,887**	12,015	(9.4)
Operating expenses	**7,412**	7,943	(6.7)
Share of net loss from equity accounted entities	**(9)**	(2)	n/m
EBITDA	**3,466**	4,070	(14.8)
Depreciation and amortisation	**2,189**	2,429	(9.9)
EBIT	**1,277**	1,641	(22.2)
Net finance costs	**238**	307	(22.5)
Income tax expense	**296**	209	41.6
Profit for the period	**743**	1,125	(34.0)
Profit attributable to equity holders of Telstra	**698**	1,098	(36.4)
Capex[1]	**1,386**	1,421	(2.5)
Free cash flow	**1,324**	2,666	(50.3)
Earnings per share (cents)	**5.9**	9.2	(35.9)

1. Capex is defined as additions to property, plant and equipment and intangible assets, excluding expenditure on spectrum and guidance adjustments, externally funded capex, and capitalised leases. Capex is measured on an accrued basis

Reported results

Telstra delivered 1H22 results showing continued growth in our underlying business. On a reported basis, total income for the half decreased 9.4 per cent to $10.9 billion. Reported EBITDA was $3.5 billion, down 14.8 per cent. NPAT decreased by 34 per cent to $0.7 billion, and earnings per share was down 35.9 per cent to 5.9 cents. Underlying EBITDA increased 5.1 per cent to $3.5 billion, demonstrating the positive momentum in our core business, with mobiles performance reinforcing our clear leadership in networks and 5G. Underlying EPS[1] was up 55 per cent to 6.2 cents, this growth represents a strong start against Telstra's T25 ambition for underlying EPS target of high teens CAGR from FY21 to FY25.

Our continued mobile network leadership was underpinned by our multi-brand strategy where we again delivered mobile SIO growth, adding 84,000 net retail post-paid mobile services including 62,000 branded with a strong contribution from Enterprise. Our branded performance reinforces the benefits of our clear leadership in 5G. We continue to extend our 5G leadership with our 5G network now more than twice the size of our next nearest competitor with more than 77.5 per cent of the population covered and almost 2.8 million 5G devices connected. 1H22 saw five per cent post-paid handheld ARPU growth, 6.3 per cent mobile services revenue growth and $392 million mobile EBITDA growth.

The execution of our T22 strategy continues with more than 80 per cent of the measures used to monitor progress against now delivered or on track for delivery. We continued to make very strong progress in our productivity program, with underlying fixed costs down $254 million and total operating expenses down $644 million or 8 per cent. We are on track to deliver a reduction of underlying fixed costs of approximately $430 million for the full year. We have now reduced total underlying fixed costs by around $2.5 billion since FY16 and are on track to deliver $2.7 billion by end FY22. We have exceeded our $2 billion asset monetisation target, with approximately $5 billion of assets sales including the part sale of our Towers business, with proceeds going towards strengthening our balance sheet and a share buy-back of up to $1.35 billion. At the end of the half, more than 40 per cent of the buy-back had been completed.

The Telstra Board resolved to pay a fully franked interim dividend of 8 cents per share, comprising an interim ordinary dividend of 6 cents per share and an interim special dividend of 2 cents per share. Guidance[2] for full year was reaffirmed across all measures.

Other information

Consistent with information presented for internal management reporting purposes, the result of each segment is measured based

[1] Calculated as Profit After Tax after Minority Interests (PATMI) attributable to each share, excluding net one-off nbn receipts and guidance adjustments (guidance adjustments defined in footnote 2).

[2] This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to guidance vs reported results reconciliation (page 10) which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 Dec 2021" lodged with the ASX on 17 Feb 2022).

on its EBITDA contribution which differs from our statutory (reported) EBITDA. Refer to Note 2.1.1 of the Half-Year Financial Report for further details.

First half performance against our FY22 Executive Variable Remuneration Plan (EVP) metrics is included on page 11. For additional details on EVP metrics and targets, refer to pages 69-71 of our 2021 Annual Report available at https://www.telstra.com.au/aboutus/investors/financial-information/reports

Commentary reflects statutory (reported) and management reporting.

Results on a guidance basis[1]	1H22	FY22 Guidance
Total income	**$10.9b**	$21.6b to $23.6b
Underlying EBITDA	**$3.5b**	$7.0b to $7.3b
Capex	**$1.4b**	$2.8b to $3.0b
Free cash flow after payments for lease liabilities	**$1.7b**	$3.5b to $3.9b

Guidance versus reported results[1]	1H22	1H22	1H22	1H21
	Reported results $m	Adjustments $m	Guidance basis $m	Guidance basis $m
Total income	**10,887**	(21)	10,866	11,808
Underlying EBITDA	**3,466**	29	3,495	3,324
Free cash flow	**1,324**	351	1,675	1,843

1. This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. 1H21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases. Free cash flow after lease payments (FCFaL) is defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments. Refer to the *Guidance versus reported results* schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.

We updated our Capital Management Framework at the September 2021 Investor Day.

Principle 2 of our updated Capital Management Framework is to 'maximise fully-franked dividend and seek to grow over time'. The dividend is subject to no unexpected material events and board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with our Capital Management Framework.

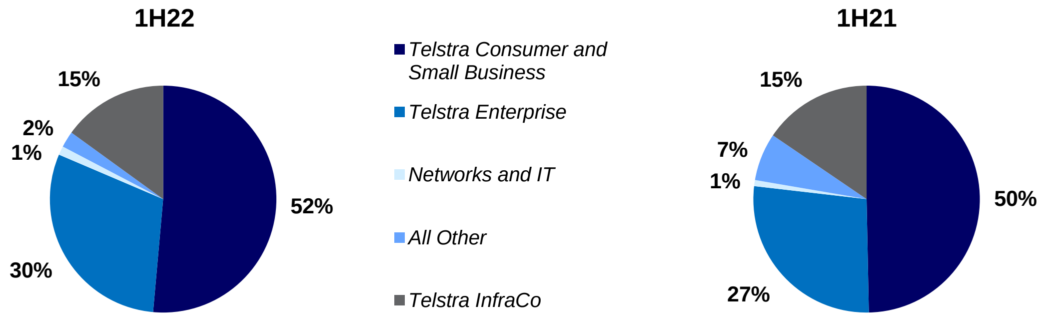
On 17 February 2022, the Directors of Telstra Corporation Limited resolved to pay a fully franked interim dividend of 8 cents per share, comprising an interim ordinary dividend of 6 cents and an interim special dividend of 2 cents. Shares will trade excluding entitlement to the interim dividend from 2 March 2022 with payment to be made on 1 April 2022.

The interim dividend represents a 136 per cent payout ratio on 1H22 reported earnings per share but is well supported by our strong free cash flow.

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 total income (including internal charges)



Total income	1H22 $m	1H21 $m	Change %
Telstra Consumer and Small Business incl one-off nbn connection	**5,995**	6,348	(5.6)
Telstra Enterprise	**3,496**	3,468	0.8
Networks and IT incl internal charges	**147**	111	32.4
Telstra InfraCo incl internal charges	**1,752**	1,981	(11.6)
All Other incl internal charges	**269**	869	(69.0)
Total management reported income	**11,659**	12,777	(8.8)
Transactions between segments	**(772)**	(762)	(1.3)
Total external income	**10,887**	12,015	(9.4)

Telstra Consumer and Small Business
Telstra Consumer and Small Business provides telecommunications, media and technology products and services to Consumer and Small Business customers in Australia using mobile and fixed network technologies. It also operates call centres, retail stores, a dealership network, digital channels, distribution systems and a loyalty program in Australia.

Income for Telstra Consumer and Small Business decreased by 5.6 per cent to $5,995 million impacted by a 6.8 per cent decline across fixed products including a 43.9 per cent decline in on-net revenue due to nbn™ migration and a 3.4 per cent decline in mobility income largely due to lower hardware revenue caused by lower volumes and supply constraints.

Telstra Enterprise
Telstra Enterprise is responsible for providing telecommunications and technology services and solutions for government and large enterprise customers in Australia and globally. It also provides product management for advanced technology solutions, through data and connectivity and NAS products such as unified communications, cloud, industry solutions and integrated services.

Income for Telstra Enterprise increased by 0.8 per cent to $3,496 million primarily due to 10.5 per cent growth in Enterprise Mobility. This was partly offset by a 2.1 per cent decline across fixed products including a 12.3 per cent decline in data and connectivity income as the nbn accelerates the roll out of its business fibre zones, and a 6.6 per cent decline in calling applications revenue attributable to declines in legacy ISDN and fixed line calling products.

Networks and IT
Networks and IT is responsible for the overall planning, engineering architecture, construction and maintenance of Telstra networks, technology and information technology solutions. It primarily supports the revenue generating activities of other segments.

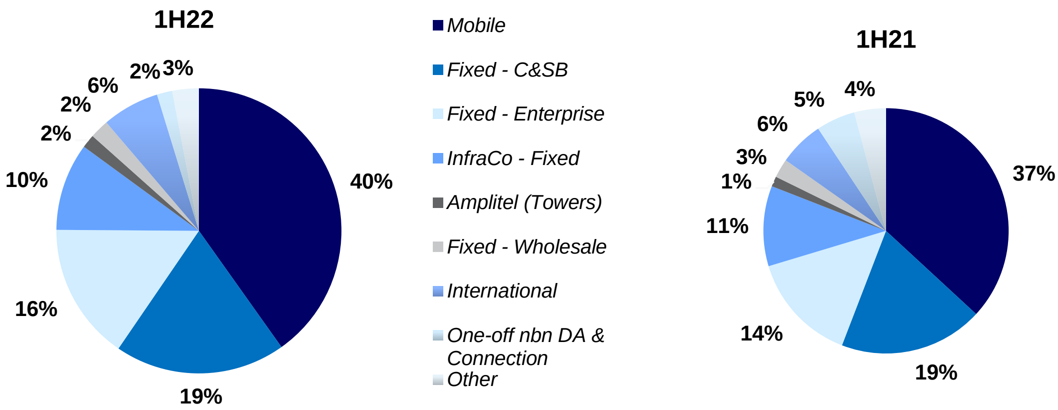
Telstra InfraCo
Telstra InfraCo is a standalone infrastructure business unit within Telstra. It is responsible for key passive network assets including data centres, exchanges, our fibre network, our physical mobile tower assets owned by the Amplitel business, ducts and pipes. It also provides active mobile and fixed wholesale telecommunication products and services to other carriers and internet service providers.

Telstra InfraCo income, including internal charges, decreased by 11.6 per cent to $1,752 million due to expected declines from Telstra Wholesale legacy fixed products and commercial works for NBN Co as the nbn rollout nears completion. This was partly offset by an increase in wholesale mobility. Excluding commercial and recoverable works, Telstra InfraCo income decreased by 1.3%. Excluding internal charges, Telstra InfraCo income decreased by 17.6 per cent to $1,125 million.

All Other
Certain items of income and expense relating to multiple reportable segments are recorded by our corporate areas and included in the All Other category. This category also includes Product and Technology Group, Global Business Services (GBS) and Telstra Health. Income decreased by 69.0 per cent to $269 million, $231 million excluding internal charges, mainly due to declines in Per Subscriber Address Amount (PSAA) receipts and ISA ownership receipts in line with the progress of the nbn network rollout.

Product performance

Product income breakdown (including internal charges)



Product income	1H22 $m	1H21 $m	Change %
Mobile	**4,683**	4,710	(0.6)
Fixed – C&SB	**2,260**	2,426	(6.8)
Fixed – Enterprise	**1,814**	1,852	(2.1)
Fixed – Active Wholesale	**252**	319	(21.0)
International	**758**	755	0.4
InfraCo Fixed	**1,159**	1,352	(14.3)
Amplitel	**179**	171	4.7
One-off nbn DA & connection	**203**	658	(69.1)
Other	**351**	534	(34.3)
Total management reported income	**11,659**	12,777	(8.8)
Eliminations	**(772)**	(762)	(1.3)
Total external income	**10,887**	12,015	(9.4)

EBITDA contribution margins[1]	1H22 %	2H21 %	1H21 %	FY21 %
Mobile	**41.8**	37.7	33.2	**35.4**
Fixed – C&SB	**1.0**	1.9	4.0	**2.9**
Fixed – Enterprise	**16.5**	17.8	16.8	**17.3**
Fixed – Active Wholesale	**35.7**	36.0	41.7	**39.1**
International	**25.6**	23.2	21.7	**22.5**
InfraCo – Fixed	**66.3**	66.1	64.2	**65.1**
Amplitel	**84.9**	88.6	88.9	**88.8**
Other	**3.3**	11.2	10.7	**10.9**
Net one-off nbn DA less nbn net cost to connect	**61.6**	71.9	79.0	**76.4**

1. The data in this table includes adjustments to historic numbers to reflect changes in product hierarchy.

On a reported basis, total external income (excluding finance income) declined by 9.4 per cent to $10,887 million. The decline was due to a reduction in low margin hardware revenues, one-off nbn income and Fixed legacy products across all segments. Material one-offs in the prior comparative period through the sale and lease back of the Pitt St exchange also contributed to the decline. This was partly offset by growth in Mobile service revenue. On a guidance basis, total external income (excluding finance income) was $10,866 million.

More detail on each of the products are outlined below on a reported basis unless otherwise stated, presented in accordance with our new product reporting framework which was announced to the market on 13 January 2022. The restated product reporting framework aligns with our T25 strategy and includes:

- More transparency across our infrastructure business with InfraCo Fixed and Amplitel (InfraCo Towers) on a standalone basis
- Mobile and Fixed product EBITDA margins after including internal charges.

Mobile
Mobile income declined by 0.6 per cent to $4,683 million with higher postpaid handheld services income (+$148 million) and growth in Prepaid, mobile broadband, internet of things and wholesale services revenue offset by lower hardware income (-$171 million) caused by lower volumes and supply constraints.

Retail services in operation (SIO) increased by 578,000 in the half, bringing the total to 20.0 million. We now have 8.7 million postpaid handheld retail SIOs, an increase of 84,000 in the half including 22,000 from Belong.

Postpaid handheld revenue increased by 6.3 per cent to $2,500 million with a 5.0 per cent ARPU increase from $45.99 to $48.29, with ARPU growth in all segments and brands. Transacting minimum monthly commitment (TMMC), our lead indicator of ARPU, improved $2 in 1H22 compared with 1H21 illustrating continued momentum in market.

Prepaid handheld revenue increased by 6.9 per cent to $432 million as unique users increased by 116,000 over the past 12 months (67,000 increase in the half). ARPU increased from $20.89 to 22.70, a gain of 8.7 per cent.

Mobile broadband revenue increased by 0.9 per cent to $319 million as an increase in ARPU more than offset a slight reduction in SIOs with a reduction of 28,000 seen over the past 12 months (10,000 increase in the half).

Internet of Things (IoT) and Other revenue increased by 8.7 per cent to $138 million with SIOs increasing by 452,000 in the half. Growth was predominantly driven by carriage, while managed services SIOs also grew.

Wholesale revenue increased 16.5 per cent to $148 million. Wholesale SIOs increased by 91,000 in the half bringing the total to 1.8 million. Wholesale revenue growth was also supported by ARPU growth in prepaid wholesale.

Hardware, interconnect and other revenue decreased by 17.2 cent to $1,146 million largely due to lower C&SB handset sales impacted by COVID-19 trading and supply constraints, partially offset by improved Enterprise hardware sales.

Mobile EBITDA contribution margin increased by 8.6 percentage points to 41.8 per cent largely due to higher service revenue, transitioning our customers off subsidy and lease plans, lower hardware volumes and productivity.

Fixed – Consumer and Small Business (C&SB)
Fixed – C&SB income declined by 6.8 per cent to $2,260 million impacted by nbn migration along with declines in legacy voice and SIOs. C&SB bundles and standalone data SIOs declined by 50,000 in the half bringing the total to 3.6 million.

On-net fixed revenue, which is revenue from services on the Telstra network, decreased by 43.9 per cent to $259 million while off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 5.7 per cent to $1,554 million as customers continue to migrate on to the nbn network.

Consumer content and services revenue declined by 10.5 per cent to $306 million due to lower Foxtel from Telstra SIOs despite 79 per cent year on year growth in SVOD (subscription video on demand) seeing closing SIOs of 658,000.

Business apps and services revenue declined by 8.5 per cent to $86 million due to legacy product decline, partly offset by growth in unified communications.

Interconnect, payphones and E000 revenue declined by 5.2 per cent to $55 million mainly due to inbound calling services decline and the loss of payphone revenue following our decision to provide these free of charge across all of Australia.

Fixed – C&SB EBITDA contribution margin declined by 3.0 percentage points to 1.0 per cent due to high margin revenue decline and growing network payments to NBN Co, partly offset by fixed cost reduction.

Fixed – Enterprise
Fixed – Enterprise income decreased by 2.1 per cent to $1,814 million reflecting declines in data and connectivity income, offset by gains in NAS income.

Data and connectivity income declined by 12.3 per cent to $494 million. Fibre SIOs were flat sequentially as we successfully re-signed key customers. However, overall SIO's declined, driven by lower-value copper and legacy connections impacted by consolidation and nbn migration. ARPU compression also intensified due to competitor rollout and technology change.

NAS income increased by 2.4 per cent to $1,320 million largely due to growth in strategic areas such as managed services, professional services, cloud applications and equipment sales, however this was partially offset by decreases in calling applications.

Calling applications revenue declined by 6.6 percent to $342 million due to ISDN and fixed line calling products. This was partly offset by higher call volumes due to market conditions.

Managed services and maintenance revenue increased by 8.8 per cent to $357 million as more network customers attached cyber security services and from growth in contact centre solutions.

Professional services revenue increased by 2.2 per cent to $185 million driven by renewed focus on large strategic contracts and digital transformation engagements by Telstra Purple.

Cloud applications revenue increased by 6.3 per cent to $135 million from partner cloud products including AWS and Microsoft, enabling attachment to managed services.

Fixed – Enterprise EBITDA contribution margin declined by 0.3 percentage points to 16.5 per cent. Data and connectivity EBITDA contribution margin declined by 4.5 percentage points to 39.5 per cent reflecting reduced revenue. NAS EBITDA contribution margin grew by 3.1 percentage points to 8.0 per cent as decline in high margin products was more than offset by growth in strategic areas and productivity.

Fixed – Active Wholesale
Fixed – Active Wholesale income declined by 21.0 per cent to $252 million impacted by ongoing migration to the nbn and legacy product decline.

Data and connectivity revenue decreased by 9.7 per cent to $158 million reflecting an ongoing SIO reduction in enterprise grade legacy products, price competition in wideband fibre products and migration of legacy services.

Legacy calling and fixed revenue declined by 34.7 per cent to $94 million due to continued legacy fixed product SIO decline as customers migrate to nbn solutions.

Fixed – Active Wholesale EBITDA contribution margin decreased by 6.0 percentage points to 35.7 per cent as declines in revenue were partially offset by productivity.

International
Income from our International business increased by 0.4 per cent (0.6 per cent in constant currency (CC) terms) due to strong performance in wholesale from new sales and infrastructure investment, offset by declines in Enterprise due to COVID impacts.

Fixed legacy voice revenue increased by 4.5 per cent (CC).

Data and connectivity revenue was flat (CC) with wholesale growth offsetting enterprise decline.

NAS and other revenue increased by 0.1 per cent (CC) but grew 5.2 per cent excluding the exit of TelkomTelstra, with growth in managed network and equipment and also professional services revenues.

International EBITDA contribution margin increased by 3.9 percentage points to 25.6 per cent with margin expansion from higher Data & connectivity and NAS contribution as well as operational efficiency.

InfraCo Fixed
InfraCo Fixed income declined by 14.3 per cent to $1,159 million largely due to the roll off of nbn commercial works as the nbn network rollout nears completion. InfraCo Fixed derives income from operation of fixed passive network infrastructure including our fibre network, ducts and fixed network sites. Growth in fibre and ducts revenue was offset by declines in nbn commercial works, while our fixed network sites also saw forecast declines in revenue. Excluding commercial and recoverable works, InfraCo Fixed Income grew 1.5 per cent.

Commercial and recoverable works revenue declined by 57.8 per cent to $152 million.

Recurring nbn DA income includes infrastructure services across ducts, racks and backhaul provided to NBN Co. Income increased by 2.2 per cent to $459 million partly reflecting CPI price increases.

InfraCo Fixed EBITDA contribution margin increased by 2.1 percentage points to 66.3 per cent. EBITDA contribution however declined $100 million largely due to the decline in commercial and recoverable works.

Amplitel (Towers)
Amplitel saw income growth of 4.7 per cent to $179 million, including internal charges, from continued demand including new builds and 5G coverage expansion from Telstra. We completed our 49 per cent Towers sale, valuing the business at $5.9 billion, in September 2021.

One-off nbn DA & connection
One-off nbn DA & connection income includes receipts from NBN Co for disconnecting customers from our legacy network, and one-off income we receive from customers to connect to the nbn network. Income decreased by 69.1 per cent to $203 million as migration to the nbn nears completion.

Other
Other product income includes Telstra Health and corporate adjustments. Corporate adjustments include items not related to products such as impact of bond rate movements on leave provisions. Income decreased by $183 million to $351 million, including internal charges, mainly due to a gain on sale of the Pitt Street exchange property and other M&A transactions in 1H21.

Elimination
Elimination represents internal revenue with $477 million in InfraCo Fixed, $150 million in Amplitel and $145 million in Other.

Expense performance

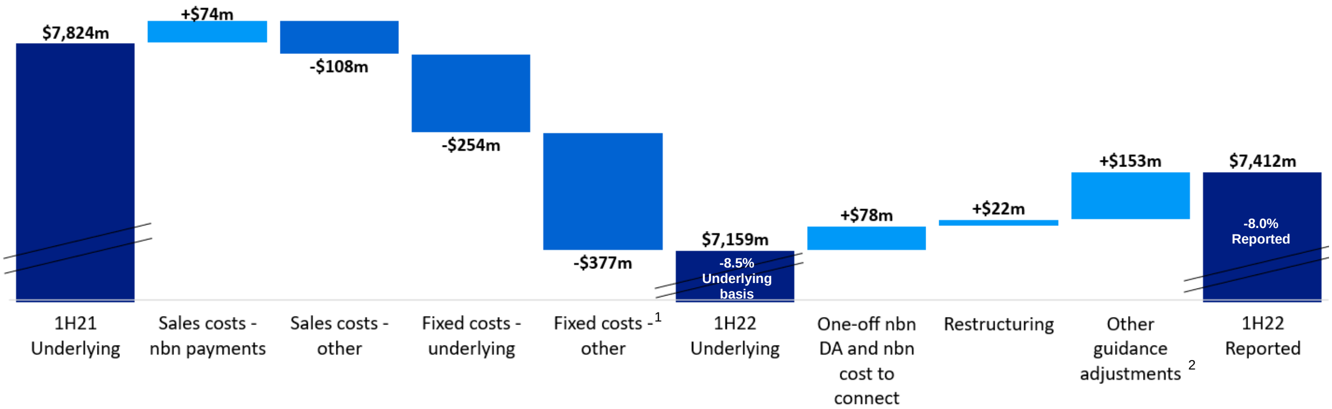
Total reported operating expenses declined by 6.7 per cent to $7,412 million. On a reported lease adjusted basis total operating expenses declined by 8.0 per cent to $7,412 million largely due to a $665 million reduction in Underlying costs. Operating expenses on an underlying basis declined by 8.5 per cent.

Sales costs, which are direct costs associated with revenue and customer growth, decreased by 0.8 per cent to $4,100 million due to a $108 million decline in other sales costs as a result of lower hardware costs, partly offset by a $74 million increase in nbn access payments.

Underlying fixed costs declined 8.9 per cent or $254 million enabled by our ongoing drive to digitise and simplify our processes, as well as our move to an agile workforce. The continued migration of our fixed customers to the nbn network as well as our focus on rationalising 3rd party vendors and services have also contributed to cost reduction. Other fixed costs decreased by 44.9 per cent from lower mobile lease and commercial works costs, while one-off nbn DA and nbn cost to connect declined by 43.5 per cent in line with the progress of the nbn network rollout.

In June 2018, we announced we would target a $2.5 billion annual reduction in underlying fixed costs by FY22 compared with restated underlying fixed costs of ~$7.9 billion in base year FY16. We subsequently increased our FY22 target by $200 million to $2.7 billion. We have now achieved approximately $2.5 billion of annual cost out since FY16.

Operating expenses	1H22 $m	1H21 $m	Change $m	Change %
Sales costs	*4,100*	*4,134*	*(34)*	*(0.8)*
- nbn payments	1,034	960	74	7.7
- other	3,066	3,174	(108)	(3.4)
Fixed costs	*3,059*	*3,690*	*(631)*	*(17.1)*
- underlying	2,597	2,851	(254)	(8.9)
- other[1]	462	839	(377)	(44.9)
Underlying	**7,159**	**7,824**	**(665)**	**(8.5)**
One-off nbn DA and nbn cost to connect	78	138	(60)	(43.5)
Restructuring	22	60	(38)	(63.3)
Other guidance adjustments[2]	153	34	119	n/m
Reported lease adjusted[3]	**7,412**	**8,056**	**(644)**	**(8.0)**
Lease adjustments[4]	0	(113)	113	n/m
Reported	**7,412**	**7,943**	**(531)**	**(6.7)**



1. Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment, and additional costs from insourcing retail channel from FY22.
2. Other guidance adjustments include M&A transactions. M&A adjustments relate to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration
3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. There were no mobile handset leases or other leases below EBITDA in FY22.
4. Refer to note 7 of the *Guidance versus reported results* schedule.

Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on the operating expenses as disclosed in our statutory accounts.

Operating expenses on a reported basis	1H22 $m	1H21 $m	Change %
Labour	**1,834**	2,033	(9.8%)
Goods and services purchased	**4,148**	4,208	(1.4%)
Net impairment losses on financial assets	**41**	78	(47.4%)
Other expenses	**1,389**	1,624	(14.5%)
Total	**7,412**	7,943	(6.7%)

Labour
Total labour expenses decreased by 9.8 per cent or $199 million to $1,834 million. Salary and associated costs decreased by $102 million due to workforce optimisation and process simplification as Telstra moves to Agile, as well as continued decline in legacy services post NBN migration, leading to lower field services support. Labour substitution costs declined by $49 million from a reduction in labour outsourcing.

Total FTE decreased by 6.7 per cent or 1,909 to 26,728 largely due to our productivity program. FTE decreased by 1.1 per cent or 287 in the six months to December 2021.

Goods and services purchased
Total goods and services purchased decreased by 1.4 per cent or $60 million to $4,148 million.

Cost of goods sold, which includes mobile handsets and accessories, tablets and modems decreased by 8.2 per cent or $118 million to $1,322 million mainly due to lower C&SB mobile hardware volumes.

Network payments increased by 2.2 per cent or $35 million to $1,617 million. This included a $74 million increase in nbn network payments driven by nbn SIO growth, movement towards higher tiered nbn plans and Connectivity Virtual Circuit (CVC) charges due to increased user data consumption.

Other goods and services purchased increased by 1.9 per cent or $23 million to $1,209 million as a result of higher managed costs through increased revenue from Managed Services and Cloud Applications which led to increased cost of sales. This was offset by decreased service fees through lower Foxtel from Telstra volumes.

Other expenses
Total other expenses decreased by 14.5 per cent or $235 million to $1,389 million primarily due to a reduction related to termination of swap handset leases and associated termination fees payable.

Service contracts and other agreements expenses declined by 5.0 per cent or $29 million to $553 million due to productivity and cost reduction programs. Impairment losses (excluding net losses on financial assets) decreased by 37.0 per cent or $40 million to $68 million largely due to a $34 million impairment loss for our Sensis investment classified as held for sale in the prior corresponding period. Other expenses decreased by 17.8 per cent or $166 million to $768 million primarily due to termination charges for our mobile handset leases.

Depreciation and amortisation
Depreciation and amortisation decreased by 9.9 per cent or $240 million to $2,189 million due to transformation network and IT applications fully depreciating in the prior corresponding period. The reduction included a $133 million decrease in amortisation of intangible assets, an $86 million decrease in depreciation of right-of-use assets, and a $19 million decrease in amortisation and $4 million increase in depreciation expense from the assessment of useful lives.

Net finance costs
Net finance costs decreased by 22.5 per cent or $69 million to $238 million. This decrease was primarily due to a reduction in interest on borrowings of $30 million and financing items relating to contracts with customers (refer note 4.4.3 in the financial report for further details). Interest on borrowings decreased as a result of a reduction in our average gross borrowing cost from 3.8 per cent to 3.7 per cent and lower debt on issue.

Financial position

Summary statement of cash flows	1H22 $m	1H21 $m	Change %
Net cash provided by operating activities	**3,246**	3,443	(5.7)
Net cash used in investing activities	**(1,922)**	(777)	n/m
- Capital expenditure (before investments)	**(1,626)**	(1,597)	1.8
- Other investing cash flows	**(296)**	820	n/m
Free cash flow	**1,324**	2,666	(50.3)
Net cash used in financing activities	**(815)**	(1,836)	(55.6)
Net increase/(decrease) in cash and cash equivalents	**509**	830	(38.7)
Cash and cash equivalents at the beginning of the period	**1,125**	499	n/m
Effects of exchange rate changes on cash and cash equivalents	**14**	(34)	n/m
Cash and cash equivalents at the end of the period	**1,648**	1,295	27.3

Capital expenditure and cash flow
Free cash flow generated from operating and investing activities was $1,324 million representing a decrease of $1,342 million or 50.3 per cent. It was negatively impacted by M&A/asset sales outflows and declines in EBITDA. Reported EBITDA declined by $604 million including a $395 million decline in net one-off nbn DA receipts and gains on sale of the Pitt St exchange in the prior corresponding period. Also impacting free cash flow was $428 million spent on the health acquisitions of MedicalDirector and PowerHealth, and $183m on insourcing retail stores.

Net cash provided by operating activities decreased by 5.7 per cent or $197 million to $3,246 million mainly due to a $1,193 million decline in receipts from customers, partly offset by a $955 million reduction in payments to suppliers and employees.

Net cash used in investing activities increased by 147.4 per cent or $1,145 million to $1,922 million primarily due to a $593 million increase in payments for shares in controlled entities including our health acquisitions and insourcing of retail stores, a $286 million decrease in proceeds from sale and leaseback and a $138 million decreases in proceeds from sale of businesses.

Net cash used in financing activities decreased by 55.6 per cent or $1,021 million to $815 million. This was largely due to $2,883 million in proceeds received from InfraCo Towers' (now Amplitel) 49 per cent sale. This was partly offset by a $1,029 million decrease in proceeds from borrowings, $428 million increase in repayment of borrowings and $571 million spent to 31 December 2021 on our share buy-back.

Our accrued capital expenditure for the year on a guidance basis, was $1,386 million or 13.4 per cent of sales revenue. Guidance figures are adjusted from reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market.

Proceeds from borrowings	$m
Bilateral loan facilities	302
Other loans	7
Total	**309**

Debt repayments	$m
USD bond	(955)
Bilateral loan facility	(600)
Other loans	(71)
Short term commercial paper (net)	(258)
Total	**(1,884)**

Debt position
Our gross debt was $14,855 million comprising borrowings of $12,132 million, lease liabilities of $3,495 million less $772 million in net derivative assets. Gross debt decreased by 9.4 per cent or $1,533 million primarily from debt repayments of $1,884 million which was partially offset by some drawings on bank facilities and other loans of $309 million. Movement in lease liabilities, non-cash valuation impacts and bank overdraft resulted in a net increase to debt of $42 million. Net debt decreased by 13.5 per cent or $2,059 million to $13,204 million reflecting an increase in cash holdings of $526 million and the decrease in gross debt.

Financial settings	1H22 Actual	FY22 Comfort zone
Debt servicing[1]	1.9x	1.5x to 2.0x
Gearing[2]	43.1%	50% to 70%
Interest cover[3]	13.0x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA.
2. Gearing ratio is calculated as net debt/total net debt plus equity.
3. Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs).

We remain within our comfort zones for our credit metrics. Our debt servicing is 1.9 times (30 June 2021: 2.0 times), gearing ratio is at 43.1 per cent (30 June 2021: 50.0 per cent) and interest cover is 13.0 times (30 June 2021: 13.2 times).

Summary statement of financial position	31 Dec 2021	30 Jun 2021	Change
	$m	$m	%
Current assets	**7,346**	7,114	3.3
Non-current assets	**35,507**	35,411	0.3
Total assets	**42,853**	42,525	0.8
Current liabilities	**10,659**	10,424	2.3
Non-current liabilities	**14,735**	16,826	(12.4)
Total liabilities	**25,394**	27,250	(6.8)
Net assets	**17,459**	15,275	14.3
Total equity	**17,459**	15,275	14.3
Return on average assets (%)	**6.2**	7.0	(0.7pp)
Return on average equity (%)	**9.1**	12.8	(3.5pp)

Statement of financial position
Our balance sheet remains in a strong position with net assets of $17,459 million.

Current assets increased by 3.3 per cent to $7,346 million. Cash and cash equivalents increased by $526 million supported by proceeds from partial sale of our Towers business. This was partly offset by a $368 million decline in trade and other receivables and contract assets due to better collections and credit controls, product constructs and lower revenue.

Non-current assets declined by 0.3 per cent to $35,507 million. Intangible assets increased by $700 million due to acquisitions of controlled entities. This was offset by derivative financial assets decreasing by $343 million due to instruments maturing, property, plant and equipment which declined by $127 million due to depreciation expenses exceeding additions, and trade and other receivables and contract assets decreased by $262 million consistent with current trade and other receivables.

Current liabilities increased by 2.3 per cent to $10,659 million. Borrowings increased $498 million as maturities become due in the next 12 months offset by debt repayments. These increases were offset by trade and other payables declining by $311 million mainly due to lower expenses while current tax payables decreased by $99 million due to a decrease in taxable profit.

Non-current liabilities declined by 12.4 per cent to $14,735 million. The reduction was primarily due to borrowings decreasing by $2,502 million largely from reclassification to current liabilities of debt maturing within the next 12 months. This was partly offset by a $215 million increase in other payables, with $169 million for spectrum, and a $93 million increase in deferred tax liabilities due to the tax effect of timing differences between accounting and tax.

Guidance versus reported results

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.
The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income			Underlying EBITDA			Free Cashflow	
	1H21	1H22		1H21	1H22		1H21	1H22
	$m	$m		$m	$m		$m	$m
Reported Total Income	**12,015**	**10,887**	**Reported EBITDA**	**4,070**	**3,466**	**Reported Free Cashflow**	**2,666**	**1,324**
Adjustments								
M&A adjustment[1]	(105)	(21)	M&A adjustment[1]	(105)	132	M&A adjustment[1]	(126)	654
Sensis impairment[2]	n/a	n/a	Sensis impairment[2]	34	0	Sensis impairment[2]	0	0
Pitt St sale and leaseback[3]	(102)	0	Pitt St sale and leaseback[3]	(102)	0	Pitt St sale and leaseback[3]	(282)	0
Restructuring costs[4]	n/a	n/a	Restructuring costs[4]	60	22	Restructuring costs[4]	n/a	n/a
Net one-off NBN receipts[5]	n/a	n/a	Net one-off NBN receipts[5]	(520)	(125)	Net one-off NBN receipts[5]	n/a	n/a
Spectrum payments[6]	n/a	n/a	Spectrum payments[6]	n/a	n/a	Spectrum payments[6]	31	33
Lease[7]	n/a	n/a	Lease[7]	(113)	0	Lease[7]	(446)	(336)
Guidance Total Income	**11,808**	**10,866**	**Guidance Underlying EBITDA**	**3,324**	**3,495**	**Guidance Free Cashflow**	**1,843**	**1,675**

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

Note:

1 Adjustments relating to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration. During 1H22 we disposed of a 49% non controlling stake in our towers business and acquired:
- Power Solutions Holdings Pty Ltd and its subsidiaries (PowerHealth)
- Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector) and
- Fone Zone Pty Ltd (Fone Zone) and its controlled entities and multiple individually immaterial retail stores from various licensees.
  Consistent with the guidance we provided to the market we are not adjusting Income, EBITDA or Free Cashflow for the trading results of these stores.

1H21 includes the disposal of our e-commerce platform business, our FTTP Velocity business and the acquisition of Epicon IT Solutions Pty Ltd (including its wholly owned subsidiary, Service Potential Pty Ltd) and Epicon Software Pty Ltd.

2 Adjustment related to impairment loss for our Sensis investment that was classified as held for sale at 31 December 2020.

3 Adjustment relating to the sale and leaseback transaction of the Pitt Street exchange property in FY21.

4 Adjustments for the strategic focus (T22 program) to improve customer experience, establish a standalone infrastructure business, simplify structure and cut costs, in addition to our normal business as usual redundancies for the period.

5 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect.

6 Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:
- $28m for renewal of our national spectrum licence in the 900 MHz band
- ~$5m payments for spectrum and apparatus licences in various spectrum bands

7 Adjustment to EBITDA for depreciation of mobile lease right-of-use assets in FY21.
Adjustment to Free Cashflow for payment of lease liabilities.

n/a Adjustment is not relevant to the respective guidance measure.

Executive Variable Remuneration Plan (EVP) Metric Additional Detail

First half performance against FY22 EVP Performance Measures and Targets:

	Performance Measure	Metric	Weighting	FY21 Baseline^	FY22 Threshold	FY22 Target	FY22 Max	1H22 Actual**
Financial 60% of total weighting	Total Income	Telstra External Income (excluding finance income)	15%	$23,108m	At or above bottom end of Market Guidance*	Approx. Midpoint of Market Guidance*	At or above top end of Market Guidance*	$10,866m
	Underlying EBITDA	Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments	15%	$6,765m				$3,495m
	Free Cash Flow (FCF)	Free Cash flow after lease payments and excluding M&A and spectrum	15%	$3,903m				$1,675m
	Net Opex Reduction	Year-on-year reduction in operating non-Direct Variable Cost (DVC) expenses	15%	$490m	$380m	$430m	$530m	$254m
Strategic, Customer & Transformation 40% of total weighting	Episode NPS	Improvement in our Episode NPS	15%	+32	+34	+36	+38	+37
	Product Portfolio Simplification	Number of Fixed and Postpaid Mobile Services on in-market plans	5%	8.8m	9.7m	10m	10.2m	9.44m
	Digital Engagement	C&SB digital sales interactions	5%	39.3%	43%	45%	55%	46.5%
		TE Digital Service Interactions	5%	n/a	38.5%	40%	45%	35.3%
	People Capability & Engagement	Top-line sustainable employee engagement score	10%	78	80	84	85	80

^ For FY22 targets, the baseline refers to the FY21 EVP performance outcomes as outlined in section 2.2 of the 2021 Remuneration Report.
* Market Guidance means guidance for FY22 as set out in Telstra's ASX announcement dated 12 August 2021.
**For the financial metrics only, the 1H22 actuals are calculated on a guidance basis.

Telstra Corporation Limited and controlled entities

Australian Business Number (ABN): 33 051 775 556

Financial report

for the half-year ended 31 December 2021

About this report

This is the half-year financial report for Telstra Corporation Limited (referred to as the Company or Telstra Entity) and its controlled entities (together referred to as we, us, Telstra, the Telstra Group or the Group).

Telstra Corporation Limited is a 'for profit' company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

Our half-year financial report does not include all of the information required for the annual financial report. It should be read in conjunction with our 2021 Annual Report and together with any public announcements made by us in accordance with the continuous disclosure obligations arising under the ASX listing rules and the *Corporations Act 2001*, up to the date of the Directors' Declaration.

Reading the financials

Section introduction

Introduction at the start of each section outlines the focus of the section and explains the purpose and content of that section.

Note and topic summary

A summary at the start of certain notes explains the objectives and content of that note, or at the start of certain specific topics clarifies complex concepts, which users may not be familiar with.

Narrative table

Some narrative disclosures are presented in a tabular format to provide readers with a clearer understanding of the information being presented.

Information panel

The information panel describes our key accounting estimates and judgements applied in the preparation of the financial report, which are relevant to that section or note.

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Income Statement

For the half-year ended 31 December 2021

Telstra Group	Note	Half-year ended 31 Dec 2021 $m	Half-year ended 31 Dec 2020 $m
Income			
Revenue (excluding finance income)	2.2	10,503	10,984
Other income	2.2	384	1,031
		10,887	**12,015**
Expenses			
Labour		1,834	2,033
Goods and services purchased		4,148	4,208
Net impairment losses on financial assets		41	78
Other expenses		1,389	1,624
		7,412	**7,943**
Share of net loss from joint ventures and associated entities		**(9)**	**(2)**
		7,421	**7,945**
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)		**3,466**	**4,070**
Depreciation and amortisation		2,189	2,429
Earnings before interest and income tax expense (EBIT)		**1,277**	**1,641**
Finance income	2.2	61	29
Finance costs		299	336
Net finance costs	4.4	**238**	**307**
Profit before income tax expense		**1,039**	**1,334**
Income tax expense		296	209
Profit for the period		**743**	**1,125**
Profit attributable to:			
Equity holders of Telstra Entity		698	1,098
Non-controlling interests		45	27
		743	**1,125**
Earnings per share (cents per share)		cents	cents
Basic		5.9	9.2
Diluted		5.9	9.2

The notes following the financial statements form part of the half-year financial report.

Statement of Comprehensive Income

For the half-year ended 31 December 2021

Telstra Group	Half-year ended 31 Dec	
	2021	2020
	$m	$m
Profit for the period attributable to:		
Equity holders of Telstra Entity	698	1,098
Non-controlling interests	45	27
	743	**1,125**
Items that will not be reclassified to the income statement		
Retained profits		
Actuarial gain/(loss) on defined benefit plans attributable to equity holders of Telstra Entity	74	(43)
Income tax on actuarial (gain)/loss on defined benefit plans	(22)	13
Fair value of equity instruments reserve		
Gain on investments in equity instruments designated at fair value through other comprehensive income	-	1
Share of other comprehensive income of equity accounted investments	(74)	187
Income tax on share of other comprehensive income of equity accounted investments	15	(50)
Foreign currency translation reserve		
Translation differences of foreign operations attributable to non-controlling interests	1	(1)
	(6)	**107**
Items that may be subsequently reclassified to the income statement		
Foreign currency translation reserve		
Translation differences of foreign operations attributable to equity holders of Telstra Entity	29	(123)
Cash flow hedging reserve		
Changes in cash flow hedging reserve	100	(35)
Income tax on movements in the cash flow hedging reserve	(30)	10
Foreign currency basis spread reserve		
Changes in the value of the foreign currency basis spread	45	(77)
Income tax on movements in the foreign currency basis spread reserve	(14)	23
	130	**(202)**
Total other comprehensive income	**124**	**(95)**
Total comprehensive income for the period	**867**	**1,030**
Total comprehensive income for the period attributable to:		
Equity holders of Telstra Entity	821	1,004
Non-controlling interests	46	26

The notes following the financial statements form part of the half-year financial report.

Statement of Financial Position

As at 31 December 2021

Telstra Group	Note	As at 31 Dec 2021 $m	As at 30 Jun 2021 $m
Current assets			
Cash and cash equivalents		1,651	1,125
Trade and other receivables and contract assets	3.3	4,209	4,577
Deferred contract costs		150	113
Inventories		456	385
Derivative financial assets	4.4	564	624
Current tax receivables		86	5
Prepayments		230	285
Total current assets		**7,346**	**7,114**
Non-current assets			
Trade and other receivables and contract assets	3.3	906	1,168
Deferred contract costs		1,306	1,342
Inventories		23	21
Investments – accounted for using the equity method		945	1,018
Investments – other		15	15
Property, plant and equipment		20,736	20,863
Right-of-use assets		3,033	2,852
Intangible assets		7,831	7,131
Derivative financial assets	4.4	443	786
Deferred tax assets		55	60
Defined benefit asset		214	155
Total non-current assets		**35,507**	**35,411**
Total assets		**42,853**	**42,525**
Current liabilities			
Trade and other payables		3,455	3,766
Employee benefits		705	682
Other provisions		102	87
Lease liabilities		568	503
Borrowings	4.4	4,129	3,631
Derivative financial liabilities	4.4	1	26
Current tax payables		25	124
Contract liabilities and other revenue received in advance		1,674	1,605
Total current liabilities		**10,659**	**10,424**
Non-current liabilities			
Other payables		224	9
Employee benefits		127	150
Other provisions		128	126
Lease liabilities		2,927	2,802
Borrowings	4.4	8,003	10,505
Derivative financial liabilities	4.4	234	331
Deferred tax liabilities		1,673	1,580
Defined benefit liabilities		11	10
Contract liabilities and other revenue received in advance		1,408	1,313
Total non-current liabilities		**14,735**	**16,826**
Total liabilities		**25,394**	**27,250**
Net assets		**17,459**	**15,275**

Statement of Financial Position (continued)

As at 31 December 2021

Telstra Group	Note	As at 31 Dec 2021 $m	As at 30 Jun 2021 $m
Equity			
Share capital	4.3	3,869	4,436
Reserves		2,328	138
Retained profits		9,813	10,014
Equity available to Telstra Entity shareholders		**16,010**	**14,588**
Non-controlling interests		1,449	687
Total equity		**17,459**	**15,275**

The notes following the financial statements form part of the half-year financial report.

Statement of Cash Flows

For the half-year ended 31 December 2021

Telstra Group	Note	Half-year ended 31 Dec 2021 $m	Half-year ended 31 Dec 2020 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax (GST))		12,441	13,634
Payments to suppliers and employees (inclusive of GST)		(8,937)	(9,892)
Government grants received for operating activities		173	157
Net cash generated by operations		**3,677**	**3,899**
Income taxes paid		(431)	(456)
Net cash provided by operating activities		**3,246**	**3,443**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,210)	(1,096)
Payments for intangible assets		(416)	(501)
Capital expenditure (before investments)		**(1,626)**	**(1,597)**
Payments for shares in controlled entities (net of cash acquired)		(614)	(21)
Payments for equity accounted investments		(4)	-
Total capital expenditure (including investments)		**(2,244)**	**(1,618)**
Proceeds from sale of property, plant and equipment		61	159
Proceeds from sale and leaseback		3	289
Proceeds from sale of businesses and shares in controlled entities (net of cash disposed)		2	140
Proceeds from sale of equity accounted and other investments		158	153
Distributions received from equity accounted investments		38	9
Receipts of the principal portion of finance lease receivables		44	69
Government grants received for investing activities		8	11
Interest received		8	11
Net cash used in investing activities		**(1,922)**	**(777)**
Operating cash flows less investing cash flows		**1,324**	**2,666**
Cash flows from financing activities			
Proceeds from borrowings		309	1,338
Repayment of borrowings		(1,884)	(1,456)
Payment of principal portion of lease liabilities		(295)	(403)
Share buy-back		(571)	-
Purchase of shares for employee share plans		(5)	(34)
Finance costs paid		(285)	(314)
Dividends/ distributions paid to non-controlling interests		(16)	(16)
Dividends paid to equity holders of Telstra Entity	4.2	(951)	(951)
Proceeds from the sale of units in a controlled trust	5.1	2,883	-
Net cash used in financing activities		**(815)**	**(1,836)**
Net increase in cash and cash equivalents		**509**	**830**
Cash and cash equivalents at the beginning of the period		1,125	499
Effects of exchange rate changes on cash and cash equivalents		14	(34)
Cash and cash equivalents at the end of the period	2.3	**1,648**	**1,295**

The notes following the financial statements form part of the half-year financial report.

Statement of Changes in Equity

For the half-year ended 31 December 2021

Telstra Group	Note	Share capital	Reserves	Retained profits	Total	Non-controlling interests	Total equity
		$m	$m	$m	$m	$m	$m
Balance at 30 June 2021		**4,436**	**138**	**10,014**	**14,588**	**687**	**15,275**
Profit for the period		-	-	698	**698**	45	**743**
Other comprehensive income		-	71	52	**123**	1	**124**
Total comprehensive income for the period		**-**	**71**	**750**	**821**	**46**	**867**
Dividends	4.2	-	-	(951)	**(951)**	-	**(951)**
Share buy-back (net of income tax)	4.3	(571)	-	-	**(571)**	-	**(571)**
Transactions with non-controlling interests	5.1	-	2,119	-	**2,119**	716	**2,835**
Additional shares purchased		(5)	-	-	**(5)**	-	**(5)**
Share-based payments		9	-	-	**9**	-	**9**
Balance at 31 December 2021		**3,869**	**2,328**	**9,813**	**16,010**	**1,449**	**17,459**
Balance as at 30 June 2020		**4,451**	**5**	**10,017**	**14,473**	**674**	**15,147**
Profit for the period		-	-	1,098	**1,098**	27	**1,125**
Other comprehensive income		-	(64)	(30)	**(94)**	(1)	**(95)**
Total comprehensive income for the period		**-**	**(64)**	**1,068**	**1,004**	**26**	**1,030**
Dividends	4.2	-	-	(951)	**(951)**	-	**(951)**
Transactions with non-controlling interests		-	-	-	**-**	(16)	**(16)**
Additional shares purchased		(34)	-	-	**(34)**	-	**(34)**
Share-based payments		9	-	-	**9**	-	**9**
Balance at 31 December 2020		**4,426**	**(59)**	**10,134**	**14,501**	**684**	**15,185**

The notes following the financial statements form part of the half-year financial report.

Section 1. Basis of preparation

This section explains the basis of preparation of our half-year financial report and provides an update on some of our key accounting estimates and judgements to reflect the latest information available.

1.1 Basis of preparation of the half-year financial report

Our half-year financial report is a condensed general purpose financial report, prepared by a 'for-profit' entity in accordance with the *Corporations Act 2001* and AASB 134: '*Interim Financial Reporting*' issued by the Australian Accounting Standards Board (AASB).

The financial report is presented in Australian dollars and, unless otherwise stated, all values have been rounded to the nearest million dollars ($m) under the option available to us under the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191.

The financial report is prepared in accordance with historical cost, except for some categories of financial instruments which are recorded at fair value.

The same accounting policies, including the principles of consolidation, have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in our 2021 Annual Report.

For the purpose of preparing this report, each half-year has been treated as a discrete reporting period.

1.2 Terminology used in our income statement

EBITDA reflects earnings before interest, income tax, depreciation and amortisation. EBIT is a similar measure to EBITDA, but takes into account depreciation and amortisation.

We believe EBITDA is useful as a widely recognised measure of operating performance.

1.3 Key accounting estimates and judgements

Preparing the financial report requires management to make estimates and judgements. In preparing this report, the key sources of estimation uncertainty were consistent with those applied in the 2021 Annual Report with the exception of those arising from new arrangements executed in the current reporting period.

1.3.1 COVID-19 pandemic

Financial impacts of the COVID-19 pandemic have been reflected in our financial performance for the half-year ended 31 December 2021 and considered in our financial position as at 31 December 2021. We have not identified any impacts other than those disclosed in note 1.4 to the financial statements in our 2021 Annual Report.

1.3.2 Summary of key management judgements

The key judgements and estimates used by management in applying the Group's accounting policies for the half-year ended 31 December 2021 have been updated to reflect the latest information available. They can be located in the following notes:

Key accounting estimates and judgements	Note	Page
Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income	2.2	18
Determining CGUs and their recoverable amount for impairment assessment of goodwill	3.1	19
Impairment assessment of our ubiquitous telecommunications network	3.1	20
Useful lives and residual values of tangible and intangible assets	3.1	21
Determining lease term	3.2	22
Estimating expected credit losses	3.3	23
Determining non-controlling interests in Power Health	5.1	31

1.4 Other accounting policies

1.4.1 Changes in accounting policies

A number of new or amended accounting standards became effective in the current reporting period but none of those had a material impact on our accounting policies.

AASB 2020-8 'Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2' was issued in September 2020 and became effective for Telstra from 1 July 2021. These amendments provide a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to allow the effective interest rate to be adjusted, and also provide certain relief from discontinuing hedge relationships as a result of the reform. At 31 December 2021 we had some floating rate derivative instruments hedging term debt issuances and bank facilities which have a reference to either BBSW, BBSY or EURIBOR. Unlike LIBOR, no decisions have been made for the replacement of these benchmark rates which continue to remain in place. We also have some short term commercial paper issuance which is linked to the 3M USLIBOR benchmark which will remain in place until 30 June 2023. We continue to monitor the developments of international regulations to ensure preparedness for any changes relating to Interest Rate Benchmark Reform. None of these amendments impacted Telstra's financial results for the half-year ended 31 December 2021.

1.4.2 New accounting standards to be applied in future reporting periods

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and we do not expect any of them to have a material impact on our financial results upon adoption.

Section 2. Our performance

This section explains the results and performance of our segments, which are reported on the same basis as our internal management reporting structure. It also includes disaggregated revenue by segment.

2.1 Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management.

Our operating segments represent the functions which offer our main products and services in the market, however, only some of our operating segments meet the disclosure criteria for reportable segments.

2.1.1 Operating segments

We report segment information on the same basis as our internal management reporting structure at the reporting date. Segment comparatives reflect any organisational changes that have occurred since the prior reporting period to present a like-for-like view.

During the half-year ended 31 December 2021, there were no changes to our operating segments despite the legal transfer of our towers business to a separate entity (refer to note 5.1.2 for further details about the transfer of Amplitel towers business). This is because the internal restructure did not change business functions' accountabilities, the way we assess performance or allocate resources, and therefore did not change our internal management reporting structure.

There were no other organisational changes to our operating segments, however we have changed the way we measure our segment results as detailed in the sections following the table describing our segments.

In our segment results, the 'All Other' category includes functions that do not qualify as operating segments as well as the operating segments which are not material for reporting individually.

We have four reportable segments as follows:

Segment	Operation
Telstra Consumer and Small Business (TC&SB)	• provides telecommunications, media and technology products and services to Consumer and Small Business customers in Australia using mobile and fixed network technologies • operates call centres, retail stores, a dealership network, digital channels, distribution systems and a loyalty program in Australia
Telstra Enterprise (TE)	• provides telecommunication services, advanced technology solutions, network capacity and management, unified communications, cloud, industry solutions, integrated and monitoring services to government and large enterprise customers in Australia and globally • manages Telstra's networks outside Australia in conjunction with Networks and IT and Telstra InfraCo segments
Networks and IT (N&IT)	• supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our network platforms and data • builds and manages our digital platforms underpinning our customer digital experience • builds and manages software for all internal functions • operates and maintains the copper network assets and provides information technology services to Telstra InfraCo segment
Telstra InfraCo	• provides telecommunication products and services delivered over Telstra networks to other carriers, carriage service providers and internet service providers • provides other Telstra functions and wholesale customers with access to network infrastructure within Telstra InfraCo's asset accountabilities • operates the fixed passive network infrastructure including data centres, exchanges, poles, ducts, pits and pipes and fibre network • designs and constructs fibre, exchanges and other infrastructure • provides nbn co with long-term access to certain components of our infrastructure and certain network services under the Infrastructure Services Agreement and commercial contracts, respectively • operates the passive and physical mobile tower assets owned by Amplitel business

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.1 Operating segments (continued)

Consistent with information presented for internal management reporting, the result of each segment is measured based on its EBITDA contribution, which differs from our reported EBITDA.

From 1 July 2021, we have changed the way we measure results of individual segments. The table below details how we determine segment income and EBITDA contribution of each segment.

Nature of transaction	Description	Measurement basis	Impact on segment results
Transactions with external parties	Any transactions between any of the Telstra Group entities with: • an external counterparty, e.g. supplier or customer • any related party which is not controlled by the Telstra Group, i.e. it is not eliminated on consolidation.	Accounted for in accordance with the Australian Accounting Standards. We no longer adjust EBITDA contribution for the depreciation expense related to the right-of-use assets for mobile handsets arising from leases which we subleased to our TC&SB customers because any remaining leases are immaterial.	The effects of all transactions with external parties are included in the segment results.
Transactions with other segments	Any transactions between segments arising from: • inter-company legal agreements between entities controlled by the Telstra Group • internal arrangements for notional charges not governed by legal agreements. The notional internal charges are determined based on a variety of internally and externally observable inputs to reflect an arm's length basis. In the comparative period, the transactions related to the performance of our infrastructure assets were arising from the notional internal arrangements, and only Telstra InfraCo segment had reported those transactions in their segment results (i.e. the counterparty segments to those arrangements did not report the effects of those transactions). To provide a like-for-like view, we have restated the comparative period to reflect notional internal charges in all relevant segments.	Different measurement bases apply to our transactions between segments depending on their nature: • transactions related to the performance of our infrastructure assets, i.e. InfraCo Fixed and Amplitel, are measured based on a 'management view', i.e. all charges earned/incurred are recognised as either income or expenses. Such recognition may differ from the requirements of the Australian Accounting Standards in a number of areas, for example lease accounting. • any transactions other than those described above are accounted for in accordance with the Australian Accounting Standards. Transactions within the same segment are eliminated within that segment's results. Any transactions with other segments are eliminated on consolidation, therefore the total Telstra Group reported income and total reported EBITDA reconcile to the statutory financial statements.	The effects of the transactions with other segments are included in the segment results and - depending on the nature of the transaction - either measured based on the management view or as accounted under the Australian Accounting Standards.
Some transactions which are managed centrally or by one segment	Certain items and transactions are managed centrally or by one of the segments even if they relate to results of multiple segments.	Accounted for in accordance with the Australian Accounting Standards.	The effects of these transactions are included in the segment results as detailed in the table on the following page.

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.1 Operating segments (continued)

The table below provides further details how some transactions are allocated and managed and, as a result, how they are reflected in our segment results.

<table>
<tr><th>Nature of transaction</th><th>TC&SB</th><th>TE</th><th>N&IT</th><th>All Other</th><th>Telstra InfraCo</th></tr>
<tr><td>Inter-company transactions for international connectivity disclosed as revenue from external customers and external expenses</td><td>EBITDA contribution includes inter-segment expenses recharged by TE</td><td>EBITDA contribution includes inter-segment revenue (earned from TC&SB and Telstra InfraCo) and expenses (recharged by Telstra InfraCo)</td><td>n/a</td><td>Elimination of inter-company transactions</td><td>EBITDA contribution includes inter-segment revenue (earned from TE) and expenses (recharged by TE)</td></tr>
<tr><td>Income from nbn disconnection fees and associated expenses</td><td colspan="2">EBITDA contribution does not include these transactions</td><td>n/a</td><td>EBITDA contribution includes these transactions</td><td>EBITDA contribution does not include these transactions</td></tr>
<tr><td>Network service delivery expenses other than those supporting passive infrastructure</td><td colspan="2">EBITDA contribution does not include the network service delivery expense for TC&SB and TE customers</td><td colspan="2">EBITDA contribution includes network service delivery expenses related to TC&SB, TE and Telstra InfraCo customers</td><td>EBITDA contribution does not include the network service delivery expense for Telstra InfraCo customers</td></tr>
<tr><td>Domestic redundancy and restructuring expenses for all segments</td><td colspan="3">EBITDA contribution does not include those expenses</td><td>EBITDA contribution includes those expenses for the Telstra Entity</td><td>EBITDA contribution does not include those expenses</td></tr>
</table>

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results

Table A details our segment results and a reconciliation of EBITDA contribution to the Telstra Group's EBITDA, EBIT and profit before income tax expense.

Table A Telstra Group	TC&SB	TE	N&IT	Telstra InfraCo	All Other	Subtotal	Eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2021							
Mobility	3,714	809	-	160	-	**4,683**	-	**4,683**
Fixed - C&SB	2,260	-	-	-	-	**2,260**	-	**2,260**
Fixed - Enterprise	-	1,814	-	-	-	**1,814**	-	**1,814**
InfraCo Fixed	-	-	-	1,159	-	**1,159**	(477)	**682**
Amplitel	-	-	-	179	-	**179**	(150)	**29**
Fixed - Active Wholesale	-	-	-	252	-	**252**	-	**252**
International	-	864	-	-	(106)	**758**	-	**758**
Once-off nbn DA and connection	21	-	-	-	182	**203**	-	**203**
Other	-	9	147	2	193	**351**	(145)	**206**
Total management reported income	**5,995**	**3,496**	**147**	**1,752**	**269**	**11,659**	**(772)**	**10,887**
Transactions between segments	-	-	(107)	(627)	(38)	**(772)**	772	**-**
Total external income	**5,995**	**3,496**	**40**	**1,125**	**231**	**10,887**	**-**	**10,887**
Share of net loss from equity accounted entities	-	(1)	-	-	(8)	**(9)**	-	**(9)**
EBITDA contribution	**2,563**	**1,480**	**(1,125)**	**1,132**	**(584)**	**3,466**	**-**	**3,466**
Depreciation and amortisation								**(2,189)**
Telstra Group EBIT								**1,277**
Net finance costs								**(238)**
Telstra Group profit before income tax expense								**1,039**

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results (continued)

Table A (continued) Telstra Group	TC&SB	TE	N&IT	Telstra InfraCo	All Other	Subtotal	Elimina-tions	Total
	$m	$m	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2020							
Mobility	3,843	732	-	138	(3)	**4,710**	-	**4,710**
Fixed - C&SB	2,426	-	-	-	-	**2,426**	-	**2,426**
Fixed - Enterprise	-	1,852	-	-	-	**1,852**	-	**1,852**
InfraCo Fixed	-	-	-	1,352	-	**1,352**	(475)	**877**
Amplitel	-	-	-	171	-	**171**	(141)	**30**
Fixed - Active Wholesale	-	-	-	319	-	**319**	-	**319**
International	-	869	-	-	(114)	**755**	-	**755**
Once-off nbn DA and connection	18	-	-	-	640	**658**	-	**658**
Other	61	15	111	1	346	**534**	(146)	**388**
Total management reported income	**6,348**	**3,468**	**111**	**1,981**	**869**	**12,777**	**(762)**	**12,015**
Transactions between segments	-	-	(100)	(616)	(46)	**(762)**	762	**-**
Total external income	**6,348**	**3,468**	**11**	**1,365**	**823**	**12,015**	**-**	**12,015**
Share of net profit/(loss) from equity accounted entities	-	3	-	-	(5)	**(2)**	-	**(2)**
EBITDA contribution	**2,375**	**1,467**	**(1,244)**	**1,405**	**(46)**	**3,957**	**-**	**3,957**
Depreciation of mobile handsets right-of-use assets								**113**
Telstra Group EBITDA								**4,070**
Depreciation and amortisation								**(2,429)**
Telstra Group EBIT								**1,641**
Net finance costs								**(307)**
Telstra Group profit before income tax expense								**1,334**

The effects of the following inter-company transactions with other segments have been reported as external income and expenses in the respective segment EBITDA contribution:

- revenue from external customers in the TE segment includes $106 million (2020: $114 million) of inter-segment revenue treated as external expenses in the TC&SB and Telstra InfraCo segments, which is eliminated in the 'All Other' category
- external expenses in the TE segment also include $2 million (2020: $4 million) of inter-segment expenses treated as external revenue in Telstra InfraCo and eliminated in the 'All Other' category.

In the comparative period, the effects of the following transactions with other segments arising from notional internal charges have been restated to provide a like-for-like view:

- additional $100 million internal revenue and $616 million internal expenses have been included in the N&IT segment
- additional $46 million internal revenue has been included in the 'All Other' category.

Other negative revenue amounts related to certain corporate level adjustments.

Section 2. Our performance (continued)

2.2 Income

Table A Telstra Group	Half-year ended 31 Dec	
	2021	2020
	$m	$m
Revenue from contracts with customers	10,320	10,671
Revenue from other sources	183	313
Total revenue (excluding finance income)	**10,503**	**10,984**
Other income		
Net gain on disposal of property, plant and equipment and intangibles assets	55	22
Net gain on disposal of businesses and investments	6	105
Net gain on sale and leaseback transactions	-	102
nbn disconnection fees	176	660
Government grants	119	100
Net foreign currency translation gains	-	30
Other miscellaneous income	28	12
	384	**1,031**
Total income (excluding finance income)	**10,887**	**12,015**
Finance income		
Finance income (excluding income from finance leases)	57	23
Finance income from finance leases (Telstra as a lessor)	4	6
	61	**29**
Total income	**10,948**	**12,044**

Revenue from other sources includes income from:

- our lease arrangements, including finance leases where Telstra is a dealer-lessor, operating leases and operating subleases
- customer contributions to extend, relocate or amend our network assets, where the customer does not purchase any ongoing services under the same (or linked) contract(s).

Net gain on disposal of businesses in the prior reporting period included:

- $60 million gain on disposal of Telstra's Velocity business for total sale proceeds of $140 million, with $85 million received in the prior financial year and the remaining balance to be received in instalments over the next three years
- $45 million gain on disposal of assets and liabilities of e-commerce platform for total sale proceeds of $55 million.

Net gain on sale and leaseback transactions in the prior reporting period resulted from sale and leaseback of our exchange property and mobile handsets subleased to our enterprise customers.

nbn disconnection fees earned under the Subscriber Agreement with nbn co are recognised as other income because they do not relate to our ordinary activities. We recognise this income when we have met our contractual obligations under this agreement.

Government grants include income under the Telstra Universal Service Obligation Performance Agreement, the Federal Government's Mobile Black Spot Program and other individually immaterial government grants. There are no unfulfilled conditions or other contingencies attached to these grants.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue

Table B presents the disaggregated revenue from contracts with customers based on the nature and the timing of transfer of goods and services.

We recognise revenue from contracts with customers when the control of goods or services has been transferred to the customer. Revenue from sale of services is recognised over time, whereas revenue from sale of goods is recognised at a point in time.

Other revenue from contracts with customers includes licensing revenue (recognised either at a point in time or over time) and agency revenue (recognised over time).

Table B Telstra Group	TC&SB	TE	N&IT	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2021					
Revenue from contracts with customers						
Sale of services	4,831	3,109	-	998	12	**8,950**
Sale of goods	985	325	-	-	26	**1,336**
Other revenue from contracts with customers	9	23	-	-	2	**34**
	5,825	**3,457**	**-**	**998**	**40**	**10,320**
	Half-year ended 31 Dec 2020					
Sale of services	4,921	3,098	-	1,216	(11)	**9,224**
Sale of goods	1,112	289	-	1	13	**1,415**
Other revenue from contracts with customers	9	21	-	-	2	**32**
	6,042	**3,408**	**-**	**1,217**	**4**	**10,671**

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue (continued)

Table C presents total revenue from external customers disaggregated by major products and by geographical markets.

Our geographical operations are split between our Australian and offshore operations. No individual geographical area of our offshore operations forms a significant part of our operations.

Table C Telstra Group	TC&SB	TE	N&IT	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2021					
Total revenue from external customers by product						
Mobile	**3,714**	**809**	**-**	**160**	**-**	**4,683**
Revenue from contracts with customers	3,669	809	-	160	-	**4,638**
Revenue from other sources	45	-	-	-	-	**45**
Fixed - C&SB	**2,157**	**-**	**-**	**-**	**-**	**2,157**
Revenue from contracts with customers	2,135	-	-	-	-	**2,135**
Revenue from other sources	22	-	-	-	-	**22**
Fixed - Enterprise	**-**	**1,814**	**-**	**-**	**-**	**1,814**
Revenue from contracts with customers	-	1,804	-	-	-	**1,804**
Revenue from other sources	-	10	-	-	-	**10**
InfraCo Fixed	**-**	**-**	**-**	**648**	**-**	**648**
Revenue from contracts with customers	-	-	-	555	-	**555**
Revenue from other sources	-	-	-	93	-	**93**
Amplitel	**-**	**-**	**-**	**29**	**-**	**29**
Revenue from contracts with customers	-	-	-	29	-	**29**
Fixed - Active Wholesale	**-**	**-**	**-**	**252**	**-**	**252**
Revenue from contracts with customers	-	-	-	252	-	**252**
International	**-**	**859**	**-**	**-**	**(106)**	**753**
Revenue from contracts with customers	-	848	-	-	(106)	**742**
Revenue from other sources	-	11	-	-	-	**11**
Once-off nbn DA and connection	**21**	**-**	**-**	**-**	**-**	**21**
Revenue from contracts with customers	21	-	-	-	-	**21**
Other products and services	**-**	**(4)**	**-**	**2**	**148**	**146**
Revenue from contracts with customers	-	(4)	-	2	146	**144**
Revenue from other sources	-	-	-	-	2	**2**
Total revenue from contracts with customers	**5,825**	**3,457**	**-**	**998**	**40**	**10,320**
Total revenue from other sources	**67**	**21**	**-**	**93**	**2**	**183**
	5,892	**3,478**	**-**	**1,091**	**42**	**10,503**
Other income	**103**	**18**	**40**	**34**	**189**	**384**
	5,995	**3,496**	**40**	**1,125**	**231**	**10,887**
Total revenue from external customers by geographical market						
Australian customers	**5,892**	**2,740**	**-**	**1,091**	**148**	**9,871**
Revenue from contracts with customers	5,825	2,729	-	998	146	**9,698**
Revenue from other sources	67	11	-	93	2	**173**
Offshore customers	**-**	**738**	**-**	**-**	**(106)**	**632**
Revenue from contracts with customers	-	728	-	-	(106)	**622**
Revenue from other sources	-	10	-	-	-	**10**
Total revenue from contracts with customers	**5,825**	**3,457**	**-**	**998**	**40**	**10,320**
Total revenue from other sources	**67**	**21**	**-**	**93**	**2**	**183**
	5,892	**3,478**	**-**	**1,091**	**42**	**10,503**
Other income	**103**	**18**	**40**	**34**	**189**	**384**
	5,995	**3,496**	**40**	**1,125**	**231**	**10,887**

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue (continued)

Table C (continued) Telstra Group	TC&SB	TE	N&IT	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2020					
Total revenue from external customers by product						
Mobile	**3,843**	**732**	**-**	**138**	**(3)**	**4,710**
Revenue from contracts with customers	3,706	729	-	138	(3)	**4,570**
Revenue from other sources	137	3	-	-	-	**140**
Fixed - C&SB	**2,345**	**-**	**-**	**-**	**-**	**2,345**
Revenue from contracts with customers	2,318	-	-	-	-	**2,318**
Revenue from other sources	27	-	-	-	-	**27**
Fixed - Enterprise	**-**	**1,852**	**-**	**-**	**-**	**1,852**
Revenue from contracts with customers	-	1,824	-	-	-	**1,824**
Revenue from other sources	-	28	-	-	-	**28**
InfraCo Fixed	**-**	**-**	**-**	**831**	**-**	**831**
Revenue from contracts with customers	-	-	-	729	-	**729**
Revenue from other sources	-	-	-	102	-	**102**
Amplitel	**-**	**-**	**-**	**30**	**-**	**30**
Revenue from contracts with customers	-	-	-	30	-	**30**
Fixed - Active Wholesale	**-**	**-**	**-**	**319**	**-**	**319**
Revenue from contracts with customers	-	-	-	319	-	**319**
International	**-**	**867**	**-**	**-**	**(114)**	**753**
Revenue from contracts with customers	-	855	-	-	(114)	**741**
Revenue from other sources	-	12	-	-	-	**12**
Once-off nbn DA and connection	**18**	**-**	**-**	**-**	**-**	**18**
Revenue from contracts with customers	18	-	-	-	-	**18**
Other products and services	**-**	**2**	**1**	**1**	**122**	**126**
Revenue from contracts with customers	-	-	-	1	121	**122**
Revenue from other sources	-	2	1	-	1	**4**
Total revenue from contracts with customers	**6,042**	**3,408**	**-**	**1,217**	**4**	**10,671**
Total revenue from other sources	**164**	**45**	**1**	**102**	**1**	**313**
	6,206	**3,453**	**1**	**1,319**	**5**	**10,984**
Other income	**142**	**15**	**10**	**46**	**818**	**1,031**
	6,348	**3,468**	**11**	**1,365**	**823**	**12,015**
Total revenue from external customers by geographical market						
Australian customers	**6,206**	**2,705**	**1**	**1,319**	**120**	**10,351**
Revenue from contracts with customers	6,042	2,672	-	1,217	119	**10,050**
Revenue from other sources	164	33	1	102	1	**301**
Offshore customers	**-**	**748**	**-**	**-**	**(115)**	**633**
Revenue from contracts with customers	-	736	-	-	(115)	**621**
Revenue from other sources	-	12	-	-	-	**12**
Total revenue from contracts with customers	**6,042**	**3,408**	**-**	**1,217**	**4**	**10,671**
Total revenue from other sources	**164**	**45**	**1**	**102**	**1**	**313**
	6,206	**3,453**	**1**	**1,319**	**5**	**10,984**
Other income	**142**	**15**	**10**	**46**	**818**	**1,031**
	6,348	**3,468**	**11**	**1,365**	**823**	**12,015**

Revenue from other products and services includes miscellaneous income and revenue generated by Telstra Health.

'All Other' category includes eliminations of the inter-segment transactions described in the segment results below Table A in note 2.1.2. Other negative revenue amounts related to certain corporate level adjustments.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.2 Our contracts with customers

We continued to generate revenue from customer contracts described in note 2.2 to the financial statements in our 2021 Annual Report with the exception of the changes and updates detailed below.

(a) Agreements with nbn co

We deliver a number of different services to nbn co under nbn Definitive Agreements (DAs). The transaction price in those agreements includes fixed and variable components, which require significant judgement as described below.

Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income

Under the ISA, we receive from nbn co the following payments:

- Infrastructure Access Payment (IAP) for long-term access to ducts and pits
- Infrastructure Ownership Payment (IOP) for the progressive transfer of infrastructure assets
- payments for long-term access to other infrastructure, including dark fibre and exchange rack space.

IAP are indexed to CPI and will grow in line with the nbn™ network rollout until its completion (as defined under the DAs). Subsequently, IAP will continue being indexed to CPI for the remaining average contracted period of 26 years.

IOP are received over the duration of the nbn network rollout, CPI adjusted and linked to the progress of the nbn network rollout.

IAP and IOP are classified in the income statement as revenue and other income, respectively, and are recognised on a percentage rollout basis of the nbn network footprint.

For any given period, the IAP and IOP amounts ultimately received from nbn co may vary from the amounts recognised in the income statement depending on the progress of the nbn network rollout and the final number of our existing fixed line premises as defined and determined under the ISA. A change in the nbn network rollout progress and/or the final number of these premises could result in a material change to the amount of IAP and IOP recognised in the income statement and the associated cash flows. Some of these adjustments cannot be finalised and the related amounts cannot be settled until the completion of the rollout and are subject to interest.

The nbn network rollout progress and its completion date are controlled by nbn co and the final number of the fixed line premises may continue to change even after all the relevant assets have been transferred to nbn co. Therefore, the final price adjustments and the resulting cash flows, including interest payable where relevant, may not be known until nbn co declares that the nbn network rollout is complete in accordance with the DAs.

We have applied judgement in determining the amounts of IAP and IOP recognised for the half-year ended 31 December 2021 and did not identify material impacts resulting from reassessment of the assumptions described above. Should evidence exist in future reporting periods that changes these amounts, revenue and other income will be adjusted in the future reporting periods.

2.3 Notes to the statement of cash flows

2.3.1 Cash and cash equivalents

Telstra Group	As at 31 Dec	
	2021	2020
	$m	$m
Cash at bank and on hand	448	261
Bank deposits	1,203	1,034
	1,651	**1,295**
Bank overdraft	(3)	-
Cash and cash equivalents in the statement of cash flows	**1,648**	**1,295**

Section 3. Our core assets, lease arrangements and working capital

This section describes our core long-term tangible (owned and leased) and intangible assets underpinning the Group's performance and provides a summary of our asset impairment assessment. This section also describes our short-term assets and liabilities, i.e. our working capital supporting the operating liquidity of our business.

3.1 Property, plant and equipment and intangible assets

Our impairment assessment compares the carrying value of our cash generating units (CGUs) with their recoverable amounts determined using a 'value in use' calculation. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are assessed for impairment at least on an annual basis, or whenever an indicator of impairment exists. All other non-current tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

For impairment testing, we identify CGUs, i.e. the smallest groups of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

3.1.1 Impairment assessment

(a) Goodwill

During the half-year ended 31 December 2021, there were no changes to our CGUs with allocated goodwill.

Determining CGUs and their recoverable amount for impairment assessment of goodwill

We apply judgement to identify our CGUs and determine their recoverable amounts using a value in use calculation. These judgements include cash flow forecasts, as well as the selection of growth rates, terminal growth rates and discount rates based on experience and our expectations for the future.

Our cash flow projections are based on five-year management-approved forecasts unless a different period is justified. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

We have concluded that the discounted cash flows generated continue to support the carrying values of our CGUs, thus no impairment has been identified.

Section 3. Our core assets, lease arrangements and working capital (continued)

3.1 Property, plant and equipment and intangible assets (continued)

3.1.1 Impairment assessment (continued)

(b) Telstra Entity ubiquitous telecommunication network

An impairment assessment is performed at the level of our Telstra Entity ubiquitous telecommunications network CGU.

Impairment assessment of our ubiquitous telecommunications network

We have determined that assets which form part of the Telstra Entity ubiquitous telecommunications network, comprising the customer access network and the core network, are working together to generate independent cash inflows. No one item of telecommunications equipment is of any value without the other assets to which it is connected to deliver our products and services.

Indicators of impairment may include changes in our operating and economic assumptions or possible impacts from risks such as the COVID-19 pandemic and climate change. We apply judgement in determining whether certain trends with an adverse impact on our cash flows are considered impairment indicators.

The COVID-19 pandemic continues to create uncertainty in the economic environments we operate in. However, given the long-lived nature of the majority of our assets and the nature of the services we provide, we did not consider it as an impairment indicator of our ubiquitous telecommunications network.

We continue to assess the potential impacts of climate change and the transition to a lower carbon economy. Some financial impacts of meeting our medium-term environmental goals associated with both maintaining our carbon-neutral status, and with enabling 100 per cent renewable energy generation equivalent to our consumption by 2025, are incorporated in our management forecasts.

On the other hand, we are yet to identify potential long-term financial impacts of climate change and to incorporate them in our forward plans. Telstra operates significant physical assets including telephone exchanges, mobile towers, data centres and fibre network. These are located in city centres as well as urban and regional areas of Australia with many exposed to extreme weather conditions. Increased frequency and severity of extreme weather events such as bushfires, coastal inundation and flooding, cyclones, high temperatures, and flash flooding may damage and disrupt our operations and service delivery.

Based on our experience with extreme weather events, and considering the diverse location and nature of our assets as well as our continued focus on network resiliency and business continuity programs, we do not consider the potential impacts of climate change and the transition to a lower carbon economy to be an impairment indicator at this stage.

As we continue to assess climate impacts to our business we will incorporate any identified financial impacts into our impairment assessment. Should we identify material adverse effects of climate change or transition to a lower carbon economy on our cash flows, we may deem it an impairment indicator in the future.

Management forecasts require significant judgements and assumptions and are subject to risk and uncertainty that may be beyond our control. Hence, there is a possibility that changes in circumstances will materially alter projections, which may impact our assessment of impairment indicators and the recoverable amount of assets at each reporting date.

Section 3. Our core assets, lease arrangements and working capital (continued)

3.1 Property, plant and equipment and intangible assets (continued)

3.1.2 Depreciation and amortisation

Useful lives and residual values of tangible and intangible assets	We apply judgement to estimate useful lives and residual values of our assets and review them each year. If useful lives or residual values need to be modified, the depreciation and amortisation expense changes from the date of reassessment until the end of the revised useful life for both the current and future years. This assessment includes a comparison with international trends for telecommunication companies and, in relation to communications assets, includes a determination of when the asset may be superseded technologically or made obsolete. For intangible assets, specifically business software, useful lives are adjusted to align with expected retirement dates for the relevant applications under the current corporate strategies. The net effect of the assessment of useful lives was a $19 million (2020: $34 million) decrease in amortisation and $4 million increase (2020: nil) in depreciation expense.

3.2 Lease arrangements

We continue to account for our lease arrangements as described in note 3.2 to the financial statements in our 2021 Annual Report.

3.2.1 Telstra as a lessee

(a) Determining lease term

On 31 August 2021, the assets and liabilities of our towers business were transferred to Towers Business Operating Trust (Trust). The trustee of the Trust is our subsidiary Amplitel Pty Ltd, previously known as Telstra Towerco No.1 Pty Ltd. Refer to note 5.1.2 for further details about the sale of units in the Trust.

As the towers business became operational, a number of inter-company arrangements with the Telstra Entity became effective, including long term arrangements to access tower sites, some of which are located on leased land. We have considered those inter-company arrangements as a significant event impacting our judgement when reassessing the lease term of our external leases. As a result, we have recognised a $349 million increase in our lease liabilities with a corresponding increase in our right-of-use assets.

Section 3. Our core assets, lease arrangements and working capital (continued)

3.2 Lease arrangements (continued)

3.2.1 Telstra as a lessee (continued)

(a) Determining lease term (continued)

Determining lease term	
	We apply judgement to determine a lease term for leases with extension, termination or purchase options. We also consider lease modifications where we continue to use the same underlying asset for an extended term. Our property lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, with typical fixed term periods between three and 15 years. Where Telstra is a lessee of communication assets dedicated to solution management or motor vehicles, i.e. the leased assets are more generic in nature and/or of lower value, generally master lease agreements are in place with a range of fixed lease terms between three and five years. In determining the lease term, we consider all facts and circumstances that create an economic incentive to exercise an extension, termination or purchase option, including holdover periods where relevant. In particular, we consider contractual terms under which the lease term can be extended or terminated, the price at which a purchase option (if relevant) can be exercised, potential relocation costs, asset specific factors and any relevant leasehold improvements or our wider strategy and policy decisions. We also consider long term inter-company arrangements to access tower sites located on land leased from third parties. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Periods beyond termination options are only included in the lease term if it is reasonably certain that the lease will not be terminated. The longer the fixed lease term, the less certain a lessee is to exercise an option to extend the lease. The extension options for leases of office buildings have generally not been included in the lease term due to a competitive marketplace and our commercial ability to either substantially renegotiate or replace these assets instead of exercising the extension options. None of our termination options have been considered reasonably certain to be exercised; therefore, the lease terms have not been shortened and all future cash flows have been included in the measurement of the lease liability. The lease term assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within our control as a lessee.

(b) Lease terminations and modifications

We recorded a $1 million net gain (2020: $173 million net loss) on termination and modification of leases which mainly includes early termination charges for our mobile handset leases (Telstra as a lessee). These termination charges have been partly recovered from customers who have terminated their back-to-back operating leases. The recoveries are included in revenue from other sources as part of the $24 million (2020: $111 million) income from operating subleases of right-of-use assets (Telstra as an intermediate lessor).

3.2.2 Sale and leaseback transactions

During the half-year ended 31 December 2021, we did not enter into individually significant sale and leaseback transactions. In the prior period, we recognised a $102 million net gain from a sale and leaseback transaction for an exchange property and received $282 million in sale proceeds.

Section 3. Our core assets, lease arrangements and working capital (continued)

3.3 Trade and other receivables and contract assets

Table A summarises trade and other receivables and contract assets. Where relevant, the amounts are presented net of impairment allowances.

Table A Telstra Group	As at	
	31 Dec 2021	30 Jun 2021
	$m	$m
Current		
Trade receivables from contracts with customers	3,144	3,136
Finance lease receivables	72	80
Accrued revenue	163	325
Other receivables	107	253
	3,486	**3,794**
Contract assets	723	783
	4,209	**4,577**
Non-current		
Trade receivables from contracts with customers	439	694
Finance lease receivables	133	160
Amounts owed by joint ventures and associated entities	110	79
Other receivables	52	51
	734	**984**
Contract assets	172	184
	906	**1,168**

Trade receivables from contracts with customers include receivables measured at amortised cost and at fair value. Refer to note 4.4.4 for further details on trade receivables from contracts with customers measured at fair value.

3.3.1 Impairment of trade and other receivables and contract assets

Estimating expected credit losses

We apply judgement to estimate the expected credit losses for our trade and other receivables measured at amortised cost and for contract assets.

For trade receivables and contract assets arising from our Telstra Consumer & Small Business and Telstra Enterprise Australian customers, we have implemented a scenario-based approach incorporating base, good and bad economic scenarios. The overall expected credit loss was calculated as a weighted average of the three scenarios.

Our analysis has shown that generally overall macroeconomic factors, such as unemployment rates, interest rates or gross domestic product have no strong correlation with our bad debt losses unless certain thresholds are exceeded. As at 31 December 2021, those macroeconomic factors were within the relevant thresholds. During the half-year ended 31 December 2021 we have not made any significant COVID-19-specific adjustments to our estimated expected credit losses.

Section 4. Our capital and risk management

This section provides information on our approach to capital management and our capital structure. Our total capital is defined as equity and net debt.

4.1 Capital management

Capital management is undertaken in accordance with the financial parameters regularly reviewed and approved by the Board.

We manage our capital structure with the aim to provide returns for shareholders and benefits for other stakeholders, while:

- safeguarding our ability to continue as a going concern
- maintaining an optimal capital structure and cost of capital that provides flexibility for strategic investments.

In order to maintain or adjust our capital structure, we may issue or repay debt, adjust the amount of dividend paid to shareholders or return capital to shareholders.

4.2 Dividend

This note includes the previous year final dividend paid and the current year interim dividend to be paid. Our dividend comprises both ordinary and special dividends.

As the current year interim dividend resolution was passed on 17 February 2022, no provision had been raised as at 31 December 2021.

We currently pay dividends to equity holders of Telstra Entity twice a year, an interim and a final dividend. The table below provides details about the previous year final dividend paid during the half-year.

Table A	Half-year ended 31 Dec			
Telstra Entity	2021	2020	2021	2020
	$m	$m	cents	cents
Dividends paid				
Previous year final dividend paid	951	951	8	8

On 17 February 2022, the Directors of Telstra Corporation Limited resolved to pay an interim dividend for the financial year 2022 of 8 cents per ordinary share, comprising an interim ordinary dividend of 6 cents and an interim special dividend of 2 cents. The interim dividend will be fully-franked at a tax rate of 30 per cent. The record date for the interim dividend will be 3 March 2022, with payment to be made on 1 April 2022. From 2 March 2022, shares will trade excluding entitlement to the dividend.

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2022. The election date for participation in the DRP is 4 March 2022.

As at 31 December 2021, the interim dividend for the financial year 2022 was not determined or publicly recommended by the Board. Therefore no provision for the dividend has been raised in the statement of financial position. A $940 million provision for the interim dividend payable has been raised as at the date of the resolution.

There are no income tax consequences for the Telstra Group resulting from the resolution and payment of the interim dividend, except for $403 million of franking debits arising from the payment of this interim dividend that will be adjusted in our franking account balance.

Our franking account balance as at 31 December 2021 was a $41 million surplus. We believe that our current balance in the franking account, combined with the franking credits that will arise on our expected tax instalments, will be sufficient to fully frank our interim dividend for the financial year 2022.

4.3 Equity

This note provides information about our share capital and reserves presented in the statement of changes in equity.

We have established the Telstra Growthshare Trust to administer the Company's employee share schemes. The trust is consolidated as it is controlled by us. Shares held within the trust are used to satisfy future vesting of entitlements in these employee share schemes and reduce our contributed equity.

4.3.1 Share capital

The table below details components of our share capital balance.

Table A	As at	
Telstra Group	31 Dec 2021	30 Jun 2021
	$m	$m
Contributed equity	3,959	4,530
Shares held by employee share plans	(36)	(69)
Net services received under employee share plans	(54)	(25)
	3,869	**4,436**

(a) Contributed equity

During the half-year ended 31 December 2021, we conducted an on-market share buy-back of 142,176,377 ordinary shares for the total consideration of $571 million. The buy-back was conducted in the ordinary course of trading at an average price per share of $4.02. The shares bought back were subsequently cancelled. In addition, Telstra Growthshare Pty Ltd (the trustee of the Telstra Growthshare Trust that administers our employee share schemes) purchased on-market 1,224,568 shares for the purpose of the employee incentive schemes for a total consideration of $5 million.

As at 31 December 2021, we had 11,751,121,478 (June 2021: 11,893,297,855) authorised fully paid ordinary shares on issue.

Section 4. Our capital and risk management (continued)

4.3 Equity (continued)

4.3.1 Share capital (continued)

(b) Share buy-back impact on earnings per share (EPS)

EPS is the amount of post-tax profit attributable to each share. It excludes profit attributable to non-controlling interest and takes into account the average number of shares weighted by the number of days on issue.

The EPS would not have been significantly different had we completed the on-market share buy-back at the beginning of this reporting period.

4.4 Net debt

As part of our capital management we monitor net debt. Net debt equals total interest-bearing financial liabilities and derivative financial instruments, less cash and cash equivalents.

This note provides information about components of our net debt and related finance costs.

Table A lists the carrying value of our net debt components (both current and non-current balances).

Table A Telstra Group	As at 31 Dec 2021 $m	As at 30 Jun 2021 $m
Lease liabilities	(3,495)	(3,305)
Borrowings	(12,132)	(14,136)
Net derivative financial instruments	772	1,053
Gross debt	**(14,855)**	**(16,388)**
Cash and cash equivalents	1,651	1,125
Net debt	**(13,204)**	**(15,263)**

No components of net debt are subject to any externally imposed capital requirements. We did not have any defaults or breaches under any of our agreements with our lenders during the half-year ended 31 December 2021.

Table B summarises the key movements in net debt during the period and provides our gearing ratio. Our gearing ratio equals net debt divided by total capital, where total capital equals equity, as shown in the statement of financial position, plus net debt.

Table B Telstra Group	Half-year ended 31 Dec 2021 $m	Half-year ended 31 Dec 2020 $m
Opening net debt at 1 July	**(15,263)**	**(16,844)**
Debt issuance	-	(414)
Drawings (bilateral bank loans)	(302)	(702)
Commercial paper (net)	258	183
Revolving bank facilities (net)	-	260
Other loans	(7)	(13)
Debt repayments	1,626	804
Lease liability payments	295	403
Net cash outflow	**1,870**	**521**
Fair value gain/(loss) impacting:		
Equity	144	(108)
Other expenses	(2)	26
Finance costs	-	1
Other non-cash movements		
Lease liability (Telstra as a lessee)	(485)	(460)
Other loans	9	(42)
Total non-cash movements	**(334)**	**(583)**
Total decrease/(increase) in gross debt excluding bank overdraft	**1,536**	**(62)**
Net increase in cash and cash equivalents net of bank overdraft (includes effects of foreign exchange differences)	523	796
Total decrease in net debt	**2,059**	**734**
Closing net debt at 31 December	**(13,204)**	**(16,110)**
Total equity	(17,459)	(15,185)
Total capital	**(30,663)**	**(31,295)**
	%	%
Gearing ratio	43.1%	51.5%

Section 4. Our capital and risk management (continued)

4.4 Net debt (continued)

4.4.1 Bank facilities

Table C presents our total and undrawn committed bank facilities at balance dates. As at 31 December 2021, we had total available facilities of $2,904 million, the majority of which were held by the Telstra Entity.

Post balance date, on 10 February 2022 we entered into new syndicated loan facilities totalling $1,500 million and on 14 February 2022 we extended an existing $300 million bank loan facility. With this refinancing, our committed facilities mature on a staggered basis over the next three years.

Table C Telstra Group	As at	
	31 Dec 2021	30 Jun 2021
	$m	$m
Facilities available	2,904	2,800
Facilities used	(4)	(300)
Facilities unused	**2,900**	**2,500**

4.4.2 Borrowings

Table D details the carrying and fair values of borrowings included in the statement of financial position.

Table D Telstra Group	As at 31 Dec 2021		As at 30 Jun 2021	
	Carrying value	Fair value	Carrying value	Fair value
	$m	$m	$m	$m
Current borrowings				
Unsecured notes	3,442	3,454	2,704	2,727
Bank and other loans - unsecured	51	51	65	65
Commercial paper - unsecured	635	638	862	864
Other financial liabilities	1	20	-	-
	4,129	**4,163**	**3,631**	**3,656**
Non-current borrowings				
Unsecured notes	7,271	7,805	9,425	10,151
Bank and other loans - unsecured	316	318	667	686
Other financial liabilities	416	450	413	416
	8,003	**8,573**	**10,505**	**11,253**
Total borrowings	**12,132**	**12,736**	**14,136**	**14,909**

Unsecured notes comprise bonds and private placements.

Other financial liabilities represent amounts arising from sale and leaseback transactions accounted as financial liabilities under the accounting standards.

Our commercial paper is used principally to support working capital and short-term liquidity and continues to be supported by a combination of liquid financial assets, and access to committed bank facilities.

Section 4. Our capital and risk management (continued)

4.4 Net debt (continued)

4.4.3 Finance costs

Table E presents our net finance costs. Interest expense on borrowings are net amounts after offsetting interest income and interest expense on associated derivative instruments.

Table E Telstra Group	Half-year ended 31 Dec	
	2021	2020
	$m	$m
Interest income	8	6
Finance income from finance leases (Telstra as a lessor)	4	6
Finance income from contracts with customers	48	16
Net interest income on defined benefit plan	1	1
Total finance income	**61**	**29**
Interest expense on borrowings	(238)	(268)
Interest expense on lease liabilities	(41)	(43)
Gross interest on debt	**(279)**	**(311)**
Finance costs from contracts with customers	(54)	(61)
Net gains on financial instruments included in remeasurements	10	12
	(44)	**(49)**
Interest capitalised	24	24
Total finance costs	**(299)**	**(336)**
Net finance costs	**(238)**	**(307)**

Net gains on derivative financial instruments included in remeasurements within net finance costs comprise unrealised valuation impacts on our borrowings and derivatives. These include net unrealised gains or losses which arise from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective. These fair values increase or decrease because of changes in financial indices and prices over which we have no control.

4.4.4 Fair value measurement

The financial instruments included in the statement of financial position are measured either at fair value or their carrying value approximates fair value, with the exception of borrowings, which are held at amortised cost.

To determine fair value, we use both observable and unobservable inputs. We classify the inputs used in the valuation of our financial instruments according to a three level hierarchy as shown below. The classification is based on the lowest level input that is significant to the fair value measurement as a whole.

During the half-year ended 31 December 2021, there were no changes in valuation techniques for recurring fair value measurements of our financial instruments. There were also no transfers between fair value hierarchy levels.

4.4 Net debt (continued)

4.4.4 Fair value measurement (continued)

The table below summaries the methods used to estimate the fair value of our financial instruments.

Level	Financial instrument	Fair value
Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities	Listed investments in equity instruments	Quoted prices in active markets.
Level 2: the lowest level input that is significant to the fair value measurement is directly (as prices) or indirectly (derived from prices) observable	Borrowings, cross currency and interest rate swaps	Valuation techniques maximising the use of observable market data. Present value of the estimated future cash flows using appropriate market-based yield curves, which are independently derived. Yield curves are sourced from readily available market data quoted for all major currencies.
	Forward foreign exchange contracts	Quoted forward exchange rates at reporting date for contracts with similar maturity profiles.
Level 3: one or more key inputs for the instrument are not based on observable market data (unobservable inputs)	Trade receivables from contracts with customers	Trade receivables from contracts with customers measured at fair value are such where, due to the variability of the contractual cash flows, the instrument does not meet the classification requirements of financial assets at amortised cost. A valuation technique is used, where the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Expected cash flows are estimated based on the terms of the customer contract taking into account possible variations in the amount and timing of cash flows. The discount rate is determined using a risk-free rate plus a risk adjustment reflecting the credit risk associated with the cash flows.
	Unlisted investments in equity instruments	Valuation techniques (where one or more of the significant inputs is not based on observable market data) include reference to discounted cash flows and fair values of recent orderly sell transactions between market participants involving instruments that are substantially the same.
	Contingent consideration	Initial recognition: expectations of future performance of the business. Subsequent measurement: present value of the future expected cash flows.

Section 4. Our capital and risk management (continued)

4.4 Net debt (continued)

4.4.4 Fair value measurement (continued)

Table F categorises our financial instruments which are measured at fair value, according to the valuation methodology applied.

Table F Telstra Group	As at 31 Dec 2021				As at 30 Jun 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Trade receivables from contracts with customers	-	-	162	**162**	-	-	397	**397**
Derivative financial instruments	-	1,007	-	**1,007**	-	1,410	-	**1,410**
Investments in unlisted securities	-	-	15	**15**	-	-	15	**15**
	-	**1,007**	**177**	**1,184**	**-**	**1,410**	**412**	**1,822**
Liabilities								
Derivative financial instruments	-	(235)	-	**(235)**	-	(357)	-	**(357)**
	-	**(235)**	**-**	**(235)**	**-**	**(357)**	**-**	**(357)**
Total	**-**	**772**	**177**	**949**	**-**	**1,053**	**412**	**1,465**

Fair value of borrowings presented in Table D was measured using level 2 inputs.

4.4.5 Financial risk factors

Our underlying business activities result in exposure to operational risks and a number of financial risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management program seeks to mitigate these risks in order to reduce volatility in our financial performance and to support the delivery of our financial targets. Financial risk management is carried out centrally by our treasury department under policies approved by the Board. Our financial risk management strategies ensure that we can withstand market disruptions for extended periods.

The half-year financial report does not include all financial risk management information and disclosures required for the annual financial statements. For further details on our financial risk management refer to note 4.5 to the financial statements in our 2021 Annual Report. There have been no material changes to our risk management policies since 30 June 2021.

Section 5. Our investments

This section outlines our group structure and includes information about our controlled entities, joint ventures and associated entities. It provides details of changes to these investments and their effect on our financial position and performance during the reporting period. It also includes the results of our material joint ventures and associated entities.

5.1 Investments in controlled entities

5.1.1 Acquisitions of controlled entities

Significant acquisitions we have made during the half-year ended 31 December 2021 are detailed in the table below.

Entity acquired	Details of the acquired entities
MedicalDirector	On 16 August 2021, we acquired 100 per cent of Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector) for a total consideration of $363 million. MedicalDirector is a provider of clinical software and digital health to health care practitioners in Australia. The acquisition gave rise to $205 million goodwill reflecting revenue growth opportunities, cost synergies, workforce talents and profitability of the acquired businesses. The goodwill is not deductible for income tax purposes.
Power Health	On 9 November 2021, following regulatory approval, we completed the acquisition of 70 per cent of the shares in Power Solutions Holdings Pty Ltd and its subsidiaries (Power Health). The consideration payable consists of $98 million upfront cash payment, up to $10 million deferred payment contingent on certain customer contracts, and up to $10 million incentive payment that is contingent on Power Health achieving predetermined financial targets during the first two years, and the buyout of the remaining 30 per cent shares in Power Health between the end of years two and five from completion or otherwise obligatory acquisition by year five. Power Health provides a world-class health software asset that is used in almost every public hospital and Healthscope private hospitals in Australia as well as in a growing number of hospitals internationally. The acquisition provides significant contribution to the progress of key areas of focus in Telstra Health's accelerated growth strategy. The acquisition of Power Health is accounted as a 100 per cent wholly owned group. A financial liability is recognised for our commitment to purchase the 30 per cent interest of the group and will be remeasured according to its fair market value at each reporting date. As at 31 December 2021, the fair value of the financial liability was $46 million. This amount has been included within contingent consideration presented in Table A. The provisional acquisition accounting is expected to be finalised in the second half of the financial year 2022. The acquisition gave rise to $132 million goodwill comprised of revenue growth opportunities and cost synergies. The goodwill is not deductible for income tax purposes.
Fone Zone	On 12 November 2021, we acquired 100 per cent shareholding in Fone Zone Pty Ltd and its controlled entities (Fone Zone) for a cash consideration of $106 million, subject to final adjustments. Fone Zone was Vita Group's Retail Information and Communication Technology business and included all of Vita's Telstra branded retail stores and the Sprout business. The acquisition was prompted by our strategy to transition all Telstra branded retail stores to corporate ownership. The acquisition gave rise to $88 million goodwill representing Fone Zone's workforce with retail experience, cost and revenue synergies, growth opportunities leveraging the existing capabilities of the Sprout business, obtaining favourable site locations to grow our retail network, and savings on dealer commissions. Goodwill is not deductible for income tax purposes. However, as the termination of the dealership agreement that occurred as part of the transaction is treated as a termination of a licence for income tax purposes, this residual balance will be claimed as a tax deduction over a period of five years. The provisional acquisition accounting is expected to be finalised in the second half of the financial year 2022.
Licensee retail stores	During the half-year ended 31 December 2021, we completed multiple individually immaterial acquisitions of retail stores from various licensees. The acquisitions were prompted by our strategy to transition all Telstra branded retail stores to corporate ownership.

Section 5. Our investments (continued)

5.1 Investments in controlled entities (continued)

5.1.1 Acquisitions of controlled entities (continued)

Determining non-controlling interests in Power Health	On 9 November 2021, we acquired 70 per cent of shares in Power Health, however, we applied judgement to determine that we have control of 100 per cent of Power Health on the acquisition date. This is because we have a contractual obligation to purchase the remaining 30 per cent interest from the founding shareholder by 2026. Therefore, the non-controlling interest is deemed to have been acquired at the acquisition date. We account for our obligation to purchase the remaining interest as a financial liability, initially measured at the present value of the purchase price for the remaining 30 per cent interest. Any subsequent changes in the present value of the financial liability are recognised in the income statement and no earnings are attributed to the non-controlling interests.

Section 5. Our investments (continued)

5.1 Investments in controlled entities (continued)

5.1.1 Acquisitions of controlled entities (continued)

Table A Telstra Group	MedicalDirector	Power Health	Fone Zone	Licensee retail stores
Acquisition Date	16 August 2021	9 November 2021	12 November 2021	Various dates
Legal ownership percentage	100%	70%	100%	100%
Status of acquisition accounting	Provisional	Provisional	Provisional	Provisional
	$m	$m	$m	$m
Consideration for acquisition				
Cash consideration	363	98	106	104
Effective settlement of the pre-existing net receivable in Telstra Group	-	-	26	20
Contingent consideration	-	56	-	-
Total purchase consideration	**363**	**154**	**132**	**124**
Cash balances acquired	(23)	(10)	(27)	-
Effective settlement of the pre-existing net receivable in Telstra Group	-	-	(26)	(20)
Contingent consideration	-	(56)	-	-
Outflow of cash on acquisition	**340**	**88**	**79**	**104**
Acquisition costs incurred included in other expenses in the income statement	6	1	3	1
	Fair value	Fair value	Fair value	Fair value
Assets/(liabilities) at acquisition date				
Cash and cash equivalents	23	10	27	-
Trade and other receivables	3	21	13	-
Property, plant and equipment	-	-	15	8
Right-of-use assets	8	-	22	27
Intangible assets	157	-	-	8
Deferred tax assets	24	-	17	-
Other assets	14	-	8	-
Trade and other payables	(17)	(2)	(12)	-
Lease liabilities	(10)	-	(27)	(27)
Deferred tax liabilities	(29)	-	(8)	-
Contract liabilities and other revenue received in advance	(10)	(6)	-	-
Other liabilities	(5)	(1)	(11)	(3)
Net assets	**158**	**22**	**44**	**13**
Goodwill on acquisition	205	132	88	111
Total purchase consideration	**363**	**154**	**132**	**124**
Contributions to the Group's performance from acquisition date to 31 December 2021				
Income	22	5	4	2
Profit/(loss) before income tax expense	2	2	(12)	(15)

If all the acquisitions made during the half-year had occurred on 1 July 2021, our adjusted consolidated income and consolidated profit before income tax expense for the half-year ended 31 December 2021 would have been $10,916 million and $995 million, respectively.

Section 5. Our investments (continued)

5.1 Investments in controlled entities (continued)

5.1.2 Sale of units in a controlled trust

On 30 June 2021, we announced that a consortium comprising the Future Fund, Commonwealth Superannuation Corporation and Sunsuper agreed to acquire a 49 per cent interest and become a strategic partner in Telstra's towers business.

On 31 August 2021, the towers business became operational following a transfer of business assets and liabilities to Towers Business Operating Trust (Trust). The Trust also incurred $90 million estimated stamp duty costs related to the establishment of the business. The trustee of the Trust is our subsidiary Amplitel Pty Ltd (Amplitel), previously known as Telstra Towerco No.1 Pty Ltd.

The sale of 49 per cent interests in the Trust and Amplitel to the consortium was completed on 1 September 2021 and resulted in $2,883 million net cash proceeds. We retain control of the Trust and Amplitel and thus we continue to consolidate these entities. At the Telstra Group level, transactions with non-controlling interests that do not result in a loss of control are treated as transactions with equity owners of the towers business. As a result, we recognised $763 million non-controlling interests reflecting the consortium's relative interest in the Trust and Amplitel as at the date of the transaction. The $2,120 million difference between the amount recognised as non-controlling interests and the consideration received was recognised in general reserve within equity attributable to the Telstra Group.

Refer to note 5.2 for the summarised financial information of the Trust and Amplitel amalgamated as at 31 December 2021.

5.2 Non-controlling interests

Summarised financial information of the entities which have material non-controlling interests, i.e. the Trust and Amplitel (Amplitel business), amalgamated for the half-year ended and as at 31 December 2021 is set out in Table A. It represents the amounts before inter-company eliminations of transactions with other entities within the Telstra Group, with the exception of the transactions within the Amplitel business which have been eliminated.

Table A Amplitel business	As at/half-year ended
	31 Dec 2021
	$m
Statement of financial position	
Current assets	333
Non-current assets	2,226
Total assets	**2,559**
Current liabilities	211
Non-current liabilities	810
Total liabilities	**1,021**
Net assets	**1,538**
Accumulated non-controlling interests	**753**
Statement of comprehensive income	
Revenue	53
Loss/Total comprehensive income for the period	**(41)**
Profit allocated to non-controlling interests	**24**
Distributions payable to non-controlling interests	**34**
Statement of cash flows	
Net cash inflow from operating activities	22
Net cash inflow from investing activities	56
Net cash inflow from financing activities	68
Net cash inflow	**146**

5.3 Agreement to acquire the Digicel business

On 25 October 2021, we entered into an agreement to acquire the Digicel business (Digicel Pacific Group) in the South Pacific region for US$1.6 billion, plus up to an additional US$250 million subject to business performance over the next three years. Telstra will contribute US$270 million of equity to the US$1.6 billion purchase price and the Australian Government, through Export Finance Australia, will provide the remaining US$1.33 billion through a combination of non-recourse debt facilities and equity like securities. The acquisition is expected to complete in the second half of the financial year 2022 and is thus not reflected in our financial position or results of the half-year ended 31 December 2021. At completion we will own 100 per cent of the ordinary equity of Digicel Pacific Group and account for this acquisition as a 100 per cent wholly owned entity. The equity like securities issued to the Australian Government will be recognised as non-controlling interest at the Group level.

Section 6. Other information

This section provides other information and disclosures not included in the other sections, for example our commitments and contingencies, and significant events occurring after reporting date.

6.1 Commitments and contingencies

6.1.1 Capital expenditure commitments

During the half-year ended 31 December 2021, our capital commitments increased by $448 million due to our $616 million commitment to secure spectrum in the Australian Communications and Media Authority's 850/900 MHz auction. Payment for the 20-year spectrum licenses is not expected until shortly before they commence in mid-2024.

6.1.2 Contingent liabilities and contingent assets

(a) Investigations by regulators

Telstra is subject to a range of laws and regulations in Australia and overseas, including in the areas of telecommunications, corporate law, consumer and competition law and occupational health and safety. In Australia, the principal regulators who enforce these laws and regulations and who Telstra interacts with are the Australian Competition and Consumer Commission (ACCC), the Australian Communications and Media Authority (ACMA), the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX).

Telstra is subject to investigations and reviews from time to time by regulators, including certain current investigations into whether Telstra has complied with relevant laws and regulations. These are taking place in an environment of heightened scrutiny and regulator expectation and where Telstra has self-reported issues where it has not complied with relevant laws and regulations. In the ordinary course of our business, we identify, and may continue to identify, issues that have the potential to impact our customers and reputation, which do not meet relevant laws or regulations, or which do not meet our standards. Where we identify these issues, we make disclosures in accordance with the accounting standards, or our other legal disclosure obligations, or provide for such liabilities as required.

Regulatory investigations and reviews may result in enforcement action, litigation (including class action proceedings), and penalties (both civil and in limited circumstances, criminal). One such matter is litigation commenced by the ACCC in August 2021 alleging representations made by Telstra to customers about the maximum internet speeds they would receive for certain nbn services, and the steps Telstra would take to check speeds and offer remedies where maximum speeds were not available, were misleading or false in breach of the Competition and Consumer Act 2010 (Act). The proceedings follow Telstra providing an Enforceable Undertaking under s87B of the Act to the ACCC in November 2017 in respect of similar conduct, and self-reporting breaches of that Undertaking to the ACCC. We are in the process of remediating all customers affected by these representations, with the financial impacts of the estimated refunds reflected in our results for the financial year 2021 with no material adjustments made in the half-year ended 31 December 2021. We have self-reported similar issues to the ACMA, which resulted in a remedial direction in June 2021 which requires Telstra to appoint an independent third party auditor to review its systems, processes and practices for notifying customers about their maximum internet speeds on the nbn, and offering remedies where appropriate.

Given that the outcome of the ACCC proceedings is uncertain, including the extent of any penalties or other remedies awarded as part of those proceedings, as at 31 December 2021 no provision has been made to cover liabilities that may arise from these proceedings.

(b) Other

Since 30 June 2021, there has been a $60 million increase in indemnities, performance guarantees and financial support mainly reflecting an indemnity to a financial institution to support a bank guarantee. There were no significant changes to contingent liabilities arising from common law claims.

We have no significant contingent assets as at 31 December 2021.

6.2 Events after reporting date

We are not aware of any matter or circumstance that has occurred since 31 December 2021 that, in our opinion, has significantly affected or may significantly affect in future periods:

- our operations
- the results of those operations, or
- the state of our affairs

other than the following:

6.2.1 Interim dividend

The details of our interim dividend for the half-year ended 31 December 2021 are disclosed in note 4.2.

6.2.2 New loan facilities

The details of new loan facilities entered in February 2022 are disclosed in note 4.4.1.

Directors' Declaration

This Directors' Declaration is required by the *Corporations Act 2001*. The Directors of Telstra Corporation Limited have made a resolution that declared:

(a) in the Directors' opinion, there are reasonable grounds to believe that Telstra Corporation Limited will be able to pay its debts as and when they become due and payable

(b) in the Directors' opinion, the financial statements and notes of the Telstra Group for the half-year ended 31 December 2021, as set out on pages 1 to 34 are in accordance with the *Corporations Act 2001*, including that:

  (i) the financial report complies with Accounting Standard AASB 134: 'Interim Financial Reporting' and the Corporations Regulations 2001

  (ii) the financial statements and notes give a true and fair view of the Telstra Group's financial position and performance for the half-year ended 31 December 2021.

For and on behalf of the board

John P Mullen
Chairman

Andrew R Penn
Chief Executive Officer and
Managing Director

17 February 2022
Melbourne, Australia

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Independent auditor's review report to the members of Telstra Corporation Limited

Conclusion

We have reviewed the accompanying half-year financial report of Telstra Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Sarah Lowe

Sarah Lowe
Partner
Melbourne
17 February 2022