Hutchison Telecoms

Hutchison Telecommunications (Australia) Limited
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ASX Market Announcements

Australian Securities Exchange

Date: 22 July 2014

Subject: Half Year Results

Please find attached the Company's results for the half year to 30 June 2014 in the form of Appendix 4D.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited

ASX HALF YEAR INFORMATION

30 June 2014

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Half Year Information

30 June 2014

Contents

Lodged with the ASX under Listing Rule 4.3A.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Hutchison Telecommunications (Australia) Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Hutchison Telecommunications (Australia) Limited
Half year ended 30 June 2014

Results for announcement to the Market

Hutchison Telecommunications (Australia) Limited ("HTAL") reports a $79.5 million loss for the half-year ended 30 June 2014, compared with a loss of $95.8 million in the corresponding period last year. HTAL's share of Vodafone Hutchison Australia Pty Limited's ("VHA") net loss included in HTAL's results for the period was $79.3 million for the half-year ended 30 June 2014 compared with a net loss of $109.1 million in the corresponding period last year.

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. HTAL's revenue from ordinary activities for the half-year ended 30 June 2014 decreased from $15.2 million in the corresponding period last year to $0.4 million as a result of decreased shareholder loans provided to VHA.

			$ '000
Revenue from ordinary activities *(Appendix 4D 2.1)*	↓	97%	442
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	↓	17%	(79,479)
Net loss for the period attributable to members *(Appendix 4D item 2.3)*	↓	17%	(79,479)

Dividends / distributions *(Appendix 4D item 2.4)*	Amount per security	Franked amount per security
Final dividend (prior year)	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend *(Appendix 4D item 2.5)*	**n/a**	**n/a**

Directors' Report

Your Directors present their report on the Consolidated Entity (the "Consolidated Entity") consisting of Hutchison Telecommunications (Australia) Limited (the "Company" or "HTAL") and the entities it controlled at the end of, or during, the half year ended 30 June 2014.

Directors

The following persons were Directors of HTAL during the whole of the half year and up to the date of this report:

FOK Kin Ning, Canning
Barry ROBERTS-THOMSON
CHOW WOO Mo Fong, Susan
Justin Herbert GARDENER
LAI Kai Ming, Dominic
John Michael SCANLON
Frank John SIXT
Ronald Joseph SPITHILL

Review of HTAL's results

HTAL accounts for its investment in Vodafone Hutchison Australia Pty Limited ("VHA") using the equity method of accounting. Under this method, revenue from VHA's ordinary activities is not included in HTAL's consolidated revenues from ordinary activities.

HTAL reports a $79.5 million loss for the half-year ended 30 June 2014, compared with a loss of $95.8 million in the corresponding period last year, a 17% improvement. The VHA results (including revenue and operating costs) are included in the "share of net losses of a joint venture accounted for using the equity method" in HTAL's condensed consolidated statement of profit or loss and other comprehensive income.

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. HTAL's revenue from ordinary activities for the half-year ended 30 June 2014 decreased 97% to $0.4 million as a result of decreased shareholder loans provided to VHA.

No dividend was declared or paid by HTAL during the half-year (2013: nil).

VHA performance

This section outlines the operating performance of VHA attributable to HTAL. References to VHA's financial results reflect the 50% share of VHA attributable to HTAL. References to customer metrics reflect the total customer base of VHA.

The current challenge for the mobile telecommunications industry, which also presents a major growth opportunity for the industry, is the continued, robust growth in demand for connectivity and speed. In response to this challenge, VHA has formulated a clear strategy of becoming Australia's leading data company in metropolitan areas. VHA has been focused on the successful execution of a turnaround strategy for more than two years. It is seeing the benefits of the introduction in 2013 of its 4G (LTE) network with some of the fastest speeds in Australia, the upgrade of its 3G network, the expansion of onshore call centres against industry trends and the introduction of innovative international roaming pricing.

In 2014, VHA continued the momentum of its turnaround plan which consists of three key pillars:

- provide a fast reliable network where customers live, work and play;
- offer worry-free products/services; and
- provide a consistently good experience across each customer touch-point, including retail, online and call centres.

VHA's 4G network was officially launched in all five mainland capital cities in June 2013 and has continued to expand. In the first half of 2014, VHA has continued to invest in its network, accelerating its 4G network rollout, adding more than 100 new 4G sites per month on average. This is expected to ramp up to 300 a month later in the year. The VHA network (including 3G and 4G) reached 96% of the Australian population by the end of June and continues to expand.

Though mobile network speeds depend on location and use, it was confirmed by a number of independent tests that VHA's 4G network had a speed advantage in several capital cities. VHA has successfully positioned itself for rapid growth in data. VHA will continue to focus on market communications to increase awareness for VHA's capability to offer data speeds and continue to focus on the value of its customer plans which include generous data volume inclusions.

VHA has also continued to improve its customer experience across all touch points, with the ongoing upgrade and modernisation of IT systems in the contact centres and retail stores for improved acquisition and upgrade processes and the ongoing focus and continued investment in the digital platform to ensure that the online experience better meets customer needs.

The outcome of VHA's strategy has been seen in the month by month improvement in its Net Promoter Score ("NPS") results. NPS recovered to levels last seen in 2010, with network and trust perceptions continuing their significant upward trend. These were signs that VHA's turnaround efforts are having an impact and VHA continues to restore its brand image.

Although VHA's operating performance today has improved, industry growth was subdued in the saturated consumer mobile segment with mobile penetration at more than 130%. The relatively inert customer base was another hurdle to acquiring new customers. Against this background, VHA's financial performance for six months ended 30 June 2014 was mixed.

For the 6 months ended 30 June 2014, VHA's active customer base[1] declined by 3% or 137,000 to 5.2 million. The decline in customer numbers was predominately in the prepaid and wholesale (MVNO) customer base due to seasonal trends and stiff competition from a wide range of alternative providers. Encouragingly, the postpaid customer base stabilised with steady growth in high value customers, who use more data particularly as they shift to 4G and go to higher price plans.

HTAL's share of VHA's customer service revenue[2] decreased by 9% compared to the prior corresponding period, which reflects the customer base losses in previous years. The ongoing decline in traditional voice and text revenue was offset by a strong growth in data revenue.

There was a significant decrease in operating expenses as a result of ongoing strong cost discipline, which include the store rationalisation initiatives to reduce duplicated stores in the same locality and operating cost

[1] **Active customer base** reflects VHA's active customers in operation at the end of the reporting period – including wholesale customers (Mobile Virtual Network Operators or "MVNO").

[2] **Service revenue** excludes revenue related to the sale of handsets and mobile broadband devices.

optimisation initiatives supported by a process improvement program. These factors led to HTAL's share of VHA losses reducing by 27% to $79.3 million.

VHA has commenced consideration of options to address the refinancing of the US$3.5 billion facility maturing in June 2015, which will be undertaken in conjunction with its ultimate shareholders.

Outlook

With the support from its joint shareholders, VHA has built a strong foundation to capitalise on the exponential growth in demand for data.

In early July 2014, VHA launched new price plans to differentiate VHA further from its competitors, relying on 4G technology to provide more data with a lower cost structure. The new price plans are geared for heavy mobile data users who demand high performance, with good value, on their smartphone. This initiative is part of VHA's focus on growing high value customers, reducing its customer churn and driving new growth.

In the second half of 2014 and into 2015, VHA will continue to improve the commercial capabilities of the business, with further improvements to service, online retail capabilities and points of sale to match its commercial presence to its expanded network coverage.

HTAL is pleased with the progress of VHA's turnaround plan to date and expects to see the benefits from the strategic initiatives continue to flow into improving financial results from the second half onwards and into the 2015 financial year.

HTAL remains confident VHA is on track to achieving its turnaround goals and HTAL is committed to its investment in VHA and will continue to support its growth and profitability in the future.

VHA financial and operating metrics

Note - the items in the table below represent the 50% share of VHA's results attributable to HTAL, except for customer numbers

	Half–year ended		
	June 2014	June 2013	YoY change
Total revenue ($ m)	862.8	871.9	(1.0%)
Service revenue ($ m)	683.0	749.4	(8.9%)
Share of net loss of VHA ($m)[3]	(79.3)	(109.1)	(27.3%)
The items below represent totals for VHA			
Mobile customers ('000)	5,211	6,028	(13. 6%)
Customer movement ('000)	(137)	(551)	
Postpaid %[4] (excl MVNO)	64.6%	63.5%	1.1pp
Prepaid %[5] (excl MVNO)	35.4%	36.5%	(1.1pp)

[3] Reconciliation for the **Share of net loss of VHA** is set out on page 20.

[4] **Postpaid %** represents the number of postpaid customers out of the number of total customers (exclude MVNO). pp represents percentage points.

[5] **Prepaid %** represents the number of prepaid customers out of the total number of customers (exclude MVNO). pp represents percentage points.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of amounts

The Consolidated Entity is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

Auditor

PricewaterhouseCoopers was appointed as auditor on 24 June 2014 and continues in office in accordance with section 327C of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors, in accordance with section 306(3) of the *Corporations Act 2001*.

Director

22 July 2014

Director

22 July 2014

The Board of Directors
Hutchison Telecommunications (Australia) Limited
40 Mount St
North Sydney, NSW 2060

Dear Board Members,

Auditor's Independence Declaration

As lead auditor for the review of Hutchison Telecommunications (Australia) Limited for the half year ended 30 June 2014, I declare that 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; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hutchison Telecommunications (Australia) Limited and the entities it controlled during the period.

DS Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
22 July 2014

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Hutchison Telecommunications (Australia) Limited

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 30 June 2014

	June 2014 $'000	June 2013 $'000
Revenue	**442**	15,244
Operating expenses	**(658)**	(641)
Finance costs	**(5)**	(14)
Share of net losses of a joint venture accounted for using the equity method	**(79,258)**	(109,149)
Loss before income tax	**(79,479)**	(94,560)
Income tax expense	**-**	(1,235)
Loss for the period	**(79,479)**	(95,795)
Other comprehensive (loss) / profit		
Items that may be reclassified subsequently to profit or loss: Changes in the fair value of cash flow hedges (share of joint venture), net of tax	**(365)**	4,079
Other comprehensive (loss) / profit for the period, net of tax	**(365)**	4,079
Total comprehensive loss for the period attributable to members of Hutchison Telecommunications (Australia) Limited	**(79,844)**	(91,716)
	Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company		
Basic earnings per share	**(0.59)**	(0.71)
Diluted earnings per share	**(0.59)**	(0.71)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Hutchison Telecommunications (Australia) Limited
Condensed consolidated statement of financial position
As at 30 June 2014

	June 2014 $'000	Dec 2013 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**2,923**	2,972
Receivables	**2**	-
Total Current Assets	**2,925**	2,972
Non-Current Assets		
Other financial assets	**10,475**	10,074
Investment accounted for using the equity method	**684,756**	764,379
Deferred tax assets	**336**	336
Total Non-Current Assets	**695,567**	774,789
Total Assets	**698,492**	777,761
LIABILITIES		
Current Liabilities		
Payables	**19,349**	18,774
Other financial liabilities	**103,862**	103,862
Total Current Liabilities	**123,211**	122,636
Total Liabilities	**123,211**	122,636
Net Assets	**575,281**	655,125
EQUITY		
Contributed equity	**4,204,488**	4,204,488
Reserves	**67,829**	68,194
Accumulated losses	**(3,697,036)**	(3,617,557)
Total Equity	**575,281**	655,125

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Hutchison Telecommunications (Australia) Limited
Condensed consolidated statement of changes in equity
For the half year ended 30 June 2014

	Attributable to members of Hutchison Telecommunications (Australia) Limited					
		Reserves				
	Contributed equity	**Capital Redemption**	**Cash flow hedges**	**Share-based payments**	**Accumulated losses**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2013	**4,204,488**	**54,887**	**(3,301)**	**15,880**	**(3,387,599)**	**884,355**
Loss for the period	-	-	-	-	(95,795)	(95,795)
Share of joint venture's changes in the fair value of cash flow hedges, net of tax	-	-	4,079	-	-	4,079
Total comprehensive loss for the period	**-**	**-**	**4,079**	-	**(95,795)**	**(91,716)**
Balance at 30 June 2013	**4,204,488**	**54,887**	**778**	**15,880**	**(3,483,394)**	**792,639**
Balance at 1 January 2014	**4,204,488**	**54,887**	**(2,573)**	**15,880**	**(3,617,557)**	**655,125**
Loss for the period	-	-	-	-	(79,479)	(79,479)
Share of joint venture's changes in the fair value of cash flow hedges, net of tax	-	-	(365)	-	-	(365)
Total comprehensive loss for the period	**-**	**-**	**(365)**	-	**(79,479)**	**(79,844)**
Balance at 30 June 2014	**4,204,488**	**54,887**	**(2,938)**	**15,880**	**(3,697,036)**	**575,281**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Hutchison Telecommunications (Australia) Limited
Condensed consolidated statement of cash flows
For the half year ended 30 June 2014

	June 2014 $'000	June 2013 $'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	**(90)**	(38)
Interest received	**41**	2,161
Net cash (outflows) / inflows from operating activities	**(49)**	2,123
Cash Flows from Investing Activities		
Loans to joint ventures	**-**	(415,715)
Repayment of loan from joint ventures	**-**	884,441
Net cash inflows from investing activities	**-**	468,726
Cash Flows from Financing Activities		
Proceeds from borrowings – entity within the HWL Group	**-**	330,715
Repayment of borrowings – entity within the HWL Group	**-**	(809,441)
Net cash outflows from financing activities	**-**	(478,726)
Net decrease in cash and cash equivalents	**(49)**	(7,877)
Cash and cash equivalents at 1 January	**2,972**	10,891
Cash and cash equivalents at 30 June	**2,923**	3,014

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

Basis of preparation of half-year report

This general purpose financial report for the interim half year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard *AASB* 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Hutchison Telecommunications (Australia) Limited (the "Group", "Consolidated Entity" or "HTAL"), during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

For the purposes of preparing the financial statements, the Consolidated Entity is a for-profit entity.

Going concern disclosures

As at 30 June 2014, the Consolidated Entity has a deficiency of net current assets of $120 million (31 December 2013: $120 million). Included in the Consolidated Entity's current liabilities is an amount of $104 million (31 December 2013: $104 million) which relates to an interest free financing facility provided from a subsidiary of the ultimate parent entity, Hutchison Whampoa Limited ("HWL"), which is repayable on demand. HWL has confirmed its current intention to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing this financial report. Consequently, the Directors have prepared the financial report on a going concern basis.

Principles of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases.

(ii) Associates

An associate is an entity, other than a subsidiary or a joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and net assets of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under AASB 5, *Non-current assets held for sale and discontinued operations*. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(iii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method.

The results and net assets of joint ventures are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under AASB 5, *Non-current assets held for sale and discontinued operations*. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

HTAL has only a joint venture.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of assets

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the statement of profit and loss except where the asset is carried at fair value and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker. Operating segments that meet the quantitative criteria as prescribed by *AASB 8 Operating Segments* are reported separately.

Critical accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition will seldom equal to the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

(i) Impairment of investments in controlled entities and joint venture

In accordance with the Consolidated Entity's accounting policy, the investments in controlled entities and the joint venture are periodically tested for impairment. The recoverable amount of the Company's investment in controlled entities, and the recoverable amount of the Consolidated Entity's investment in its joint venture are determined on the fair value less cost of disposal methodology. The fair value underlying the calculations is based on the approved business plan for VHA. These calculations require the use of estimates and assumptions.

A discounted cash flow calculation is undertaken on the approved business plan. A terminal value is calculated on the cash flows. The cash flows are then discounted using a suitable discount rate consistent with recent external assessments of the Consolidated Entity's weighted average capital cost. The resulting net present value (NPV) is compared to the balance of the Consolidated Entity's equity accounted for investment in a joint venture. VHA's management has also run sensitivity analysis on discount rates, long term growth rates and customer churn rates in the model.

The Directors believe that the carrying values of the Consolidated Entity's investments in joint venture as at 30 June 2014 is appropriate and are not aware of any events or changes since 31 December 2013 which may potentially permanently impair the carrying values of the Consolidated Entity's investments in joint venture as at 30 June 2014.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits over the next two years together with future tax planning strategies.

(iii) Joint venture accounting adjustments

Depreciation of operating assets constitutes a substantial operating cost for the joint venture. The cost of fixed assets is charged as a depreciation expense over the estimated useful lives of the respective assets using the straight-line method and this is reflected in the "share of net losses of a joint venture accounted for using the equity method" in HTAL's condensed consolidated statement of profit or loss and other comprehensive income. The Directors are of the view that the estimated useful lives of network assets within the joint venture should be extended to reflect the experience of the Hutchison Whampoa group. Accordingly, adjustments to the useful lives of assets have been made when the Group's 50% interest in joint venture VHA is incorporated into the Group's consolidated financial statements. This is to reflect the use of the Group's fixed assets useful lives.

Rounding of amounts to nearest thousand dollars

The Consolidated Entity is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

New accounting standards and interpretations

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The Consolidated Entity has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the group. The group is still assessing the impact of these new standards and interpretations on the financial statements.

2 Operating segment

The Consolidated Entity has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

In 2014, the Consolidated Entity continued to invest in an operator within the telecommunications industry.

The chief operating decision maker of the Consolidated Entity receives information to manage its operations and investment based on one operating segment, an investor in an operator of telecommunication services. As such, the Consolidated Entity believes it is appropriate that there is one operating segment, investment in telecommunication services.

Key financial information used by the chief operating decision maker of the Consolidated Entity when evaluating the investment in telecommunication services operating segment includes:

HTAL's share of the following items of VHA*	**June 2014 $m**	**June 2013 $m**
Total Revenue	**863**	872
EBIT/(LBIT)[6]	**6**	(34)
Net Losses	**(79)**	(109)

*after joint venture accounting adjustments

3 Events occurring after the reporting date

No matter or circumstance has arisen after the reporting period that has significantly affected, or may significantly affect:

(i) the operations of the Consolidated Entity in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Consolidated Entity in future financial years.

[6] EBIT/(LBIT) are profit/(losses) before interest and tax = Net profit/(losses) + interest expenses – interest income. Further information is set out on page 20.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 17 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Hutchison Telecommunications (Australia) Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Director

22 July 2014

Director

22 July 2014

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4D information

NTA Backing *(Appendix 4D item 3)*

	June 2014	June 2013
Net tangible asset backing per ordinary share	**$0.04**	$0.06

Controlled entities acquired or disposed of *(Appendix 4D item 4)*
N/A

Additional dividend/distribution information *(Appendix 4D item 5)*
N/A

Dividend/distribution reinvestment plan *(Appendix 4D item 6)*
N/A

Associates and Joint Venture entities *(Appendix 4D item 7)*

Joint venture
HTAL owns a 50% interest in a joint venture with Vodafone Group Plc named Vodafone Hutchison Australia Pty Limited ("VHA"), which is involved in providing mobile telecommunication services in Australia. The interest in VHA, held by a controlled entity, Hutchison 3G Australia Holdings Limited ("H3GAH"), is accounted for in the consolidated financial reports using the equity method.

The aggregate share of losses from VHA for the half year ended 30 June 2014 is $79,258,000 (2013: $109,149,000).

Information relating to the joint venture is set out below:

	June 2014 $'000	June 2013 $'000
Reconciliation of interest in a joint venture		
Investment brought forward at 1 January	**764,379**	1,009,263
Loss for the year	**(79,258)**	(109,149)
Share of change in fair value of cash flow hedges, net of tax	**(365)**	4,079
Interest in a joint venture at 30 June	**684,756**	904,193

Summarised financial information of the joint venture, based on its Australian Accounting Standards financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements, are set out below:

	June 2014 $'000	Dec 2013 $'000
Current assets	**1,045,304**	1,294,466
Non-current assets	**6,248,714**	6,608,999
Current liabilities	**(4,852,827)**	(1,247,781)
Non-current liabilities	**(1,963,645)**	(5,947,886)
Net Assets	**477,546**	707,798
Proportion of the Consolidated Entity's ownership	**50%**	50%
Share of the joint venture's net assets	**238,773**	353,899
Goodwill	**165,321**	165,321
Joint venture accounting adjustments	**280,662**	245,159
Carrying amount of the investment	**684,756**	764,379

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's shareholders. At 30 June 2014, HTAL's share of VHA's net current asset deficiency is $1,903.8 million (2013: net current assets of $23.3 million). One of VHA's ultimate shareholders, Hutchison Whampoa Limited, and one of its direct shareholders, Vodafone Oceania Limited, have each confirmed their current intention to provide financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing this financial report.

Summarised statement of profit or loss and other comprehensive income of VHA

	June 2014 $'000	June 2013 $'000
Revenues	**1,725,601**	1,743,815
Expenses	**(1,955,124)**	(2,027,160)
Loss before income tax	**(229,523)**	(283,345)
Income tax expense	**-**	-
Loss for the period	**(229,523)**	(283,345)
Other comprehensive loss		
Changes in the fair value of cash flow hedges, net of tax	**(729)**	8,158
Total comprehensive loss	**(230,252)**	(275,187)
50% share of VHA's loss for the period	**(114,762)**	(141,673)
Joint venture accounting adjustments	**35,504**	32,524
Share of joint venture's loss	**(79,258)**	(109,149)

VHA's financial statements include the following specific items:

	June 2014 $'000	Dec 2013 $'000
Cash and cash equivalents	**176,893**	116,436
Current financial liabilities	**(3,824,420)**	(89,698)
Non-current financial liabilities	**(1,807,899)**	(5,767,501)

	June 2014 $'000	June 2013 $'000
Depreciation and amortisation^	**(504,448)**	(508,272)
Interest income	**2,781**	4,099
Interest expense	**(172,835)**	(153,590)

^ Depreciation and amortisation under the HTAL basis are $433 million for period ended 30 June 2014 (2013: $446 million). The differences are primarily related to differences in the estimated economic useful lives of property, plant and equipment.

Foreign Accounting standards *(Appendix 4D item 8)*

For foreign entities only, details of the accounting standards used in compiling the report e.g. International Accounting Standards

N/A

Hutchison Telecommunications (Australia) Limited
Compliance Statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the financial statements upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.

(Tick one)

☐	The +accounts have been audited.	✓	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 The auditor's review report is attached.

6 The entity has a formally constituted audit committee.

Sign here: .... Date: 22 July 2014
(Director)

Print name:

Sign here: .... Date: 22 July 2014
(Director)

Print name

pwc

Independent auditor's review report to the members of Hutchison Telecommunications (Australia) Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hutchison Telecommunications (Australia) Limited (the Company), which comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the Directors' declaration for Hutchison Telecommunications (Australia) Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility 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 (including the Australian Accounting Interpretations) 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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*. As the auditor of Hutchison Telecommunications (Australia) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Hutchison Telecommunications (Australia) Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the condensed consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

DS Wiadrowski
Partner

Sydney
22 July 2014