Hutchison Telecommunications (Australia) Limited
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ASX Market Announcements

Australian Securities Exchange

Date: 24 February 2013

Subject: Preliminary Final 2013 Annual Results

Please find attached the Company's results for the year to 31 December 2013 in the form of Appendix 4E.

The Annual General Meeting of the Company will be held at 10 am on 2 May 2014.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited

Appendix 4E

Preliminary final report

for the year ended 31 December 2013

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Appendix 4E

Preliminary final report

31 December 2013

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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 2012 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*.

Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL") reports a $230.0 million loss for the year ended 31 December 2013, compared with a loss of $393.5 million in the prior year. HTAL's share of Vodafone Hutchison Australia Pty Limited's ("VHA") net loss included in HTAL's results for the period was $245.6 million for the year ended 31 December 2013 compared with a net loss of $408.8 million in 2012.

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. VHA decreased its loan from HTAL, and, as a result, HTAL's revenue from ordinary activities in the year ended 31 December 2013 decreased from $19.0 million in 2012 to $15.9 million.

			$ '000
Revenue from ordinary activities	↓	16%	15,928
Loss from ordinary activities after tax attributable to members	↓	42%	(229,958)
Net loss for the year attributable to members	↓	42%	(229,958)

Dividends / distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend	**n/a**

Review of financial and operating results

Review of HTAL's results

HTAL accounts for its investment in 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 $230.0 million loss for the year ended 31 December 2013, compared with a $393.5 million loss in the prior year. The VHA results (including revenue and operating costs) are included in the "share of losses of a joint venture accounted for using the equity method" in HTAL's consolidated statement of profit or loss and other comprehensive income.

HTAL recorded revenue from operating activities of $15.9 million in 2013, a decrease of 16% on 2012 as a result of the decreased shareholder loans provided to VHA. In June 2013, with the support of both its ultimate shareholders, Hutchison Whampoa Limited and Vodafone Group Plc, VHA refinanced with a two-year US$3.5 billion loan that enabled VHA to repay $1.4 billion on maturity of a facility entered into in 2010 and substantially all shareholders' loans. VHA's business plan, including the network investment, is now fully funded by external financiers.

No dividend was declared or paid by HTAL during the year.

VHA Performance

In this review of VHA's performance attributable to HTAL, references to VHA's financial results reflect the 50% share of VHA attributable to HTAL and references to customer metrics reflect the total customer base of VHA.

In 2013, the fast-paced nature of the telecommunication industry continued, with the proliferation of multiple devices per user and the growth in demand for high-speed data services. Each of the three Australian mobile carriers has now switched on its 4G (LTE) network. Although VHA launched its 4G network after its competitors, its speeds were among the fastest in Australia at the time of the launch in June 2013 and have since been tested by independent parties concluding the competitive nature of its 4G network.

Operating in an intensely competitive environment but with strong support from HTAL and its joint shareholder, Vodafone Group Plc, VHA has gone through a significant year in its company history as it reaches the halfway mark of an ambitious three-year business turnaround. With significant improvement in network performance, innovative product and service initiatives and ongoing transformation of customer experience, VHA is seeing its brand image improve.

For the 12 months ended 31 December 2013, VHA's customer base[1] declined 1,231,000 to over 5.3 million (including customers with Mobile Virtual Network Operators or "MVNOs"). During this period there was a substantial decline in customer numbers during the first half, but the decline in active Vodafone brand customer numbers plateaued in the third quarter and showed a modest net gain in the fourth quarter. During the second half, VHA removed a substantial number of inactive accounts from its customer database across the Vodafone, **3** and Crazy John's brands. The closure of the **3** brand and announcement of the integration of the Crazy John's operations back into Vodafone also accounted for the decline in customer numbers.

[1] **Mobile customers** represent VHA's active services in operation at the end of the reporting period – including wholesale customers (MVNOs).

HTAL's share of VHA's customer service revenue[2] decreased compared to the prior year due to customer losses during the year and prior years. However, net customer decline has abated and the loss of high-value customers was reduced helping maintain ARPU levels.

There was a significant decrease in operating expenses as a result of cost optimisation initiatives in prior years which included the full year impact of nearly halving the number of non-customer-facing staff and reducing operational expenditures. In addition, the restructuring costs incurred in 2012 were not repeated in 2013. These lead to HTAL's share of VHA losses reducing by 40% in 2013 to $245.6 million.

The key focus of VHA's turnaround strategy, which was put in place in the middle of 2012, is to earn back trust in the market and the strategy consists of three key pillars:

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

In 2013, VHA's network improved significantly in its voice and data performance, resiliency and coverage. Firstly, it has significantly expanded regional coverage with 1,200 new sites, spanning thousands of square kilometres across Australia, which represents 40% more coverage. Secondly, it has launched the 4G network in five metropolitan capital cities with speeds comparable to or faster than other networks. VHA had more than 800,000 4G devices in the hands of its customers by the end of 2013. Thirdly, its average 3G data speed has doubled.

To deliver a compelling customer experience across all touch points, VHA made significant changes to its website and also implemented a range of process improvements from alerts and triggers, flexible pricing and plans, matching customer usage with products and first contact resolution. VHA simplified its product offerings to eliminate complexity in a way that builds trust, preference and stimulated usage. In August 2013, VHA launched new plans, offering new pricing to minimise bill shock, market leading roaming rates to many countries and dedicated local call centre support. VHA has reversed industry trends of offshoring jobs by committing to the growth of its call centre operations team in Australia. In 2013, Vodafone opened a second temporary call centre in the heart of Hobart, while a permanent facility is being built.

Although the financial results of VHA continue to reflect the negative impact of network and customer services issues carried forward from previous years, 2013 represented a significant milestone in the turnaround with customer satisfaction (net promoter score, "NPS"), average revenue per user ("ARPU") and customer loyalty (churn) stabilising or improving.

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

2014 Outlook

2013 has been a year of improvement and rebuilding for VHA and has allowed the company to begin the repositioning of its brand. In 2014:

- Network: VHA will continue to invest to further improve the coverage, speed and reliability of its network. The growth achieved in 2013 will be carried into 2014 with further expansion of coverage in 3G and 4G, improved reliability and greater indoor coverage. Internally, VHA will consolidate its data centres and further modernise its IT systems.
- Customer services: VHA will leverage its new Hobart call centre as a point of competitive differentiation through expansion and improved systems and processes. VHA will continue to deliver and enhance its multi-channel touch point experiences.
- Products/services: VHA will continue to introduce simple, value-rich pricing plans. The plan will be easy to understand, easy to sell and easy to manage.

VHA will continue to benefit from the structural efficiencies already implemented, without the significant step changes in operating costs of prior years. These benefits will flow in part from the prior year operating cost optimisation initiatives, and a process improvement program aimed at removing business inefficiencies and redesigning end-to-end processes.

Crucial to VHA's long term sustainability is an improvement in competition in Australia's telecommunication industry. A more level competitive playing field must be established. As part of the turnaround strategy, VHA will continue to highlight the opportunities presented through a ubiquitous National Broadband Network to expand mobile network coverage and competition in regional Australia; and more competitive pricing for backhaul (the pipes that run from the carriers' transmitters to the core network).

In addition to the challenges that face the third player in this industry, VHA's turnaround plan is not without risk. Transforming brand sentiment by lowering brand rejection and further improving the NPS is a core requirement to deliver the turnaround plan; and changes to consumer perception are lagging behind network improvements. Delivering network and IT improvements on time and on budget carries execution risk in delivery, and improving business processes. HTAL is confident that progress on the turnaround plan will continue under the direction of the new VHA Chief Executive Officer whose appointment was announced earlier in 2014.

HTAL expects the trend already evident in VHA's high value customer growth along with ARPU growth to continue, although the impact on revenue due to reduced customer numbers will not be reversed until 2015.

At the halfway point in its business turnaround, VHA is on track and HTAL is committed to its investments in VHA and will continue to support VHA to growth and profitability in the future.

VHA financial and operating metrics

Note - the items in the table below represent the 50% share of VHA attributable to HTAL, unless otherwise stated

	2013	2012	YoY change
Total revenue ($ m)	1,776.0	2,049.0	(13.3%)
Service revenue ($ m)	1,493.6	1,701.4	(12.2%)
Share of net loss of VHA ($ m)	(245.6)	(408.8)	40.0%
The items below represent totals for VHA			
Mobile customers (‘000)	5,348	6,579	(18.7%)
Customer growth (‘000)	(1,231)	(443)	
Postpaid %[3] (excl MVNO)	63.2%	62.9%	0.3pp
Prepaid %[4] (excl MVNO)	36.8%	37.1%	(0.3pp)

[3] **Postpaid %** base excludes MVNO customers and pp represents percentage points.

[4] **Prepaid %** base excludes MVNO customers and pp represents percentage points.

Consolidated statement of profit or loss and other comprehensive Income
For the year ended 31 December 2013

	2013 $'000	2012 $'000
Revenue	**15,928**	19,030
Other operating items	**3,740**	(1,178)
Finance costs	**(32)**	(105)
Share of losses of a joint venture accounted for using the equity method	**(245,612)**	(408,775)
Loss before income tax	**(225,976)**	(391,028)
Income tax expense	**(3,982)**	(2,479)
Loss for the year	**(229,958)**	(393,507)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of cash flow hedges (share of joint venture)	**4,108**	4,493
Income tax expense relating to components of other comprehensive income	**(3,380)**	-
Other comprehensive income for the year, net of tax	**728**	4,493
Total comprehensive loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited	**(229,230)**	(389,014)

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

Consolidated statement of financial position
As at 31 December 2013

	2013 $'000	2012 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**2,972**	10,891
Other	**-**	157
Total Current Assets	**2,972**	11,048
Non-current Assets		
Other financial assets	**10,074**	465,347
Investment accounted for using the equity method	**764,379**	1,009,263
Deferred tax assets	**336**	4,318
Total Non-current Assets	**774,789**	1,478,928
Total Assets	**777,761**	1,489,976
LIABILITIES		
Current Liabilities		
Payables	**18,774**	22,783
Other financial liabilities	**103,862**	582,838
Total Current Liabilities	**122,636**	605,621
Total Liabilities	**122,636**	605,621
Net Assets	**655,125**	884,355
EQUITY		
Contributed equity	**4,204,488**	4,204,488
Reserves	**68,194**	67,466
Accumulated losses	**(3,617,557)**	(3,387,599)
Total Equity	**655,125**	884,355

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

Consolidated statement of changes in equity
For the year ended 31 December 2013

Attributable to members of Hutchison Telecommunications (Australia) Limited

		Reserves				
	Contributed equity $'000	**Capital redemption $'000**	**Cash flow hedging $'000**	**Share-based payments $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 January 2012	**4,204,488**	**54,887**	**(7,794)**	**15,880**	**(2,994,092)**	**1,273,369**
Loss for the year	-	-	-	-	(393,507)	(393,507)
Share of joint venture's changes in the fair value of cash flow hedges	-	-	4,493	-	-	4,493
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	4,493	-	(393,507)	(389,014)
Balance at 31 December 2012 and 1 January 2013	**4,204,488**	**54,887**	**(3,301)**	**15,880**	**(3,387,599)**	**884,355**
Loss for the year	-	--	-	-	(229,958)	(229,958)
Share of joint venture's changes in the fair value of cash flow hedges	-	-	4,108	-	-	4,108
Income tax relating to components of other comprehensive income	-	-	(3,380)	-	-	(3,380)
Total comprehensive loss for the year	**-**	**-**	**728**	**-**	**(229,958)**	**(229,230)**
Balance at 31 December 2013	**4,204,488**	**54,887**	**(2,573)**	**15,880**	**(3,617,557)**	**655,125**

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

Consolidated statement of cash flows
For the year ended 31 December 2013

	2013 $'000	2012 $'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	**(122)**	(1,586)
Interest received	**2,203**	10,968
Other operating income (working capital facility fee income)	**250**	-
Finance costs paid	**-**	(69)
Net cash inflows from operating activities	**2,331**	9,313
Cash Flows from Investing Activities		
Loans to joint ventures	**(415,715)**	(225,000)
Repayment of loans from joint ventures	**884,441**	-
Net cash inflows / (outflows) from investing activities	**468,726**	(225,000)
Cash Flows from Financing Activities		
Proceeds from borrowings - entities within the HWL Group	**330,715**	215,000
Repayment of borrowings - entity within the HWL Group	**(809,691)**	-
Net cash (outflows) / inflows from financing activities	**(478,976)**	215,000
Net decrease in cash and cash equivalents	**(7,919)**	(687)
Cash and cash equivalents at 1 January	**10,891**	11,578
Cash and cash equivalents at 31 December	**2,972**	10,891

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

Notes to the consolidated financial statements
For the year ended 31 December 2013

Note 1 – Summary of significant accounting policies

Hutchison Telecommunications (Australia) Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Consolidated Entity consists of the Company and its subsidiaries (the "Group" or "Consolidated Entity" or "HTAL") made up to 31 December 2013.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These preliminary financial statements have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

For financial reporting purposes the Consolidated Entity is considered a 'for-profit' entity.

Statement of compliance

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ("IFRS").

As a consequence of the financial reporting relief provided by ASIC Class Orders 10/654 and 10/655 the consolidated financial statements are presented without parent entity financial statements.

Going concern disclosures

As at 31 December 2013, the Consolidated Entity has a deficiency of net current assets of $120 million (2012: $595 million). Included in the Consolidated Entity's current liabilities is an amount of $104 million (2012: $583 million) which relates to an interest free financing facility provided from the ultimate parent entity, Hutchison Whampoa Limited ("HWL"), which is repayable on demand. The Consolidated Entity has unused financing facilities of $1,496 million at 31 December 2013. 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 the financial statements. Consequently, the directors have prepared the financial statements on a going-concern basis.

Historical cost convention

These preliminary financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) which are stated at fair value, as explained in the significant accounting policies set out below.

Critical accounting estimates

The preparation of preliminary financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires the Group to exercise its judgment in the process of applying the Consolidated Entity's accounting policies.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Consolidated Entity and entities (including special purpose entities) controlled by the Consolidated Entity (its subsidiaries). Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity 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 to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. If a member of the Consolidated Entity uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Investments in controlled entities in the Company are accounted for at cost. Investments in joint ventures are accounted for as set out in note 1(f).

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Hutchison Telecommunications (Australia) Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges as set out in note 1(j)(ii).

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(e) Income tax

The current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Consolidated Entity's liability for current tax is calculated using Australian tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the associated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Hutchison Telecommunications (Australia) Limited and its wholly owned Australian subsidiaries have not implemented the tax consolidation legislation.

(f) Joint Arrangements

A joint arrangement is an arrangement over which two or more parties have joint control, being the contractually agreed sharing of control.

(i) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Consolidated Entity's interest in the joint venture is accounted for in the consolidated financial report using the equity method of accounting. Under this method the share of the profits or losses of the entity is recognised in the profit or loss of the Consolidated Entity, and the share of the movements in reserves is recognised in reserves in the statement of financial position.

To comply with the requirements of AASB 11 Joint Arrangements, the Consolidated Entity re-evaluated its involvement in its only joint arrangement and has classified the joint arrangement as a joint venture. The investment continues to be accounted for using the equity method; accordingly there has been no impact on the recognised assets, liabilities and comprehensive income of the Consolidated Entity.

The parent entity recognises its investment in the joint venture at cost less accumulated impairment losses.

(ii) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investments in joint operations are accounted for such that each joint operator recognises its assets, its liabilities, its revenue and its expenses. Each joint operation recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

(g) Impairment of assets

Goodwill is not subject to amortisation and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within bank borrowings in current liabilities on the statement of financial position.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

(j) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss and other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income within other income or other expenses.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss and other comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit or loss and other comprehensive income.

(k) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Fair value is an exit price regardless of whether that price is directly observable in active markets or estimated using another valuation technique.

The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date.

(l) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(m) Goodwill and intangible assets

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the statement of profit or loss and other comprehensive income as a bargain purchase gain.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates/joint ventures is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(n) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid or payable within 30 days of recognition.

(o) Interest bearing liabilities

Fixed rate loans are initially recognised at fair value, net of transaction costs incurred. Floating rate loans are initially recognised at cost, net of transaction costs incurred. Fixed and floating rate loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the liability using the effective interest method.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- certain exchange differences arising from foreign currency borrowings.

(q) Employee benefits

(i) Wages and salaries, and leave provisions

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

ii) Retirement benefits

Retirement benefits are delivered under the Retail Employees Superannuation Trust, although employees have an option to choose other funds. This fund is a defined contribution fund and is based on employer and employee contributions made to the fund.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(iii) Bonus plan

A liability for employee benefits in the form of a bonus plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based payments

Share-based compensation benefits were provided to employees via the HTAL Employee Option Plan.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity over the period during which the employees become entitled to the shares.

Share options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the HTAL Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at the grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to ordinary equity holders of the Consolidated Entity;
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(u) 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* are reported separately.

(v) 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

(w) New accounting standards and interpretations

The Consolidated Entity has adopted all of the new and revised effective / applicable standards, amendments and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to the Consolidated Entity's operations and mandatory for annual periods beginning on or after 1 January 2013.

The Consolidated Entity has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2013:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits (2011)
- AASB 128 Investments in Associates and Joint Ventures
- AASB 127 Separate Financial Statements
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement standards
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The adoption of these new and revised standards, amendments and interpretations affect presentation only and have no impact on the Consolidated Entity's financial position or performance.

Australian Accounting Standards that have recently been amended but are not yet effective and have not been early adopted by the Consolidated Entity are outlined in the table below:

Reference	Affected Standard(s)	Application date of standard*	Application date for Consolidated Entity
AASB 9	AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2017	1 January 2017
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	1 January 2014
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 January 2014
AASB 2013-3	Amendments to Australian Accounting Standards - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	1 January 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	1 January 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	1 January 2014

* Application date of the standard is for the reporting periods beginning on or after the date shown in the above table.

The adoption of the standards and amendments listed above in future periods is not expected to result in substantial changes to the Group's accounting policies.

Note 2 – Earnings per share

	2013 Cents	2012 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(1.69)**	(2.90)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(1.69)**	(2.90)

(c) Earnings used in calculating earnings per share	**2013 $'000**	2012 $'000
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	**(229,958)**	(393,507)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	**(229,958)**	(393,507)

(d) Weighted average number of shares used as the denominator	**2013 Number**	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**13,572,508,577**	13,572,508,577
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**13,572,508,577**	13,572,508,577

There were no (2012: 300,000) options outstanding at 31 December 2013 that are anti-dilutive and accordingly have no impact on the earnings per share calculation for the year ended 31 December 2013.

Note 3 – Operating segment

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

In 2013 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 VHA	**2013 $m**	**2012 $m**
Total Revenue	**1,776**	2,049
Net Losses	**246**	409

Supplementary Appendix 4E information

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2013 are as follows:

Dividends/distributions declared or paid	N/A
Dividend/distribution reinvestment plans	N/A

Accumulated Losses

	2013 $'000	2012 $'000
Accumulated losses at 1 January	**(3,387,599)**	(2,994,092)
Net loss attributable to the members of Hutchison Telecommunications (Australia) Limited	**(229,958)**	(393,507)
Accumulated losses at 31 December	**(3,617,557)**	(3,387,599)

NTA Backing

	2013	2012
Net tangible asset backing per ordinary share	**$0.05**	$0.07

Controlled entities acquired or disposed of

There was no acquisition of controlled entities during the year ended 31 December 2013.

Associates and Joint Venture entities

Joint Venture

HTAL owns a 50% interest in a joint venture with Vodafone Group Plc named Vodafone Hutchison Australia Pty Limited ("VHA"). The interest in VHA is held by a controlled entity, Hutchison 3G Australia Holdings Pty Limited ("H3GAH"). VHA's principal business is providing mobile telecommunication services in Australia.

The aggregate share of losses from VHA for the year ended 31 December 2013 is $245.6 million (2012: $408.8 million share of losses).

The Consolidated Entity's interest in VHA is accounted for using the equity method in the consolidated financial statements. 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:

	2013	2012
	$'000	$'000
Current assets	**1,294,466**	1,296,839
Non-current assets	**6,608,999**	6,101,931
Current liabilities	**(1,247,781)**	(3,927,880)
Non-current liabilities	**(5,947,886)**	(2,033,119)
Net Assets	**707,798**	1,437,771
Proportion of the Consolidated Entity's ownership	**50%**	50%
Share of the joint venture's net assets	**353,899**	718,885
Fair value adjustment made at the time of merger	**165,321**	165,321
Adjustment for differences in accounting policies	**245,159**	125,057
Carrying amount of the investment	**764,379**	1,009,263

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's shareholders. At 31 December 2013, HTAL's share of VHA's net current assets is $23.3 million (2012: deficiency of $1,316 million). One of VHA's ultimate shareholders, Hutchison Whampoa Limited, and one of its direct shareholders, Vodafone Oceania Limited, have confirmed their current intention to jointly 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 VHA financial statements.

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

	2013	2012
	$'000	$'000
Revenues	**3,551,906**	4,097,996
Expenses	**(4,264,764)**	(4,997,342)
Loss before income tax	**(712,858)**	(899,346)
Income tax expense	**(18,570)**	-
Loss for the year	**(731,428)**	(899,346)
Other comprehensive loss		
Changes in the fair value of cash flow hedges, net of tax	**1,455**	8,986
Total comprehensive loss	**(729,973)**	(890,360)
50% share of VHA's loss for the year	**(365,714)**	(449,673)
Adjustment for difference in accounting policies	**120,102**	40,898
Share of joint venture's loss	**(245,612)**	(408,775)
VHA's financial statements include the following specific items:		
Cash and cash equivalents	**116,436**	176,365
Current financial liabilities	**89,698**	2,363,454
Non-current financial liabilities	**5,767,501**	1,866,593
Depreciation and amortisation^	**1,238,918**	974,411
Interest income	**17,062**	9,810
Interest expense	**341,087**	282,056

^ Depreciation and amortisation under HTAL accounting policies are $974m for year ended 31 December 2013 (2012: $900m). The differences in accounting policies are primarily related to differences in the economic useful lives of property, plant and equipment.

	2013 $'000	2012 $'000
Reconciliation of interest in a joint venture		
Investment brought forward	**1,009,263**	1,413,545
Loss for the year	**(245,612)**	(408,775)
Share of change in fair value of cash flow hedges, net of tax	**728**	4,493
Interest in a joint venture at 31 December	**764,379**	1,009,263
VHA's commitments		
Lease commitments	**1,216,647**	1,285,873
Other commitments	**561,225**	600,279
Capital commitments	**201,196**	290,802
VHA's contingent liabilities	**24,896**	**26,642**

Foreign Accounting standards

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

N/A

Audit

This report is based on accounts which have been audited. The audit report, which is unqualified, will be made available with the Company's financial report.