Hutchison Telecommunications (Australia) Limited
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ASX Market Announcements

Australian Securities Exchange

Date: 18 February 2015

Subject: Preliminary Final 2014 Annual Results

Please find attached the Company's results for the year to 31 December 2014 in the form of Appendix 4E.

The Annual General Meeting of the Company will be held at 10 am on 4 May 2015.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited

Appendix 4E

Preliminary final report

for the year ended 31 December 2014

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Appendix 4E

Preliminary final report

31 December 2014

Contents

Lodged with the ASX under Listing Rule 4.3A.

These preliminary financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are 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*.

Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL") reports a $285.5 million loss for the year ended 31 December 2014, compared with a loss of $230.0 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 $301.8 million for the year ended 31 December 2014 compared with a net loss of $245.6 million in 2013.

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 2014 decreased from $15.9 million in 2013 to $1.1 million.

			$ '000
Revenue from ordinary activities	↓	93%	1,085
Loss from ordinary activities after tax attributable to members	↑	24%	(285,511)
Net loss for the year attributable to members	↑	24%	(285,511)

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 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 $285.5 million loss for the year ended 31 December 2014, compared with a loss of $230.0 million in 2013. 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's revenue from ordinary activities represents interest income received on loans to VHA. HTAL recorded revenue from operating activities of $1.1 million, a decrease of $14.8 million from 2013 as a result of decreased shareholder loans provided to VHA. During the year, HTAL released $16.6 million of historical accruals and payables which were no longer deemed necessary, resulting in a credit balance of other operating items of $15.5 million in the statement of profit or loss and other comprehensive income.

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.

During 2014 competition, innovation and transformation within the Australian telecommunications sector maintained its rapid pace. With the uptake of 4G devices in Australia among the highest in the world, the demand for mobile data doubled during the year. In July, VHA began "refarming" its low-band 850MHz from 3G to its 4G (LTE) network, which it completed in December 2014. VHA now has over 2,000 LTE sites on air and its 4G coverage reaches 95% of Australia's metropolitan population. New and increasingly cheaper smartphones and tablets were launched by challenger brands to enhance their presence and product range in Australia, while premium brands such as Samsung and Apple launched new devices to record sales.

Operating in an intensely competitive environment, with strong support from HTAL and its joint shareholder Vodafone Group Plc, VHA has completed its business turnaround over the past 12 months. Key milestones achieved include:

- Stabilisation of subscriber numbers;
- Commencement of an upgrade to the core network;
- Significant increase in its 4G network coverage;
- Strong improvement in customer experience;
- Launch of innovative products through content partnerships with Spotify and Fairfax Media;
- Launch of an ambitious retail expansion program, including 30 new Vodafone-owned stores, and a partnership with Dick Smith which has seen Vodafone offer its Postpaid plans exclusively across 291 Dick Smith retail outlets.

For the 12 months ended 31 December 2014, VHA's active customer base[1] is stable at 5.3 million. Although customer numbers declined by 3% in the first six months of 2014, VHA regained customers in the second half of the year through competitive and high-value Red plans coupled with strong iPhone sales.

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

While VHA's total revenue is relatively flat, customer service revenue[2] decreased by 8.8% compared to the prior year, which reflects the customer losses in previous years and reductions in mobile termination rates.

Despite the strong cost discipline in VHA, the accelerated depreciation of network assets drove up operating expenses. This, together with the reduced revenue, led to an increase in HTAL's share of VHA losses of 22.9% to $301.8 million.

In March 2014, Inaki Berroeta was appointed as VHA's Chief Executive Officer. He has continued to build VHA's strength across three key platforms:

Provide a fast reliable network. In August, the company announced it was building a new core network with Ericsson, which will offer greater network agility and flexibility, create cost efficiencies, and enable the introduction of new LTE services in 2015, including Voice Over LTE (4G voice services, otherwise known as VoLTE). During the 12 months to June 2014, complaints to the Telecommunications Industry Ombudsman ("TIO") about network coverage decreased 58% year on year.

Offer worry-free products and services. In 2014, VHA launched new Postpaid handset Red plans, which include automated data top-ups, providing customers with certainty that they will only pay a flat $10 rate for each extra 1GB of data if the included value is exceeded. It also relaunched its Prepaid plans, along with a $99 4G smartphone, one of the most affordable 4G phones in the market.

Provide a consistently good experience across each customer touchpoint, including retail, online and call centres. Key customer relationship management systems have been upgraded in conjunction with frontline process enhancements transforming sales and service experience, and an increasing number of customers are using the MyVodafone self-service application. Product offers designed to reduce unexpected fees including $5 a day international roaming and automatic data top-ups, have contributed to an overall 37% drop in TIO complaints in the six months to September. Red plan customers now speak with agents at the new Hobart care centre. An expansion of VHA's geographic presence on the back of greater 4G coverage and a more stable network was commenced.

Mr Berroeta has also appointed a number of new executives, and continued the drive for tighter cost control.

2015 Outlook

VHA is approaching 2015 with the objective to drive growth. To do this it will:

- **Grow** its retail presence to complement the company's strong network coverage across new geographical areas and enrich the mobile data experience through premium content partnerships such as Spotify and Fairfax.
- **Refresh the Vodafone brand** with the assistance of a new creative agency and promote a suite of innovative products.
- **Continue building a resilient network and systems.** The project to upgrade and modernise the core network will continue, and coverage and data speeds will be increased for LTE metro 4G and in regional centres.
- **Continue to focus and deliver on cost management, process improvement and structural efficiencies,** underpinning ongoing cost control.
- **Continue to focus and deliver on customer experience** through VHA's new Hobart customer care centre and across its multiple channels.

The Australian telecommunications market is a mature one compared with other developed countries, with a high penetration rate of handsets and other devices. It is a unique market with a strong incumbent that benefits from operating a largely legacy fixed network, especially in regional areas, creating an uneven competitive

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

environment, which affects mobile competition. Vital to VHA's sustainability is the creation of a level competitive playing field. VHA will continue to advocate for a fairer regulatory regime that encourages competition, innovation and growth, which it believes will benefit both the market and Australian consumers more broadly.

In addition to the challenges that face the third player in this industry, VHA's strategy is not without risk. Continuing to restore brand sentiment, by increasing consideration from non-customers and further improving the NPS, is a core requirement to deliver the company's objectives. While the brand saw a strong improvement in the NPS in 2014, changes to non-customer perception continue to lag behind VHA's strong network performance. Delivering network and IT improvements on time and on budget inherently carries execution risk in delivery, however HTAL is confident that progress will continue in 2015.

In summary, the momentum in VHA's performance in the second half of 2014 is expected to continue into 2015, and, with the benefits flowing from VHA's strategic initiatives, HTAL is confident financial performance will continue to improve in the years ahead.

HTAL remains committed to its investments in the company, and will continue to support VHA's 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, except for customer numbers

	2014	2013	YoY change
Total revenue ($ m)	1,747.6	1,776.0	(1.6%)
Service revenue ($ m)	1,362.3	1,493.6	(8.8%)
Share of net loss of VHA ($m)[3]	(301.8)	(245.6)	(22.9%)
The items below represent totals for VHA			
Mobile customers ('000)	5,302	5,348	(0.9%)
Customer growth ('000)	(46)	(1,231)	
Postpaid %[4] (excl MVNO)	64.7%	63.2%	1.5pp
Prepaid %[5] (excl MVNO)	35.3%	36.8%	(1.5pp)

[3] Reconciliation for the **Share of net loss of VHA** is set out on page 23.

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

[5] **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 2014

	2014 **$'000**	2013 $'000
Revenue	**1,085**	15,928
Other operating items	**15,470**	3,740
Finance costs	**(9)**	(32)
Share of net losses of a joint venture accounted for using the equity method	**(301,791)**	(245,612)
Loss before income tax	**(285,245)**	(225,976)
Income tax expense	**(266)**	(3,982)
Loss for the year	**(285,511)**	(229,958)
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)	**3,075**	4,108
Income tax expense relating to components of other comprehensive income	**-**	(3,380)
Other comprehensive income for the year, net of tax	**3,075**	728
Total comprehensive loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited	**(282,436)**	(229,230)

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 2014

	2014 $'000	2013 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**1,815**	2,972
Other financial assets	**36,173**	-
Trade receivables	**174**	-
Total Current Assets	**38,162**	2,972
Non-current Assets		
Other financial assets	**10,902**	10,074
Investment accounted for using the equity method	**465,663**	764,379
Deferred tax assets	**70**	336
Total Non-current Assets	**476,635**	774,789
Total Assets	**514,797**	777,761
LIABILITIES		
Current Liabilities		
Payables	**246**	18,774
Other financial liabilities	**141,862**	103,862
Total Current Liabilities	**142,108**	122,636
Total Liabilities	**142,108**	122,636
Net Assets	**372,689**	655,125
EQUITY		
Contributed equity	**4,204,488**	4,204,488
Reserves	**71,269**	68,194
Accumulated losses	**(3,903,068)**	(3,617,557)
Total Equity	**372,689**	655,125

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 2014

	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 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 and 1 January 2014	**4,204,488**	**54,887**	**(2,573)**	**15,880**	**(3,617,557)**	**655,125**
Loss for the year	-	-	-	-	(285,511)	(285,511)
Share of joint venture's changes in the fair value of cash flow hedges	-	-	3,075	-	-	3,075
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	3,075	-	(285,511)	(282,436)
Balance at 31 December 2014	**4,204,488**	**54,887**	**502**	**15,880**	**(3,903,068)**	**372,689**

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 2014

	2014	2013
	$'000	$'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	**(3,232)**	(122)
Interest received	**84**	2,203
Operating income (working capital facility fee income)	**-**	250
Finance costs paid	**(9)**	-
Net cash (outflows) / inflows from operating activities	**(3,157)**	2,331
Cash Flows from Investing Activities		
Loans to joint venture	**-**	(415,715)
Repayment of loans from joint venture	**-**	884,441
Net cash inflows from investing activities	**-**	468,726
Cash Flows from Financing Activities		
Proceeds from borrowings - entities within the HWL Group	**2,000**	330,715
Repayment of borrowings - entity within the HWL Group	**-**	(809,691)
Net cash inflows / (outflows) from financing activities	**2,000**	(478,976)
Net decrease in cash and cash equivalents	**(1,157)**	(7,919)
Cash and cash equivalents at 1 January	**2,972**	10,891
Cash and cash equivalents at 31 December	**1,815**	2,972

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 2014

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 2014.

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 for the year ended 31 December 2014 has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and comply with other requirements of the law.

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by the Company, during the 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.

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 2014, the Consolidated Entity has a deficiency of net current assets of $104 million (2013: $120 million). Included in the Consolidated Entity's current liabilities is an amount of $142 million (2013: $104 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 $1,458 million at 31 December 2014. HWL has confirmed its current intention is 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.

(b) 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, 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.

(ii) 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 under the relevant contract. 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.

As at 31 December 2014, HTAL has only one joint venture.

(iii) 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 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.

(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(i)(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 as described below:

Interest income

Interest income is recognised 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 statement 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

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 assets are recognised for deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Other assets are tested for impairment whenever there is any indication that the carrying value of these assets may not be recoverable. 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 or loss and other comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that the assets is impaired.

(i) 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.

(j) 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.

(k) 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.

(l) Goodwill

Goodwill is initially 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 fair value of the net 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.

(m) 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.

(n) 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 the 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.

(o) 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.

(p) 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.

(q) 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 within 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.

(r) Segments reporting

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.

(s) Critical accounting estimates and assumptions

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

(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 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 as the higher of the fair value less cost of disposal or value in use methodology. The underlying calculation 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 internal assessments of the Consolidated Entity’s weighted average cost of capital. The resulting net present value is compared to the balance of the Consolidated Entity's equity accounted for investment in a joint venture.

The Directors believe that the carrying values of the Consolidated Entity's investments in joint venture as at 31 December 2014 is appropriate and are not aware of any events or changes since the year end which may potentially impair the carrying values of the Consolidated Entity’s investments in joint venture as at the statement of financial position date.

(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 taxable profits generated in the foreseeable future 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 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 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.

(t) 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.

(u) Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statement, except investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of HTAL.

(v) 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 2014.

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

Reference	Standard(s)
AASB 118	Revenue
AASB 1031	Materiality (2013)
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
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivative and Continuation of Hedge Accounting
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities
AASB 2013-9	Amendments to Conceptual Framework and Materiality – Part B

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.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 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.

Note 2 – Earnings per share

	2014 Cents	2013 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(2.10)**	(1.69)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(2.10)**	(1.69)

(c) Earnings used in calculating earnings per share	2014 $'000	2013 $'000
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	**(285,511)**	(229,958)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	**(285,511)**	(229,958)

(d) Weighted average number of shares used as the denominator	2014 Number	2013 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 (2013: nil) options outstanding at 31 December 2014 that are anti-dilutive and accordingly there was no impact on the earnings per share calculation for the year ended 31 December 2014.

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 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*	**2014 $m**	2013 $m
Total Revenue	**1,748**	1,776
Net Losses	**302**	246

Further information reviewed by the chief operating decision maker with regards to the performance of the Consolidated Entity's investment in VHA is disclosed on page 23.

* after joint venture accounting adjustments

Supplementary Appendix 4E information

Additional dividend/distribution information
Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2014 are as follows:

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

Accumulated Losses

	2014 $'000	2013 $'000
Accumulated losses at 1 January	**(3,617,557)**	(3,387,599)
Loss attributable to the members of Hutchison Telecommunications (Australia) Limited	**(285,511)**	(229,958)
Accumulated losses at 31 December	**(3,903,068)**	(3,617,557)

NTA Backing

	2014	2013
Net tangible asset backing per ordinary share	**$0.03**	$0.05

Controlled entities acquired or disposed of

There was no acquisition of controlled entities during the year ended 31 December 2014.

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"), which is involved in providing mobile telecommunication services in Australia. The interest in VHA is held by a controlled entity, Hutchison 3G Australia Holdings Pty Limited ("H3GAH"), is accounted for in the consolidated financial statements using the equity method.

The aggregate share of losses from VHA for the year ended 31 December 2014 is $301.8 million (2013: $245.6 million share of losses).

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

	2014	2013
	$'000	$'000
Current assets	**926,769**	1,294,466
Non-current assets	**6,861,921**	6,608,999
Current liabilities	**(1,316,939)**	(1,247,781)
Non-current liabilities	**(6,413,587)**	(5,947,886)
Net Assets	**58,164**	707,798
Proportion of the Consolidated Entity's ownership	**50%**	50%
Share of the joint venture's net assets	**29,082**	353,899
Goodwill	**165,321**	165,321
Joint venture accounting adjustments	**271,260**	245,159
Carrying amount of the investment	**465,663**	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 31 December 2014, HTAL's share of VHA's deficiency of net current assets is $195.1 million (2013: net current assets of $23.3 million). One of VHA's ultimate shareholders, HWL, 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 the VHA financial statements.

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

	2014	2013
	$'000	$'000
Revenues	**3,495,108**	3,551,906
Expenses	**(4,150,893)**	(4,264,764)
Loss before income tax	**(655,785)**	(712,858)
Income tax expense	**-**	(18,570)
Loss for the year	**(655,785)**	(731,428)
Other comprehensive loss		
Changes in the fair value of cash flow hedges, net of tax	**6,151**	1,455
Total comprehensive loss	**(649,634)**	(729,973)
50% share of VHA's loss for the year	**(327,892)**	(365,714)
Joint venture accounting adjustments	**26,101**	120,102
Share of joint venture's loss	**(301,791)**	(245,612)
VHA's financial statements include the following specific items:		
Cash and cash equivalents	**109,889**	116,436
Current financial liabilities	**160,497**	89,698
Non-current financial liabilities	**6,275,051**	5,767,501
Depreciation and amortisation^	**1,034,401**	1,238,918
Interest income	**5,274**	17,062
Interest expense	**397,891**	341,087

^ Depreciation and amortisation under HTAL accounting policies are $982m for year ended 31 December 2014 (2013: $974m). The differences in accounting policies are primarily related to differences in the economic useful lives of property, plant and equipment.

Information relating to the joint venture is set out below:

	2014	2013
	$'000	$'000
Reconciliation of interest in a joint venture		
Investment brought forward at 1 January	**764,379**	1,009,263
Loss for the year	**(301,791)**	(245,612)
Share of change in fair value of cash flow hedges, net of tax	**3,075**	728
Interest in a joint venture at 31 December	**465,663**	764,379
VHA's commitments		
Lease commitments	**1,151,003**	1,216,647
Other commitments	**533,762**	561,225
Capital commitments	**201,460**	201,196
VHA's contingent liabilities	**53,020**	24,896

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.