Hutchison Telecommunications (Australia) Limited
ABN 15 003 677 227
Level 7, 40 Mount Street
North Sydney, NSW 2060
Tel: (02) 99644646
Fax: (02) 8904 0457
www.hutchison.com.au

ASX Market Announcements

Australian Securities Exchange

Date: 29 July 2016

Subject: Half Year Results

Please find attached the Company's results for the half year to 30 June 2016 in the form of Appendix 4D.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited

ASX HALF YEAR INFORMATION

30 June 2016

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Half Year Information

30 June 2016

Contents

Lodged with the ASX under Listing Rule 4.3A.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Hutchison Telecommunications (Australia) Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Hutchison Telecommunications (Australia) Limited
Half year ended 30 June 2016

Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL") reports statutory net loss of $65.7 million for the half-year ended 30 June 2016, representing $24.4 million improvement in the $90.1 million net loss in the corresponding period last year. HTAL's share of Vodafone Hutchison Australia Pty Limited's ("VHA") net loss included in HTAL's results for the period was $68.6 million for the half-year ended 30 June 2016 compared with a net loss of $91.8 million in the corresponding period last year.

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. HTAL's revenue from ordinary activities for the half-year ended 30 June 2016 increased from $2.4 million in the corresponding period last year to $3.6 million. The increase in shareholder loans provided to VHA in February 2015 and May 2015 contributed to the higher interest income for half-year ended 30 June 2016.

			$ '000
Revenue from ordinary activities *(Appendix 4D 2.1)*	↑	46.4%	3,551
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	↓	27.1%	(65,692)
Net loss for the period attributable to members *(Appendix 4D item 2.3)*	↓	27.1%	(65,692)

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

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

Directors' Report

Your Directors present their report on the Consolidated Entity (the "Consolidated Entity") consisting of Hutchison Telecommunications (Australia) Limited (the "Company" or "HTAL") and the entities it controlled at the end of, or during, the half year ended 30 June 2016.

Directors

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

FOK Kin Ning, Canning
Barry ROBERTS-THOMSON
CHOW WOO Mo Fong, Susan
Justin Herbert GARDENER
LAI Kai Ming, Dominic
John Michael SCANLON
Frank John SIXT
Ronald Joseph SPITHILL
TANG Wing Yee, Angeline (alternate director to CHOW WOO Mo Fong, Susan since 29 April 2016)

Review of HTAL's results

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

HTAL reports a $65.7 million loss for the half-year ended 30 June 2016, compared with a loss of $90.1 million in the corresponding period last year. The VHA results (including revenue and operating costs) are included in the "share of net losses of a joint venture accounted for using the equity method" in HTAL's consolidated statement of profit or loss and other comprehensive income.

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. HTAL's revenue from ordinary activities for the half-year ended 30 June 2016 increased 46.4 per cent to $3.6 million as a result of increased shareholder loans provided to VHA in first and second quarters of 2015.

No dividend was declared or paid by HTAL during the half-year (2015: nil).

VHA performance

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

VHA has produced another pleasing performance in the first half of 2016, with solid growth trends continuing. As the company strengthens and matures, VHA has established a clear identity and role in the Australian market to provide Australian customers with the freedom and choice to connect in the way they want.

VHA's total customer base reached 5.5 million, a 4.5 per cent lift year on year. The rise was driven by continued growth in VHA base of 2.6 per cent and a large increase in wholesale (MVNO) customers by 28.6 per cent. VHA's Red plans, which include popular products such as $5 Roaming, supported a 4.2 per cent increase in postpaid customers.

HTAL's share of VHA's EBITDA rose 7.7 per cent to $206.0 million on the back of this customer growth. As previously advised, the Australian Competition and Consumer Commission's reduction of industry mobile termination rates (MTR) resulted in a decline in revenue. From 1 January 2016, all carriers' mobile termination rates declined from 3.6 cents per minute to 1.7 cents per minutes for calls, and from 7.5 cents to 0.03 cents per message for SMS. HTAL's share of VHA's total revenue decreased 9.7 per cent and as a result, ARPU is down 4.3 per cent. However if incoming revenue which has been impacted by the change of MTR is excluded, the total revenue increased by 4.5 per cent. There has been no material impact on VHA's EBITDA as a result of MTR changes, due to the fact that lower incoming revenue has been offset by a corresponding decrease in interconnection costs.

There was continued improvement in loss position, with HTAL's share of net loss of VHA down 25.3 per cent compared to same period last year resulting from the improvement in EBITDA and reduced depreciation and amortisation.

Expanding, enhancing and promoting the VHA network

VHA continues to invest in the expansion, reliability and functionality of its network. VHA's 4G network now reaches more than 22 million Australians, following the completion of the 850 MHz spectrum re-farm which converted 3G to 4G across the country.

As part of its ongoing network improvement program, VHA is planning to build more than 100 mobile base stations in regional areas by the end of 2017, including 70 as part of the Australian Government's Mobile Black Spot Programme.

In one of the latest network enhancements, VoLTE (Voice over LTE) is now available across the entire VHA 4G network for selected customers on eligible plans that are using compatible smartphones. Using 4G instead of 3G for voice calls, the feature offers customers clearer voice quality, shorter call connection times and the ability to access 4G data while making or receiving a call.

To increase consumer confidence in its network, VHA has launched a major network marketing campaign including TV, radio, digital and outdoor advertising. The 'Never Settle' campaign showcases real Vodafone customers and aims to demonstrate to the Australian public on VHA's network improvements and that VHA offers a legitimate alternative to other mobile providers. As part of the campaign, VHA is also showcasing the reliability of its network through partnerships with Nova Entertainment, Seven News, Prime and 7QLD which involve radio and TV programming broadcast through the VHA network.

Empowering customers to connect the way they want
A key driver of VHA's solid performance in a highly competitive environment is its 'worry-free' products which continue to attract consumers and give them the confidence to use their smartphone with ease.

VHA continues to disrupt the international roaming market, extending its roaming product which allows eligible customers to access their plan inclusions in over 50 countries for an additional $5 per day. VHA is also undertaking a 12-month trial of $0 Roaming to New Zealand for eligible customers where they can use international roaming services in New Zealand at no extra cost until the end of January 2017. The New Zealand international roaming trial has resulted in growth in new acquisitions and an increase in VHA's postpaid Net Promoter Score (NPS).

In a sign of corporate confidence in the company, VHA entered into a strategic relationship with one of Australia's most iconic companies, Qantas. Under the agreement, Qantas Frequent Flyers can earn up to 15,000 Qantas Points by connecting, renewing or upgrading to a 24 month Qantas Red plan with Vodafone.

In the prepaid segment, Vodafone has introduced a new product called MyMix which allows customers to design their own recharge from a menu of voice, data and international call inclusions, as well as plan expiry lengths. Customers have responded positively to the initiative which challenges the concept that customers must settle for pre-packaged plans with inclusions they may not use.

Customer sentiment continues to rise and complaints remain lower than industry average
Customer satisfaction with VHA remains high with VHA's overall NPS continuing to track well, increasing 18 points between June 2015 and June 2016.

VHA's ratio of complaints to the Telecommunications Industry Ombudsman was 41 per cent lower than the industry average for the June 2016 quarter. The result of 3.8 complaints per 10,000 services in operation saw VHA record the lowest ratio of complaints of the Australian mobile network operators for the fourth quarter in a row. It also represents a 50 per cent decrease in complaints compared to the June 2015 quarter.

Enterprise division marks twelve months in market
VHA continues to drive competition in the telecommunications business sector, marking twelve months since re-entering this competitive segment of the market. Focussing on the small to medium business and enterprise segments, VHA continues to differentiate in the market by leveraging its global strengths, and delivering personalised value. As a result, the division is performing solidly.

As part of VHA's objective to differentiate itself from the competition, the enterprise division has undertaken a number of initiatives in the last year, including key arrangements with Qantas, Dropbox Business, Xero, MozyPro, Norton Small Business, Google and Microsoft - all helping businesses increase productivity and efficiency. VHA has also launched a new range of business plans called 'Business Flex' which offer small and medium businesses the ability to build their own suite of plans according to the needs of their businesses.

Fast-tracking cancer research using mobile technology
The Vodafone Foundation supports charities to improve the health of Australians using mobile technology. Launched in November last year, the award-winning DreamLab app supports research by the Garvan Institute of Medical Research to group cancers based on their genetic profile so personalised treatments can be identified. Using the processing power of idle smartphones, the Android app helps the Institute to fast-track this important research. Since its launch, the app has been downloaded to more than 63,000 smartphones and has processed 28.3 per cent of the project data, in half the time it would have taken the Institute alone.

Driving telecommunications policy reform
VHA continues to be an active and vocal advocate for telecommunications policy and regulatory reform in Australia to reduce barriers to effective competition, particularly in regional and rural areas.

USO reform
VHA continues to call for reform to the Universal Service Obligation (USO), which provides $297 million in funding each year to the incumbent to provide a standard fixed telephone service and payphones. VHA argues that, as more Australians opt for mobile services over landlines and as regional areas are connected to the National Broadband Network, the USO model is outdated. VHA is calling for funding to be spent on 21st century services, including a permanent Mobile Black Spot Programme to drive increased mobile coverage and competition. VHA welcomed the Australian Government's announcement of an inquiry into the USO by the Productivity Commission and has provided a detailed submission in response to the Commission's Issues Paper.

Transmission
High transmission prices have been one of the biggest barriers to competitive telecommunications in regional Australia. VHA welcomed the Australian Competition and Consumer Commission's decision in April to reduce regulated transmission prices by more than 70 per cent in some regional areas. This decision will provide opportunities for VHA to invest in infrastructure in areas where it was previously economically unviable to do so.

700MHz proposal
VHA has submitted a proposal to the Australian Government to acquire licences for some of the 700MHz spectrum which is not being utilised after remaining unsold at the 2013 auction. Acquiring 2x10MHz of the 700 MHz spectrum would increase VHA's ability to invest, especially in regional areas, and drive competition. Under VHA's proposal, the Australian Government would be fairly compensated for the spectrum at the market price.

Outlook

VHA is well positioned for the remainder of 2016, with the solid growth trends of the past four consecutive half year periods expected to continue.

This will be largely driven by continued growth in the postpaid segment, flowing through to EBITDA and underlying revenue growth. VHA's prepaid performance is expected to remain solid and follow seasonal trends of higher growth in the second half of the year due to an influx of overseas travellers during the Australian summer. The changes to Australia's mobile termination rates will continue to have an impact on VHA's incoming revenue and interconnection costs, however it is not expected to have a material impact on VHA's EBITDA.

VHA will remain focussed on network expansion and enhancement, complemented by 'worry-free' products and excellence in customer service, to offer customers the freedom and choice to connect the way they want.

VHA will also continue to advocate for a fairer telecommunications policy and regulatory framework which encourages investment, innovation, competition and better customer outcomes.

VHA financial and operating metrics

	June 2016	June 2015	YoY change
The items below represent the 50% share of VHA attributable to HTAL			
Total revenue ($m)	801.5	887.4	(9.7%)
Gross service revenue[1] ($m)	695.2	766.8	(9.3%)
Net service revenue[2] ($m)	580.0	675.3	(14.1%)
EBITDA ($m)	206.0	191.2	7.7%
Share of net loss of VHA[3] ($m)	(68.6)	(91.8)	25.3%
The items below represent totals for VHA			
- Postpaid customers ('000)	3,307	3,175	4.2%
- Prepaid customers ('000)	1,679	1,685	(0.4%)
VHA customers subtotal ('000)	4,986	4,860	2.6%
- MVNO customers ('000)	508	395	28.6%
Total network customers ('000)	5,494	5,255	4.5%
Gross ARPU[4] ($)	49.11	51.32	(4.3%)
Net ARPU[5] ($)	41.72	45.55	(8.4%)

[1] **Gross service revenue** represents total monthly amount billed to the customer excluding any handset/device charges, plus incoming mobile termination revenue.

[2] **Net service revenue** represents gross service revenue excluding amounts attributable to a handset/device in postpaid contract bundled plans. The amount attributable to a handset/device is based on the price differential between a contract bundled plan and a comparable SIM-only plan at the time of acquisition or re-sign.

[3] Reconciliation for the **Share of net loss of VHA** is set out on page 22.

[4] **Gross ARPU** represents a rolling 12 month average gross service revenue per user per month at the end of the period excluding MVNOs.

[5] **Net ARPU** represents a rolling 12 month average net service revenue per user per month at the end of the period excluding MVNOs.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Rounding of amounts

The Consolidated Entity is of a kind referred to Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327B of the *Corporations Act 2001*.

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

Director
29 July 2016

Director
29 July 2016

Auditor's Independence Declaration

As lead auditor for the review of Hutchison Telecommunications (Australia) Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

D Wiadrowski

David Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
29 July 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Hutchison Telecommunications (Australia) Limited
Consolidated statement of profit or loss and other comprehensive income
For the half year ended 30 June 2016

	June 2016 $'000	June 2015 $'000
Revenue	3,551	2,426
Operating expenses	(640)	(662)
Finance costs	-	(5)
Share of net losses of a joint venture accounted for using the equity method	(68,603)	(91,772)
Loss before income tax	(65,692)	(90,013)
Income tax expense	-	(70)
Loss for the period	(65,692)	(90,083)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of cash flow hedges (share of joint venture), net of tax	66	(241)
Other comprehensive income (loss) for the period, net of tax	66	(241)
Total comprehensive income (loss) for the period attributable to members of Hutchison Telecommunications (Australia) Limited	(65,626)	(90,324)
	Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company		
Basic earnings per share	(0.48)	(0.66)
Diluted earnings per share	(0.48)	(0.66)

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of financial position
As at 30 June 2016

	June 2016 $'000	Dec 2015 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	2,913	5,318
Other financial assets	111,531	136,676
Trade receivables	6	5
Total Current Assets	114,450	141,999
Non-Current Assets		
Other financial assets	12,276	11,801
Investment accounted for using the equity method	208,778	277,315
Total Non-Current Assets	221,054	289,116
Total Assets	335,504	431,115
LIABILITIES		
Current Liabilities		
Payables	272	257
Other financial liabilities	211,862	241,862
Total Current Liabilities	212,134	242,119
Total Liabilities	212,134	242,119
Net Assets	123,370	188,996
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	70,510	70,444
Accumulated losses	(4,151,628)	(4,085,936)
Total Equity	123,370	188,996

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of changes in equity
For the half year ended 30 June 2016

	Attributable to members of Hutchison Telecommunications (Australia) Limited					
		Reserves				
	Contributed equity	Capital Redemption	Cash flow hedges	Share-based payments	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2015	4,204,488	54,887	502	15,880	(3,903,068)	372,689
Loss for the period	-	-	-	-	(90,083)	(90,083)
Share of joint venture's changes in the fair value of cash flow hedges, net of tax	-	-	(241)	-	-	(241)
Total comprehensive loss for the period	-	-	(241)	-	(90,083)	(90,324)
Balance at 30 June 2015	4,204,488	54,887	261	15,880	(3,993,151)	282,365
Balance at 1 January 2016	4,204,488	54,887	(323)	15,880	(4,085,936)	188,996
Loss for the period	-	-	-	-	(65,692)	(65,692)
Share of joint venture's changes in the fair value of cash flow hedges, net of tax	-	-	66	-	-	66
Total comprehensive loss for the period	-	-	66	-	(65,692)	(65,626)
Balance at 30 June 2016	4,204,488	54,887	(257)	15,880	(4,151,628)	123,370

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of cash flows
For the half year ended 30 June 2016

	June 2016 $'000	June 2015 $'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	(626)	(309)
Interest received	3,221	1,493
Finance costs paid	-	(5)
Net cash inflows from operating activities	2,595	1,179
Cash Flows from Investing Activities		
Loans to joint venture	-	(100,000)
Repayment of loans from joint venture	25,000	-
Net cash inflows (outflows) from investing activities	25,000	(100,000)
Cash Flows from Financing Activities		
Proceeds from borrowings – entity within the CKHH Group	-	100,000
Repayment of borrowings – entity within the CKHH Group	(30,000)	-
Net cash (outflows) inflows from financing activities	(30,000)	100,000
Net (decrease) increase in cash and cash equivalents	(2,405)	1,179
Cash and cash equivalents at 1 January	5,318	1,815
Cash and cash equivalents at 30 June	2,913	2,994

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

Note 1 - Summary of significant accounting policies

Basis of preparation of half-year report

This general purpose financial report for the interim half year reporting period ended 30 June 2016 has been prepared in accordance with Accounting Standard *AASB* 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Hutchison Telecommunications (Australia) Limited (the "Group", "Consolidated Entity" or "HTAL"), during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Going concern disclosures

As at 30 June 2016, the Consolidated Entity has a deficiency of net current assets of $98 million (31 December 2015: net current assets deficiency of $100 million). Included in the Consolidated Entity's current liabilities is an amount of $212 million (31 December 2015: $242 million) which relates to an interest free financing facility provided from a subsidiary of the ultimate parent entity, CK Hutchison Holdings Limited ("CKHH"), which is repayable on demand. CKHH has confirmed its current intention to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing this financial report. Consequently, the Directors have prepared the financial report on a going concern basis.

Principles of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed, 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 30 June 2016, 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.

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.

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.

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 value of the Consolidated Entity's investment in joint venture as at 30 June 2016 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.

Rounding of amounts to nearest thousand dollars

The Consolidated Entity is of a kind referred to Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191 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.

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 2016.

The Consolidated Entity has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2016:

Reference	Standard(s)
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of interests in Joint Operations [AASB 1 & AASB 11]
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture [AASB 10 & AASB 128]
AASB 2015-1	Amendments to Australian Accounting Standards – Annual improvement to Australian Accounting Standards 2012-2014 Cycle
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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 - 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 2016, the Consolidated Entity continued to invest in an operator within the telecommunications industry.

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

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

HTAL's share of the following items of VHA*	June 2016 $m	June 2015 $m
Total Revenue	802	887
Net Losses	69	92

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 22.

*after joint venture accounting adjustments

Note 3 - Events occurring after the reporting date

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

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

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

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

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 19 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the half year ended on that date; and

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

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

Director
29 July 2016

Director
29 July 2016

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4D information

NTA Backing *(Appendix 4D item 3)*

	June 2016	June 2015
Net tangible asset backing per ordinary share	$0.01	$0.02

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

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

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

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

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

The aggregate share of losses from VHA for the half year ended 30 June 2016 is $68,603,000 (2015: $91,772,000).

Information relating to the joint venture is set out below:

	June 2016 $'000	June 2015 $'000
Reconciliation of interest in a joint venture		
Investment brought forward at 1 January	277,315	465,663
Loss for the year	(68,603)	(91,772)
Share of change in fair value of cash flow hedges, net of tax	66	(241)
Interest in a joint venture at 30 June	208,778	373,650

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

	June 2016 $'000	Dec 2015 $'000
Current assets	917,935	1,071,542
Non-current assets	6,833,855	7,112,468
Current liabilities	(3,065,015)	(3,302,339)
Non-current liabilities	(5,224,168)	(5,255,325)
Net Assets	(537,393)	(373,654)
Proportion of the Consolidated Entity's ownership	50%	50%
Share of the joint venture's net assets	(268,696)	(186,827)
Goodwill	165,321	165,321
Joint venture accounting adjustments	312,153	298,821
Carrying amount of the investment	208,778	277,315

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's shareholders. At 30 June 2016, HTAL's share of VHA's net current asset deficiency is $1,073.5 million (2015: net current assets deficiency of $1,115.4 million). Both of VHA's ultimate shareholders, CKHH and Vodafone Group Plc have confirmed their current intention to provide financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing this financial report.

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

	June 2016 $'000	June 2015 $'000
Revenues	1,603,082	1,774,896
Expenses	(1,766,952)	(2,034,072)
Loss before income tax	(163,870)	(259,176)
Income tax expense	-	-
Loss for the period	(163,870)	(259,176)
Other comprehensive loss		
Changes in the fair value of cash flow hedges, net of tax	131	(481)
Total comprehensive loss	(163,739)	(259,657)
50% share of VHA's loss for the period	(81,935)	(129,588)
Joint venture accounting adjustments	13,332	37,816
Share of joint venture's loss	(68,603)	(91,772)

VHA's financial statements include the following specific items:

	June 2016 $'000	Dec 2015 $'000
Cash and cash equivalents	204,566	291,608
Current financial liabilities	2,151,146	2,194,060
Non-current financial liabilities	5,118,911	5,137,296

	June 2016 $'000	June 2015 $'000
Depreciation and amortisation^	385,084	439,318
Interest income	2,324	1,195
Finance costs	193,177	203,398

^ Depreciation and amortisation under the HTAL basis are $358.4 million for period ended 30 June 2016 (2015: $363.7 million). The differences are primarily related to differences in the estimated economic useful lives of property, plant and equipment.

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

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

N/A

Hutchison Telecommunications (Australia) Limited
Compliance Statement

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

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

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

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

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

5 The auditor's review report is attached.

6 The entity has a formally constituted audit committee.

Director
29 July 2016

Director
29 July 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hutchison Telecommunications (Australia) Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Hutchison Telecommunications (Australia) Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hutchison Telecommunications (Australia) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hutchison Telecommunications (Australia) Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

D Wiadrowski

David Wiadrowski
Partner

Sydney
29 July 2016