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ASX Market Announcements

Australian Securities Exchange

Date: 19 August 2022

Subject: Appendix 4D and Half-Year Financial Report for the period ended 30 June 2022

Hutchison Telecommunications (Australia) Limited (ASX: HTA) (the **Company**) attaches the Company's Appendix 4D and Half-Year Financial Report for the period ended 30 June 2022.

Yours sincerely,

SDKeskar

Swapna Keskar
Joint Company Secretary

AUTHORISED FOR RELEASE: By order of the Confirmation Committee of the Board

For further information, please contact the Company Secretary by email at htalinvestors@companymatters.com.au or by telephone on (02) 9015 5088.

Hutchison Telecommunications (Australia) Limited

ASX Appendix 4D and Half-year Financial Report

30 June 2022

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Appendix 4D and Half-year Financial Report

30 June 2022

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Lodged with the Australia Securities Exchange ("ASX") under Listing Rule 4.2A.

This half-year 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 2021 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 (Cth).*

Hutchison Telecommunications (Australia) Limited
Half-year ended 30 June 2022

Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") (ASX: HTA) and its controlled entity (the "Group") report a statutory net profit of $12.7 million for the half-year ended 30 June 2022, compared with a net loss of $5.7 million in the corresponding period ended 30 June 2021. HTAL's total direct and indirect (via 50% owned joint venture Vodafone Hutchison (Australia) Holdings Limited ("VHAH")) share of TPG Telecom Limited's ("TPG") (formerly Vodafone Hutchison Australia Limited ("VHA"))[1] results and HTAL's 50% share of VHAH's results, after consolidation adjustments, included in HTAL's results for the period was a profit of $13.5 million for the half-year ended 30 June 2022, compared with a loss of $4.7 million in the corresponding period last year.

The Group's revenue from ordinary activities of $0.04 million for the current period represents interest income. The Group's revenue from ordinary activities for the comparative period was $0.05 million.

	30 June 2022 $'000	30 June 2021 $'000	Movement $'000	Movement %
Revenue from ordinary activities	**35**	47	(12)	(26%)
Profit / (loss) from ordinary activities after tax attributable to members	**12,745**	(5,685)	18,430	324%
Net profit / (loss) for the period attributable to members	**12,745**	(5,685)	18,430	324%

Dividends / distributions	**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	**n/a**	**n/a**

Additional Appendix 4D disclosures are located in the Supplementary Appendix 4D information, Directors' Report and notes to the Financial Statements set out in the following half-year Financial Report for the six-month period ended 30 June 2022.

[1] Vodafone Hutchison Australia Pty Limited ("VHA") was converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, VHA changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited, (the company that previously bore that name having changed its name to TPG Corporation Limited) and was listed on the ASX on 30 June 2020.

Directors' Report

The Directors present their report of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and the entity it controls (the "Group") at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were Directors of HTAL during the whole of the half-year ended 30 June 2022 and up to the date of this report:

FOK Kin Ning, Canning
Barry ROBERTS-THOMSON
Melissa ANASTASIOU
Susan Mo Fong CHOW, also known as Woo Mo Fong, Susan (alias Chow Woo Mo Fong, Susan)
Justin Herbert GARDENER
LAI Kai Ming, Dominic, also alternate to Fok Kin Ning, Canning and Frank John Sixt
John Michael SCANLON
Frank John SIXT, also alternate to Lai Kai Ming, Dominic
WOO Chiu Man, Cliff

Review of HTAL's results

The Group's revenue from ordinary activities represents interest income. The Group's revenue from the ordinary activities for the half-year ended 30 June 2022 decreased from $0.05 million in the comparative period to $0.04 million. This is attributable to the lower interest income for the half-year ended 30 June 2022 mainly due to lower cash at bank in the current period compared to the same period last year (cash and cash equivalent at 30 June 2021: $37.9 million) after partial repayment of a related party borrowing facility (details are included in Note 5) in the second half of 2021 and the first half of 2022.

Dividends of $17.6 million were received from TPG Telecom Limited ("TPG") by HTAL's wholly owned subsidiary Hutchison 3G Australia Holdings Pty Limited ("H3GAH") during the period (30 June 2021: $15.5 million). Dividend income received from equity accounted investment in TPG is recognised as a reduction in the carrying amount of the investment in the Group's consolidated financial statements. Additionally, $44.0 million of dividend income from TPG was received and retained by the joint venture, Vodafone Hutchison (Australia) Holdings Limited ("VHAH") (30 June 2021: $38.8 million). HTAL's other operating expenses for the half-year ended 30 June 2022 had decreased from $1.0 million in the comparative period to $0.8 million. This is due to decreased general expenses.

Results for the half-year ended 30 June 2022 before the share of results of equity accounted investments amounted to a loss of $0.8 million. This is compared with a loss in the comparative period of $1.0 million reflecting the savings in operating expenses, partly offset by lower interest income as mentioned above.

Share of net profit/(loss) of the equity-accounted investments in TPG and VHAH, after consolidation adjustments, amounted to a net profit of $13.5 million for the half-year ended 30 June 2022, compared with a net loss of $4.7 million in the comparative period. This represents an increase of $18.2 million, primarily driven by an increase in TPG's net profit resulting from a one-off income tax benefit arising from recognition of deferred tax asset for previously unbooked capital losses accrued (refer to Note 6 for further details). The net profit was partly offset by the higher net finance costs of VHAH.

HTAL's net profit after tax for the half-year ended 30 June 2022 is $12.7 million. This represents a $18.4 million increase on the $5.7 million net loss in the comparative period reflecting the aforementioned changes from the prior year.

No dividend was declared or paid by HTAL during the half-year ended 30 June 2022 (2021: nil).

TPG Performance

Please refer to TPG's 30 June 2022 half-year financial statements which have been lodged with the Australian Securities Exchange ("ASX") on 19 August 2022 for an explanation of the TPG operating results.

Outlook – COVID-19 Pandemic

The COVID-19 impacts to operations and results were outlined in the 2021 Annual Report. Containment policies, restrictions and measures to limit movement both domestically and internationally materially affected inbound related connections, visitor revenue and international roaming revenue.

In November 2021, as a result of increased vaccinations across Australia, the government eased restrictions across Australia and opened international borders. The move was to return to normal, whilst acknowledging and accepting the existence of COVID-19. As a result of the easing of restrictions domestically and internationally, there were no new and/or emerging material impacts to the Group's results or operations since 1 January 2022 arising from COVID-19 pandemic.

HTAL remains committed to its investment in TPG and will continue to support TPG in the future.

TPG financial metrics[2]

TPG announced a total revenue of $2,626 million (including service revenue of $2,190 million), EBITDA of $837 million, and a net profit attributable to shareholders of $167 million for the half-year ended 30 June 2022, compared to $2,625 million (including service revenue $2,175 million), $884 million and a profit of $78 million respectively for the same period last year.

	30 June 2022	30 June 2021	YOY change %
HTAL's attributable share of TPG's respective items:[2, 3]			
Total revenue ($m)	**657.8**	657.6	0.03%
Service revenue ($m)	**548.6**	544.8	0.70%
EBITDA ($m)[4]	**209.7**	221.4	(5.28%)
Net profit (before equity accounted adjustments) ($m)	**41.8**	19.5	114.36%

HTAL uses the equity method of accounting to account for its interests in TPG. The amount of HTAL's 25.05% share of TPG net profit/(loss) for the half-year ended 30 June 2022, after equity accounting adjustments for depreciation in TPG network assets, is a profit of $31.5 million (30 June 2021: $6.8 million).

	30 June 2022	30 June 2021	YOY change %
HTAL's attributable share of net profit of TPG (after equity accounted adjustments) ($m)	**31.5**	6.8	363.24%

This amount is different from HTAL's share of net profit/(loss) of equity accounted investments for the half-year ended 30 June 2022 of a profit of $13.5 million (30 June 2021: $4.7 million loss) reported on HTAL's consolidated statement of profit or loss and other comprehensive income as 13.91% of HTAL's interests in TPG is indirectly held through a joint venture company, VHAH, for which there are financing costs which flow through into the equity accounted results. Further details are included in Notes 1 and 3.

[2] The information in respect of 30 June 2021 is based on the comparatives in TPG's half-year financial report 2022.

[3] HTAL's 25.05% interest in TPG comprises 11.14% interest directly held by H3GAH, a wholly owned subsidiary of HTAL, and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. VHAH has a direct 27.82% interest in TPG. Refer to Note 3 for further information.

[4] EBITDA is defined as earnings before net finance costs, tax and depreciation and amortisation.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 7.

Rounding of amounts

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* ("ASIC Instrument") issued by the Australian Securities and Investments Commission ("ASIC"), relating to the 'rounding off' of amounts in the directors' report and the half-year financial report.

Amounts in the directors' report and the half-year financial report have been rounded off in accordance with the ASIC Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar or cent.

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

Director
19 August 2022

Director
19 August 2022

Auditor's Independence Declaration

As lead auditor for the review of Hutchison Telecommunications (Australia) Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

Jason Hayes
Partner
PricewaterhouseCoopers

Sydney
19 August 2022

Financial Report for the Half-year ended 30 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-year ended 30 June 2022

	Notes	30 June 2022 $'000	30 June 2021 $'000
Revenue		**35**	47
Operating expenses		**(821)**	(1,018)
Share of net profit / (loss) of equity accounted investments, net of tax	3	**13,531**	(4,714)
Profit / (loss) before income tax		**12,745**	(5,685)
Income tax expense		**–**	–
Profit / (loss) after tax for the period		**12,745**	(5,685)
Other comprehensive income			
Items that will not be reclassified to profit or loss		**–**	–
Items that may be reclassified to profit or loss			
Net gain on cash flow hedges taken to equity (share of equity accounted investments)	3	**465**	410
Tax relating to items that may be reclassified to profit or loss		**–**	–
Other comprehensive income for the period, net of tax		**465**	410
Total comprehensive income / (loss) for the period attributable to members of the Company		**13,210**	(5,275)
Earnings / (loss) per share for profit / (loss) attributable to members of the Company		**Cents**	Cents
Basic earnings / (loss) per share	4	**0.09**	(0.04)
Diluted earnings / (loss) per share	4	**0.09**	(0.04)

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 30 June 2022

	Notes	30 June 2022 $'000	31 December 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		**4,595**	3,737
Loans and receivables		**2**	–
Prepayments		**–**	52
Total Current Assets		**4,597**	3,789
Non-current Assets			
Investment accounted for using the equity method	3	**767,947**	774,578
Total Non-current Assets		**767,947**	774,578
Total Assets		**772,544**	778,367
LIABILITIES			
Current Liabilities			
Payables		**722**	474
Other financial liabilities	5	**22,059**	38,316
Total Current Liabilities		**22,781**	38,790
Total Liabilities		**22,781**	38,790
Net Assets		**749,763**	739,577
EQUITY			
Contributed equity		**4,204,488**	4,204,488
Reserves		**68,707**	71,266
Accumulated losses		**(3,523,432)**	(3,536,177)
Total Equity		**749,763**	739,577

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

Consolidated Statement of Changes in Equity
For the Half-year ended 30 June 2022

	Attributable to members of the Company					
		Reserves				
	Contributed equity $'000	Capital redemption reserve $'000	Cash flow hedging reserve $'000	Share based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	4,204,488	54,887	(333)	15,880	(3,514,500)	760,422
Loss for the period	–	–	–	–	(5,685)	(5,685)
Other comprehensive income:						
Net gain on cash flow hedges (share of equity accounted investments)	–	–	410	–	–	410
Tax relating to components of other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	410	–	(5,685)	(5,275)
Share-based payment reserve (share of equity accounted investments), net of tax	–	–	–	351	–	351
Balance at 30 June 2021	4,204,488	54,887	77	16,231	(3,520,185)	755,498
Balance at 1 January 2022	**4,204,488**	**54,887**	**(183)**	**16,562**	**(3,536,177)**	**739,577**
Profit for the period	**–**	**–**	**–**	**–**	**12,745**	**12,745**
Other comprehensive income:						
Net gain on cash flow hedges (share of equity accounted investments)	**–**	**–**	**465**	**–**	**–**	**465**
Tax relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**465**	**–**	**12,745**	**13,210**
Share-based payment reserve (share of equity accounted investments), net of tax	**–**	**–**	**–**	**535**	**–**	**535**
Acquisition of shares (share of equity accounted investments), net of tax	**–**	**–**	**–**	**(3,559)**	**–**	**(3,559)**
Balance at 30 June 2022	**4,204,488**	**54,887**	**282**	**13,538**	**(3,523,432)**	**749,763**

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

Consolidated Statement of Cash Flows
For the Half-year ended 30 June 2022

	30 June 2022 $'000	30 June 2021 $'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	**(523)**	(1,330)
Interest received	**35**	47
Dividends from associate	**17,603**	15,532
Net cash inflows from operating activities	**17,115**	14,249
Cash Flows from Financing Activities		
Repayment of borrowings – entity within the CKHH Group	**(16,257)**	–
Net cash outflows from financing activities	**(16,257)**	–
Net Increase in cash and cash equivalents	**858**	14,249
Cash and cash equivalents at 1 January	**3,737**	23,657
Cash and cash equivalents at 30 June	**4,595**	37,906

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

Notes to the Financial Statements

Note 1 Summary of significant accounting policies

(a) Basis of preparation

This financial report of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and its controlled entity (together the "Group") for the half-year period ended 30 June 2022 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001 (Cth).* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This half-year 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 2021 and any public announcements made by HTAL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the considerations in the section "New accounting standards and interpretations" (Note 1(h)).

For the purposes of preparing these financial statements, the Company is a for-profit entity.

(b) Net current asset deficiency

As at 30 June 2022, the Group has a deficiency of net current assets of $18.2 million (31 December 2021: a deficiency of $35.0 million). Included in the Group's current liabilities is an amount of $22.1 million (31 December 2021: $38.3 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. The Group has unused financing facilities of $1,577.9 million at 30 June 2022 (31 December 2021: $1,561.7 million). CKHH has confirmed its current intention is to provide sufficient financial support to enable the Group to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing these financial statements. Consequently, the Directors have prepared the financial statements on a going concern basis.

(c) 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, after initially being recognised at cost in the consolidated statement of financial position (Refer to Note 3 for further details).

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights directly or indirectly. Where the Group holds less than 20% of the voting rights of an investee, representation on the board of directors or equivalent governing body of the investee and participation in the investee's policy making processes, including participation in decisions about dividends or other distributions, are also considered when determining whether the Group has significant influence. Investments in associates are accounted for under the equity method after initially being recognised at cost in the consolidated statement of financial position (Refer to Note 3 for further details).

Note 1 Summary of significant accounting policies (continued)

(iv) Equity method

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

On acquisition of the equity accounted investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method of accounting and does not remeasure the retained interest.

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 and estimates of equity accounted investees have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

When there is a decrease in the ownership percentage of an investment, this will give rise to a deemed disposal of the investment. A gain or loss on the deemed disposal should be recognised in profit or loss upon completion of the dilution / deemed disposal.

The dilution gain or loss is calculated by comparing the difference between the carrying amount of interest deemed to be disposed (i.e. change in ownership %) to the fair value of the interest deemed to be received, plus amounts reclassified from other comprehensive income.

(d) Impairment of assets

Equity accounted investments are tested for impairment annually or when there is an indication that it may be impaired. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. The guidance in *AASB 128 Investments in Associates and Joint Ventures* is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in *AASB 136 Impairment of Assets*.

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 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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period or when there is an indication that the impairment loss may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 1 Summary of significant accounting policies (continued)

(e) Segment 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 Operating Segments* are reported separately.

(f) Critical accounting estimates and judgements

The preparation of financial statements often requires the exercise of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and judgements concerning the future may be required in applying those methods and policies in the half-year financial statements. In preparing the half-year financial report, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from Coronavirus Disease 2019 ("COVID-19") the pandemic and different monetary, fiscal and government policy responses aimed at reviving the economy, it is reasonably possible that actual conditions could differ from our expectations.

In particular, a number of estimates in relation to impairment of investments in controlled entities and equity accounted investments have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and it is currently impossible to predict. As a result, our accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

(i) Impairment assessment on investments in equity accounted investments

In accordance with the Group's accounting policy, the investments in equity accounted investments are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test for the Group's equity accounted investments in TPG Telecom Limited ("TPG") is carried out at 30 June 2022. Carrying value of the investment is compared with its recoverable amount for the impairment testing. The recoverable amount of the investment is determined based on its fair value less cost of disposal. Fair value is derived using the volume weighted average price of TPG shares where share prices might be driven by incidents or market sentiment which a company cannot control. A block premium on the basis of HTAL's significant influence on TPG was considered. The result of the impairment testing undertaken on 30 June 2022 indicated that the recoverable amount is in excess of the carrying amount, as a result no impairment is deemed necessary for the year.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences if management considers that it is probable that sufficient future taxable profits will be available to utilise those temporary differences. 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 profit. Deferred tax assets have not been recognised as there is no convincing evidence that sufficient future taxable profits will be available against which unused tax losses or unused tax credits can be utilised. The Group has carried forward tax losses for unused deferred tax assets that have not been recognised.

Note 1 Summary of significant accounting policies (continued)

(iii) TPG equity accounting

When assessing whether HTAL has significant influence over TPG, management has considered HTAL's combined 25.05% interest in TPG.

Depreciation of operating assets constitutes a substantial operating cost for TPG. 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 profit / (loss) of equity accounted investments, net of tax" in HTAL's consolidated statement of profit or loss and other comprehensive income. In 2019, the Group decided to revise the useful life of some of TPG's existing network assets from up to 20 years to between 3 and 18 years, which is consistent with the estimates adopted by TPG.

In implementing the revised useful lives, management applied the change in the depreciation of the TPG existing network assets based on an assessment of individual asset lives prospectively from 1 January 2019 as required under Australian Accounting Standards. This resulted in a decrease in the share of net profit of equity accounted investment of $10.3 million as at 30 June 2022 (30 June 2021: increase in the share of net loss of equity accounted investment of $12.3 million).

TPG management have made changes to the prior period comparative amounts in the half-year report 2022 due to a voluntary amendment to the accounting policy for government grants (please refer to Note 1(h) in TPG's half-year financial report 2022 for more information). The impact of TPG's changes will result in a decrease in HTAL's share of net loss of equity accounted investments, net of tax for the period ended 30 June 2021 by $0.6 million. The Directors of HTAL have assessed that the impact on the results is deemed to be immaterial, and therefore no changes have been made to HTAL's prior period comparatives in HTAL's half-year financial report 2022

(g) Rounding of amounts

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* ("ASIC Instrument") issued by the Australian Securities and Investments Commission ("ASIC"), relating to the 'rounding off' of amounts in the directors' report and the half-year financial report. Amounts in the directors' report and half-year financial report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases unless otherwise indicated, the nearest dollar or cent.

(h) New accounting standards and Interpretations

Accounting standards issued and mandatorily effective in the current year

The Group has adopted all of the new and revised effective / applicable standards, amendments and interpretations issued by the Australian Accounting Standards Board that are relevant to the Group's operations and mandatory for annual periods beginning on or after 1 January 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Adoption of these standards has not had a material impact for the period ended 30 June 2022.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. The adoption of these standards in future period is not expected to have a material impact on the Group's financial statements.

Note 2 Operating Segment

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Group in assessing performance and in determining the allocation of resources. In 2022, the Group continued to invest in an operator within the telecommunications industry.

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

Key financial information used by the chief operating decision maker of the Group when evaluating the investment in the telecommunications services operating segment includes total revenue and the results of the equity accounted investments. For the key financial information refer to page 5 for the financial metrics for the period and Note 3 for the results of the associates/joint ventures.

Note 3 Non-current assets – Investment accounted for using the equity method

	30 June 2022 $'000	31 December 2021 $'000
Equity accounted investments	**767,947**	774,578

On 26 June 2020, the merger between Vodafone Hutchison Australia Limited ("VHA") and TPG Corporation Limited (formerly named TPG Telecom Limited) ("TPM") was sanctioned by the Court and became effective for accounting purposes. On the same date, HTAL's ownership interest percentage in VHA effectively diluted from 50% to 25.05%. From 26 June 2020, HTAL no longer had joint control in the investment, and has attained the ability to exercise significant influence over the new merged company. As such, HTAL's 25.05% investment in VHA has been accounted for in the consolidated financial reports using the equity method. VHA was renamed to TPG on 29 June 2020 and listed on the ASX on 30 June 2020. On 9 July 2020, Vodafone Hutchison Finance Pty Limited ("VHF") became a wholly owned subsidiary of Vodafone Hutchison (Australia) Holdings Limited ("VHAH"), in which HTAL has a 50% ownership interest.

Under the TPG Scheme Implementation Deed, HTAL and its wholly owned subsidiary, Hutchison 3G Australia Holdings Pty Limited ("H3GAH") and Vodafone Group Plc ("VGP") and its relevant subsidiaries entered into an escrow deed under which, subject to certain exceptions, they must not dispose of, directly or indirectly, any of their TPG shares for a period of 24 months following merger implementation. The 24 months lock up period has expired on 12 July 2022. Furthermore, the VHAH shareholders' agreement entered into between HTAL, VGP, VHAH and others dated 24 June 2020: (i) places restrictions on direct and indirect transfers of shares in VHAH for a period of 2 years from the merger implementation, and (ii) places restrictions on VHAH from selling its shares in TPG for a period of 2 years from merger implementation and also provides that, on expiry of 3 years from the merger implementation, either VHAH shareholder group may require VHAH to sell no more than 10% of VHAH's TPG shares in any 9-month period subject to the other shareholder group having a right of first offer to purchase the shares prior to them being sold to a third party.

On 14 July 2020, upon completion of all merger implementation and debt restructuring activities, HTAL's 25.05% ownership interests in TPG comprises 11.14% interest directly held by H3GAH, and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding and which H3GAH jointly controls with Vodafone Europe B.V. HTAL's 50% interests in VHAH, including its 50% share of VHAH's bank debt, has been accounted for in the consolidated financial reports using the equity method. VHF was placed in member's voluntary liquidation on 30 March 2021 and formally deregistered on 12 December 2021.

The market value of the above listed investments based on the quoted market price at 30 June 2022 was $2,780.6 million (2021: $2,743.4 million). This amount is before the Group's 50% share of VHAH's net debt of $4,516.1 million (2021: $4,524.0 million).

Note 3 Non-current assets – Investment accounted for using the equity method (continued)

As at 30 June 2022, the Group held interests in the following associate and joint venture:

			Ownership interest	
Name of entities	**Principal activity**	**Country of operation**	**30 June 2022 %**	31 December 2021 %
Associate:				
TPG Telecom Limited	Telecommunications Services	Australia	**11.14%**[5]	11.14%[5]
Joint venture:				
Vodafone Hutchison (Australia) Holdings Limited	Financing and investing activities	United Kingdom	**50.00%**	50.00%

Movement in equity accounted investments carrying values	**30 June 2022 $'000**	31 December 2021 $'000
Opening balance	**774,578**	825,742
Share of profit / (loss) of equity accounted investments, net of tax	**13,531**	(19,897)
Net gain on cash flow hedges taken to equity (share of equity accounted Investments), net of tax	**465**	150
Share-based payment reserve (share of equity accounted Investments), net of tax	**535**	682
Acquisition of shares (share of equity accounted Investments), net of tax	**(3,559)**	–
Share of dividend received from equity accounted investment[6]	**(17,603)**	(32,099)
Closing Balance	**767,947**	774,578

Summarised Statement of Profit or Loss and Other Comprehensive Income

Summarised financial information with respect to the profit or loss and other comprehensive income of the Group's equity accounted investments and reconciliation of the summarised financial information to the Group's share of profit / (loss) of equity accounted investments, net of tax, are set out below. The amounts included in the summarised financial information, based on their respective Australian Accounting Standards financial statements, have been adjusted to reflect adjustments made by HTAL in applying the equity method of accounting. The adjustments principally relate to a fixed asset depreciation overlay carried out in 2019 to align the Group's useful life of some of TPG's existing network assets from up to 20 years to between 3 and 18 years, to be consistent with the estimates adopted by TPG. Please refer to Note 1(f)(iii) Critical accounting estimates and judgements for further background.

[5] HTAL's 25.05% ownership interest in TPG comprises 11.14% interest directly held by H3GAH, a wholly owned subsidiary of HTAL, and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. VHAH has a direct 27.82% interest in TPG.

[6] HTAL's dividend income received from TPG for the 11.14% interest directly held by H3GAH is recognised as a reduction in the carrying amount of the investment.

Note 3 Non-current assets – Investment accounted for using the equity method (continued)

	30 June 2022		30 June 2021	
	VHAH $'000	**TPG $'000**	VHAH $'000	TPG $'000
Gross amount of the following items of the equity accounted investments:[7]				
Revenues	**–**	**2,626,000**	–	2,630,000
Other income	**–**	**13,000**	–	8,000
Expenses	**(41)**	**(1,802,000)**	(388)	(1,752,000)
Share of profits from investment in TPG, net of tax	**35,015**	**–**	7,515	–
Depreciation and amortisation	**–**	**(727,136)**	–	(744,986)
Net finance costs	**(35,955)**	**(70,000)**	(22,573)	(81,000)
Profit / (loss) before income tax	**(981)**	**39,864**	(15,446)	60,014
Income tax credit / (expense)	**–**	**86,000**	–	(33,000)
Profit / (loss) for the period	**(981)**	**125,864**	(15,446)	27,014
Other comprehensive income	**516**	**1,855**	455	1,637
Total comprehensive profit / (loss)	**(465)**	**127,719**	(14,991)	28,651

Reconciliation to the Group's share of profit / (loss) of the equity accounted investments:				
Group interest:	**50%**	**11.14%**[8]	50%	11.14%[8]
Group's share of the following items:				
Profit / (loss) for the period	**(490)**	**14,021**	(7,723)	3,009
Group's share of profit / (loss) of equity accounted investments	**(490)**	**14,021**	(7,723)	3,009

HTAL's share of profit / loss of equity accounted investments of $13.5 million profit for the half-year ended 30 June 2022 (30 June 2021: $4.7 million loss) represents (i) the combined total of the Group's 50% share of net loss of VHAH of $0.5 million (30 June 2021: $7.7 million net loss) (which includes the Group's 50% share of VHAH's financing costs and others of $18.0 million (30 June 2021: $11.5 million) and the Group's 13.91% indirect share of net profit of TPG of $17.5 million (30 June 2021: $3.8 million) after considering equity accounted adjustments), and (ii) the Group's 11.14% direct share of net profit of TPG of $14.0 million (30 June 2021: $3.0 million) after considering equity accounted adjustments as presented in the table above.

TPG management have made changes to the prior period comparative amounts in the half-year report 2022 due to a voluntary amendment to the accounting policy for government grants (please refer to Note 1(h) in TPG's half-year financial report 2022 for more information). The impact of TPG's changes will result in a decrease in HTAL's share of net loss of equity accounted investments, net of tax for the period ended 30 June 2021 by $0.6 million. The Directors of HTAL have assessed that the impact on the results is deemed to be immaterial, and therefore no changes have been made to HTAL's prior period comparatives in HTAL's half-year financial report 2022.

[7] The comparatives are derived from TPG's half-year financial report 2021.

[8] HTAL's 25.05% ownership interest in TPG comprises 11.14% interest directly held by H3GAH, a wholly owned subsidiary of HTAL, and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. VHAH has a direct 27.82% interest in TPG.

Note 3 Non-current assets – Investment accounted for using the equity method (continued)

Summarised statement of financial position

Summarised financial information with respect to the statement of financial position of the Group's equity accounted investments and reconciliation of the summarised financial information to the Group's carrying amount of these investments, are set out below. The amounts included in the summarised financial information, based on their respective Australian Accounting Standards financial statements, have been adjusted to reflect adjustments made by HTAL in applying the equity method of accounting.

	30 June 2022		31 December 2021	
	VHAH $'000	**TPG $'000**	VHAH $'000	TPG $'000
Gross amount of the following items of the equity accounted investments:[9]				
Current assets	**376,439**	**1,253,000**	361,456	833,000
Non-current assets	**3,536,683**	**18,191,994**	3,372,270	18,757,684
Current liabilities	**(11,930)**	**(1,618,000)**	(7,331)	(1,667,000)
Non-current liabilities	**(5,056,720)**	**(5,747,000)**	(4,878,173)	(5,801,000)
Net (liabilities) / assets	**(1,155,528)**	**12,079,994**	(1,151,778)	12,122,684
Reconciliation to the carrying amount of the Group's investment accounted for using the equity method				
Group Interest	**50%**	**11.14%**[10]	50%	11.14%[10]
Group's share of net (liabilities) / assets	**(577,764)**	**1,345,711**	(575,889)	1,350,467

HTAL's investments accounted for using the equity method of accounting of $767.9 million at 30 June 2022 (31 December 2021: $774.6 million) represents (i) the combined total of the Group's 50% share of net liabilities of VHAH of $577.8 million (31 December 2021: $575.9 million) which includes the Group's 50% share of VHAH's bank debt of US$3.5 billion (31 December 2021:US$3.5 billion), and the Group's 13.91% indirect share of net assets of TPG of $1,680.3 million (31 December 2021:$1,686.6 million), and (ii) the Group's 11.14% direct share of net assets of TPG of $1,345.7 million (31 December 2021: $1,350.7 million) presented in the table above.

TPG management have made changes to the prior period comparative amounts in the half-year report 2022 due to a voluntary amendment to the accounting policy for government grants (please refer to Note 1(h) in TPG's half-year financial report 2022 for more information). The impact of TPG's changes will result in a decrease in HTAL's share of net loss of equity accounted investments, net of tax for the period ended 30 June 2021 by $0.6 million. The Directors of HTAL have assessed that the impact on the results is deemed to be immaterial, and therefore no changes have been made to HTAL's prior period comparatives in HTAL's half-year financial report 2022.

The summarised statement of financial position includes the following items:

	30 June 2022		31 December 2021	
	VHAH $'000	**TPG $'000**	VHAH $'000	TPG $'000
Cash and cash equivalents	**376,412**	**116,000**	361,456	202,000
Current financial liabilities	**(11,930)**	**(49,000)**	(7,331)	(61,000)
Non-current financial liabilities	**(5,056,720)**	**(5,591,000)**	(4,878,173)	(5,649,000)

[9] The comparatives are derived from TPG's annual financial report 2021.

[10] HTAL's 25.05% ownership interest in TPG comprises 11.14% interest directly held by H3GAH, a wholly owned subsidiary of HTAL, and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. VHAH has a direct 27.82% interest in TPG.

Note 3 Non-current assets – Investment accounted for using the equity method (continued)

On 20 November 2020, VHAH entered into a US$3.5 billion Syndicated Facility Agreement ("SFA") with a syndicate of lenders. The facility bears interest at 3 month US Libor + 1.00% and it will mature in 2023. An upfront fee of US$10.5 million was charged by the syndicate of lenders. The SFA is guaranteed by the VHAH ultimate parent entities, CKHH and VGP. CKHH and VGP have also entered into a Counter Indemnity Agreement with VHAH but no guarantee fee is charged to VHAH.

In order to protect against exchange rate movements, VHAH entered into cross currency interest rate swaps to coincide with the maturity of the loan. The swaps in place cover 100% of the outstanding loan balance and have a fixed exchange rate and effectively swap US dollar debt for Australian dollar debt. The swaps were entered into with related parties associated with the VHAH joint venture partners. VHAH's effective rate of interest is based on the Australian 3-month BBR plus a margin. The cross currency swaps are settled in full on the same date as the interest payment is made to the facility agent. VHAH utilised the funds from the SFA to repay the outstanding principal of the existing US$3.5 billion Syndicated Facility Agreement owed by VHF, its 100% owned subsidiary, which matured on 20 November 2020.

HTAL's investment in VHAH is predicated on the ongoing financial support from both of VHAH's ultimate shareholders. The SFA is fully guaranteed by VHAH's ultimate parent entities.

Note 4 Earnings / (loss) per share

The calculation of earnings per share is based on the profit attributable to the members of the Company of $12,745,000 (30 June 2021: loss of $5,685,000) and on the weighted average number of shares, being 13,572,508,577 shares in issue during the six months ended 30 June 2022 and 30 June 2021.

There were no (2021: nil) options and no other potential ordinary shares outstanding at 30 June 2022 and accordingly there was no impact on the earnings/loss per share calculation for the period ended 30 June 2022 and 30 June 2021.

Note 5 Current liabilities – Other financial liabilities

	30 June 2022 $'000	31 December 2021 $'000
Loan from an entity within the CKHH Group	**22,059**	38,316

(a) Loan from an entity within the CKHH Group

The $1.6 billion facilities from an entity within the CKHH Group is an interest free financing facility and is repayable on demand. Total unused financing facilities at 30 June 2022 is $1,577.9 million (31 December 2021: $1,561.7 million).

(b) Financing arrangements

Unrestricted access was available at the statement of financial position date to the following lines of credit.

	30 June 2022 $'000	31 December 2021 $'000
(c) Other financial liabilities		
Total facilities from an entity within the CKHH Group	**1,600,000**	1,600,000
Used at the statement of financial position date	**(22,059)**	(38,316)
Unused at the statement of financial position date	**1,577,941**	1,561,684

Note 6 Events occurring after the reporting date

TPG's tower assets sale transaction

On 29 July 2022, TPG announced that it has completed the sale of tower assets to OMERS Infrastructure Management Inc., through the sale of a special purpose vehicle, that is a wholly owned subsidiary of TPG, Towers Business Operations Pty Ltd and Towers Business Operations Trust.

The transaction has delivered net cash proceeds to TPG of approximately $890 million (being the enterprise value less total transaction costs), which TPG will use to repay its existing bank debt. The transaction includes a master services agreement with a 20-year term and an option for TPG to extend. HTAL will account for its equity-accounted investments in TPG in its financial results for the year ending 31 December 2022 accordingly.

As a result of the sale of tower assets, in June 2022, TPG booked a deferred tax asset for previously unbooked capital losses accrued to TPG, which resulted in a one-off income tax benefit being recorded in TPG's half-year financial report ended 30 June 2022.

Update on TPG's regional MOCN agreement with Telstra

On 21 February 2022, TPG announced a regional Multi-Operator Core Network (“MOCN”) agreement with Telstra Corporation Limited (“Telstra”) (ASX: TLS) which will enable TPG to provide its subscribers with 4G and 5G coverage for data, calls and messaging from over 3,700 Telstra sites in regional and rural Australia. As of the date of this half-year financial report, the transaction is currently awaiting approval by the Australian Competition and Consumer Commission (“ACCC”). As previously noted, TPG will recognise one-off, non-cash accounting impacts in its financial results for the year ending 31 December 2022 arising from the decommissioning of sites as follows: the recognition of onerous lease related charges of up to $150 million and a write-down to the carrying value of network infrastructure assets of up to $75 million. In addition, the costs of site decommissioning (which is expected to take two years to complete) to be incurred by TPG are expected to be $29 million should the deal be approved. HTAL will account for its equity-accounted investments in TPG in its financial results for the year ending 31 December 2022 accordingly.

Other than the above, there have been no other matters or circumstances that has arisen after the reporting date that has significantly affected, or may significantly affect:

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

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

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

Directors' Declaration

In the Directors' opinion:

(a) the half-year financial statements and notes set out on pages 8 to 21 are in accordance with the *Corporations Act 2001 (Cth)*, including:

  (i) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, 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 2022 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
19 August 2022

Director
19 August 2022

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4D information

Net Tangible Assets Backing *(Appendix 4D item 3)*

	30 June 2022	30 June 2021
Net tangible assets backing per ordinary share	**$0.06**	$0.06

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

N/A

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

Details of dividends/distributions declared or paid during or subsequent to the period ended 30 June 2022 are as follows:

Dividends/distributions declared or paid	N/A

Dividends/distributions reinvestment plans	N/A

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

N/A

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

Refer to Note 3.

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

The Company is an Australian incorporated firm.

Opinions issued by auditors *(Appendix 4D item 9)*

The accounts have been subjected to review. (Refer to compliance statement)

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Hutchison Telecommunications (Australia) Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 30 June 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

Jason Hayes
Partner

Sydney
19 August 2022