

Companies Announcements Office

Australian Securities Exchange

Date 4 August 2010

**Subject: Half Year Results**

Please find attached the Company's results for the half year to 30 June 2010 in the form of Appendix 4D.

Yours faithfully



Louise Sexton  
Company Secretary

# Hutchison Telecommunications (Australia) Limited ABN 15 003 677 227

## ASX Half year information – 30 June 2010

Lodged with the ASX under Listing Rule 4.2A.

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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 2009 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 2010  
 (Previous corresponding period:  
 Half year ended 30 June 2009)

**Results for Announcement to the Market**

				\$'000
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	down	97.5%	to	19,061
<b>Profit</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	down	96.8%	to	17,850
<b>Net profit</b> for the period attributable to members <i>(Appendix 4D item 2.3)</i>	down	96.8%	to	17,850

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

**Record date** for determining entitlements to the interim dividend

N/A

*(Appendix 4D item 2.5)*

N/A

Hutchison Telecommunications (Australia) Limited  
ABN 15 003 677 227

## Half year report – 30 June 2010

### Directors' report

Your Directors present their report on 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 2010.

### 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 H. GARDENER  
LAI Kai Ming, Dominic  
John Michael SCANLON  
Frank John SIXT  
Roderick James SNODGRASS



## Review of HTAL's operations

On 9 June 2009, the merger of HTAL's operating subsidiary, Hutchison 3G Australia Pty Ltd ("H3GA") and Vodafone Australia Limited ("VAL") was completed. As a result of the merger H3GA acquired 100% of VAL and issued shares to subsidiaries of Vodafone Group Plc resulting in the Vodafone entities holding 50% of the H3GA shares. H3GA was renamed Vodafone Hutchison Australia Pty Limited ("VHA").

During the six months to 30 June 2010, HTAL's primary investment, VHA, experienced growth in customer numbers, revenue and EBITDA. Details of this growth are outlined in the Review of VHA's Operating Performance attributable to HTAL below.

HTAL accounts for its investment in VHA as an equity investment. Under this method, revenue from VHA's ordinary activities following the merger is not included in HTAL's consolidated revenues from ordinary activities, which is the reason HTAL is reporting a decline in revenue from ordinary activities for the year of 97.5% to \$19.1 million. All revenue of VHA following the merger is included in calculating the "share of net losses of jointly controlled entities and partnership accounted for using the equity method" in HTAL's Statement of Comprehensive Income.

No dividend was declared or paid during the half year.

## Review of VHA's operating performance attributable to HTAL<sup>1</sup>

This section outlines the operating performance of VHA attributable to HTAL. References to VHA financial results reflect the 50% share of VHA attributable to HTAL. References to customer metrics reflect the total customer base of VHA. Comparative figures for the period ending 30 June 2009 are as previously reported, being 5 months of the former H3GA '3' business and 1 month of the 50% share of VHA attributable to HTAL.

In the 12 months to 30 June 2010, VHA experienced strong growth in customer numbers. The customer base at 30 June 2010 was 7.43 million, an increase of 17.8% for the year. During the six month period to 30 June 2010, VHA acquired a net 539,000 customers, and has now added over 1.1 million customers since the merger. Growth in postpaid handset customers has been particularly strong, driving an increase in the mix of postpaid customers to 58.0%, up 2.5% in the year.

Total VHA revenue attributable to HTAL was \$1,179.1 million, an increase of 29.2%. As a result of the merger, there was a substantial shift in the mix of VHA's customer base, from a majority of postpaid customers in the '3' business to a more even mix of postpaid and prepaid customers with VHA. The rolling 12-month ARPU reduced by 14.6% to \$53.48 largely due to the increased number of prepaid customers in the base.

Revenue from non-voice services increased 42.7% to \$432.3 million, with growth in mobile broadband and the increased penetration of smart phones in the customer base driving increased usage of data services. Non-voice ARPU was stable year on year at \$21.07 and non-voice services now contribute 39.4% of ARPU, up from 33.8% at 30 June 2009.

VHA maintained an industry low postpaid handset customer churn level of 1.3% per month. Customer satisfaction, as measured by both internal and external surveys, continues to be strong.

EBITDA increased 127.0% to \$222.7 million, driven by improvements in operating margin and operating expenditure reductions.

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<sup>1</sup> Customers reflects VHA's active services in operation at the end of the reporting period.

Service revenue excludes revenue from sale of handsets, interest income and other income.

Non-voice service revenue is revenue from SMS and Planet 3 or Vodafone Live content services and internet and data access.

ARPU represents rolling 12 month average service revenue per user per month at the end of the period across prepaid and postpaid customers.

Review of VHA's operating performance attributable to HTAL <sup>2</sup> <i>The items below represent the 50% share of VHA attributable to HTAL</i>	Half - year			
	June 2010	Dec 2009 <sup>3</sup>	June 2009 <sup>4</sup>	Y/Y change
<b>Total revenue (\$m)</b>	<b>1,179.1</b>	1,127.6	<b>912.5</b>	29.2%
<b>Service revenue (\$m)</b>	<b>1,070.9</b>	1,021.4	<b>863.1</b>	24.1%
<b>Operating margin (\$m)</b>	<b>828.1</b>	777.2	<b>608.9</b>	36.0%
<b>Operating expenditure (\$m)</b>	<b>590.1</b>	647.5	<b>510.8</b>	15.5%
<b>EBITDAR (\$m)</b>	<b>238.0</b>	129.7	<b>98.1</b>	142.6%
<b>EBITDA (\$m)</b>	<b>222.7</b>	77.1	<b>98.1</b>	127.0%
<b>Capital expenditure (\$m)</b>	<b>124.1</b>	130.9	<b>105.3</b>	(17.9%)
<i>The items below represent totals for VHA</i>				
<b>Operating margin as a % of Service revenue</b>	<b>77.3%</b>	76.1%	<b>70.5%</b>	6.8%
<b>Operating expenditure as a % of Service Revenue</b>	<b>55.1%</b>	63.4%	<b>59.2%</b>	(4.1%)
<b>Capital expenditure as a % of Service Revenue</b>	<b>11.6%</b>	12.8%	<b>12.2%</b>	(0.6%)
<b>Customer acquisition cost per unit</b>	<b>\$155</b>	\$153	<b>\$193</b>	(19.7%)
<b>Mobile customers ('000)</b>	<b>7,434</b>	6,895	<b>6,311</b>	17.8%
- Mobile Broadband customers ('000)	<b>782</b>	673	<b>547</b>	43.0%
- Mobile Broadband customers – 3G services ('000)	<b>1,535</b>	717	<b>379</b>	305.0%
<b>Customer growth ('000)</b>	<b>539</b>	584	<b>4,275</b>	(87.4%)
<b>Net customer growth ('000)</b>	<b>539</b>	584	<b>305</b>	76.7%
<b>Postpaid %</b>	<b>58.0%</b>	56.8%	<b>55.5%</b>	2.5%
<b>Prepaid %</b>	<b>42.0%</b>	43.2%	<b>44.5%</b>	(2.5%)
<b>ARPU</b>	<b>\$53.48</b>	\$55.82	<b>\$62.62</b>	(14.6%)
<b>ARPU voice</b>	<b>\$32.41</b>	\$35.34	<b>\$41.44</b>	(21.8%)
<b>ARPU non-voice</b>	<b>\$21.07</b>	\$20.48	<b>\$21.18</b>	(0.5%)
- Non-voice, non-SMS	<b>\$10.92</b>	\$10.42	<b>\$10.49</b>	4.1%
- SMS	<b>\$10.15</b>	\$10.06	<b>\$10.69</b>	(5.1%)

<sup>2</sup> EBITDA represents service revenue less interconnect cost and running operating expenditure plus capitalised incremental direct acquisition and retention costs in accordance with AIFRS. Interest income has been reclassified to finance cost.

EBITDAR represents EBITDA excluding one-off restructuring costs associated with the merger.

Capital expenditure represents cash spend on capital expenditure, including the share of cash CAPEX in the period for the 3G network joint venture with Telstra.

Customer acquisition cost per unit represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new customer for the period.

Mobile Broadband includes data accessed via a modem, a Net connect card or a USB Dongle.

Mobile Broadband - 3G services comprises X-Series, a Mobile Web pack or a handset as a modem.

Net customer growth is the underlying customer growth and therefore excludes the customers acquired as part of the H3GA merger.

Operating margin is service revenue less interconnect and variable content costs.

Operating expenditure includes other direct costs of provision of telecommunication services, employee benefits expense, advertising and promotion expenses, net of other income and share of profits of jointly controlled entities and partnership accounted for using the equity method (3GIS) and excludes one-off restructuring costs associated with the merger.

3G Services revenue is revenue from Planet 3 or Vodafone Live content services and internet and data access.

Average monthly margin per customer represents rolling 12-month average margin per mobile customer, across pre and postpaid customers per month at the end of the period.

<sup>3</sup> The results to 31 December 2009 represents 6 months of the 50% share of VHA attributable to HTAL.

<sup>4</sup> The results to 30 June 2009 represents 5 months of the former H3GA '3' business and 1 month of the 50% share of VHA attributable to HTAL.



## **Strong growth**

During the first half of 2010, VHA's financial results were driven by strong growth in customer numbers and revenue.

The customer base increased from 6.31 million customers at 30 June 2009 to 7.43 million customers at 30 June 2010, an increase of 17.8%.

Total revenue, which includes voice and non-voice revenue, for the year ended 30 June 2010 increased 29.2% to \$1,179.1 million. Operating margin increased 36.0% to \$828.1 million and operating margin as a percentage of service revenue increased from 70.5% to 77.3%. Average monthly operating margin for the first half of 2010 was \$138.0 million up from \$101.5 million in the first half of 2009.

Operating expenditure, excluding one-off restructuring costs associated with the merger was \$590.1 million, which represents 55.1% of service revenue compared to 59.2% in the previous corresponding period.

EBITDA, excluding one-off restructuring costs associated with the merger, increased by 142.6% to \$238.0 million. EBITDA margin, excluding one-off restructuring costs associated with the merger, was 22.2%, up from 11.4% in the previous corresponding period reflecting improvements in operating margin and reductions in operating costs through integration.

Customer acquisition cost per unit was \$155, down from \$193 in the previous corresponding period due primarily to the change in the customer acquisition mix towards prepaid as a result of the merger.

Capital expenditure in the half-year was \$124.1 million, compared with \$105.3 million in the previous corresponding period. Capital expenditure as a percentage of service revenue was 11.6% compared with 12.2% in the previous corresponding period.

## **3G services growth continues**

VHA continued to experience a strong uptake in 3G services, with non-voice revenue increasing 42.7% to \$432.3 million. Non-voice services now contribute 39.4% of ARPU, up from 33.8% in the previous corresponding period.

Mobile broadband subscribers increased to 782,000, up 43.0% from 547,000 in the previous corresponding period. A further 1,535,000 customers subscribe to 3G services on their handsets or use their handset as a modem to access the internet, an increase of 305.0% in the previous corresponding period.

## **Strengthening network assets**

Coverage and capacity has improved in 2010 on both Vodafone and '3' networks.

During the first half of 2010 VHA has undertaken significant nationwide capacity upgrades to both its Vodafone 2G and 3G networks, improving accessibility and performance. There has been improved metro coverage through additional 2100 MHz sites added to the Vodafone radio access network, parts of which are shared with Optus Mobile Pty Limited. The Vodafone network has a total of 3,967 sites.

The 3GIS joint venture (with our partner, Telstra Corporation Limited ("Telstra")) which delivers the '3' network, now has 2,746 sites with 3G coverage to 56% of the population.

## Outlook

HTAL is pleased with VHA's continued customer and revenue growth, and the progress on merger integration. The benefits of the merger are clear in the EBITDA result for the first half of 2010.

The focus on business integration will continue in the second half of 2010, including:

- Completion of the consolidation of contact centre operations in Mumbai and Hobart;
- Reduction in distribution costs and realisation of retail productivity and labour efficiencies;
- Continuation of IT systems integration and transition to target platforms;
- Implementation of new network vendor arrangements consolidating core network, managed services and transmission services; and
- Improving the effectiveness of the distribution footprint and refocusing sponsorship properties.

In the second half of 2010 HTAL expects VHA to deliver good growth in customer numbers and increased 3G services revenue. VHA will continue to focus on improving its market leading position in customer experience and customer satisfaction.

HTAL anticipates the penetration of smartphones in the VHA customer base will increase through the second half of 2010 and that the market will remain highly competitive with continued high levels of handset subsidy.

HTAL is encouraged by the progress on the National Broadband Network (NBN), and VHA will continue to urge the government to ensure mobile base stations are connected to the NBN.

VHA is fully engaged in the process for spectrum licence renewal and will closely follow the proposals for the auction of new spectrum licences. VHA will provide input to ensure sound policy decisions are made that will support and promote the digital economy and increase competition to deliver more value in mobile telecommunications and mobile broadband services to more Australians.

HTAL expects VHA to be free cash-flow positive in 2010, excluding one-off restructuring costs associated with the merger, and remains committed to achieving merger synergies with a net present value of \$2 billion.



### 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 9.

### Rounding of amounts

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

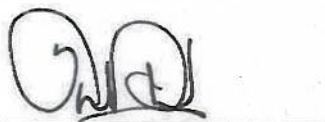
### Auditor

Deloitte Touche Tohmatsu has been appointed as auditor and continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Director  
4 August 2010



Director  
4 August 2010

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

4 August 2010

Dear Board Members

### **Hutchison Telecommunications (Australia) Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Hutchison Telecommunications (Australia) Limited.

As lead audit partner for the review of the financial statements of Hutchison Telecommunications (Australia) Limited for the half year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

*DELOITTE TOUCHE TOHMATSU*  
DELOITTE TOUCHE TOHMATSU



Sandeep Chadha  
Partner  
Chartered Accountants

**Hutchison Telecommunications (Australia) Limited  
Consolidated Statement of Comprehensive Income  
For the half year ended 30 June 2010**

	June 2010 \$'000	June 2009 <sup>5</sup> \$'000
<b>Revenue</b>	<b>19,061</b>	748,779
Gain on disposal arising from merger	-	587,285
Other income	-	1,887
Cost of interconnection and variable content costs	-	(216,862)
Other direct costs of provision of telecommunication services and goods	-	(150,228)
Cost of handsets sold	-	(185,510)
Employee benefits expense	(214)	(57,029)
Advertising and promotion expenses	(146)	(22,803)
Other operating expenses	(198)	(51,356)
Capitalisation of customer acquisition and retention costs	-	20,055
Depreciation and amortisation expense	-	(113,417)
Finance costs	(48)	(330)
Share of net losses of jointly controlled entities and partnership accounted for using the equity method	(605)	(8,459)
<b>Profit before income tax</b>	<b>17,850</b>	552,012
Income tax expense	-	-
<b>Profit for the period</b>	<b>17,850</b>	552,012
<b>Other comprehensive income</b>		
Changes in the fair value of cash flow hedges, net of tax	-	(990)
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(990)</b>
<b>Total comprehensive income for the period attributable to members of Hutchison Telecommunications (Australia) Limited</b>	<b>17,850</b>	<b>551,022</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company</b>		
Basic earnings per share	<b>0.13</b>	4.07
Diluted earnings per share	<b>0.13</b>	4.07

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

<sup>5</sup> The results to 30 June 2009 represent 5 months consolidated results of HTAL and 1 month equity accounted result for VHA.



**Hutchison Telecommunications (Australia) Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2010**

	June 2010 \$'000	Dec 2009 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,222	2,858
Other financial assets	7,460	64,233
Other	163	163
<b>Total Current Assets</b>	<b>11,845</b>	<b>67,254</b>
<b>Non-Current Assets</b>		
Other financial assets	71,963	50,332
Investment accounted for using the equity method	1,553,046	1,553,651
<b>Total Non-Current Assets</b>	<b>1,625,009</b>	<b>1,603,983</b>
<b>Total Assets</b>	<b>1,636,854</b>	<b>1,671,237</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	6,681	8,805
Other financial liabilities	236,857	286,954
<b>Total Current Liabilities</b>	<b>243,538</b>	<b>295,759</b>
<b>Total Liabilities</b>	<b>243,538</b>	<b>295,759</b>
<b>Net Assets</b>	<b>1,393,316</b>	<b>1,375,478</b>
<b>EQUITY</b>		
Contributed equity	4,204,488	4,204,488
Reserves	70,829	70,841
Accumulated losses	(2,882,001)	(2,899,851)
<b>Total Equity</b>	<b>1,393,316</b>	<b>1,375,478</b>

*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 2010**

**Attributable to members of Hutchison  
Telecommunications (Australia) Limited**

	<b>Contributed equity</b>	<b>Reserves</b>	<b>Accumulated losses / (profits)</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2009</b>	<b>4,204,488</b>	<b>71,560</b>	<b>(3,367,575)</b>	<b>908,473</b>
Profit for the period	-	-	552,012	552,012
Changes in the fair value of cash flow hedges, net of tax	-	(990)	-	(990)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(990)</b>	<b>552,012</b>	<b>551,022</b>
<b>Transactions with members in their capacity as members:</b>				
Employee share options - value of employee services	-	200	-	200
<b>Subtotal</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>200</b>
<b>Balance at 30 June 2009</b>	<b>4,204,488</b>	<b>70,770</b>	<b>(2,815,563)</b>	<b>1,459,695</b>
<b>Balance at 1 January 2010</b>	<b>4,204,488</b>	<b>70,841</b>	<b>(2,899,851)</b>	<b>1,375,478</b>
Profit for the period	-	-	17,850	17,850
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>17,850</b>	<b>17,850</b>
<b>Transactions with members in their capacity as members:</b>				
Employee share options - value of employee services	-	(12)	-	(12)
<b>Subtotal</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>(12)</b>
<b>Balance at 30 June 2010</b>	<b>4,204,488</b>	<b>70,829</b>	<b>(2,882,001)</b>	<b>1,393,316</b>

*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 2010**

	June 2010 \$'000	June 2009 <sup>6</sup> \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	-	777,503
Payments to suppliers and employees (inclusive of GST)	<b>(3,299)</b>	(622,866)
	<b>(3,299)</b>	154,637
Interest received	<b>718</b>	11,230
Finance costs paid	<b>(48)</b>	(2,788)
<b>Net cash (outflows) / inflows from operating activities</b>	<b>(2,629)</b>	163,079
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant and equipment	-	(87,174)
Proceeds from sale of intangible assets	-	86,000
Proceeds from loans to jointly controlled entities	<b>54,090</b>	2,160
Payments for intangible assets	-	(37,530)
<b>Net cash inflows / (outflows) from investing activities</b>	<b>54,090</b>	(36,544)
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings – related parties	-	15,000
Repayment of borrowings – related parties	<b>(50,097)</b>	(124,409)
Repayment of finance lease	-	(1,327)
<b>Net cash outflows from financing activities</b>	<b>(50,097)</b>	(110,736)
<b>Net increase in cash and cash equivalents</b>	<b>1,364</b>	15,799
Cash and cash equivalents at 1 January	<b>2,858</b>	134,685
Cash disposed of with H3GA merger	-	(144,732)
<b>Cash and cash equivalents at 30 June</b>	<b>4,222</b>	5,752

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

<sup>6</sup> The cash flows to 30 June 2009 represent 5 months consolidated results of HTAL and 1 month HTAL only cash flows.



# Hutchison Telecommunications (Australia) Limited

## Notes to the consolidated financial statements

### For the half year ended 30 June 2010

#### 1 Basis of preparation of half-year report

This general purpose financial report for the interim half year reporting period ended 30 June 2010 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 2009 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*.

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

#### Principles of consolidation

##### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all subsidiaries made up to 30 June 2010. Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The effects of all transactions between entities in the Consolidated Entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (ii) Joint ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

##### *Jointly controlled entity*

A jointly controlled entity is a joint venture which involves the establishment of a separate entity. The Consolidated Entity's interest in the joint venture entity is accounted for in the consolidated financial statements using the equity method of accounting. Under this method the share of the profits or losses of the entity is recognised in the statement of comprehensive income, and the share of the movements in reserves is recognised in reserves in the statement of financial position.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

## **Segment reporting**

AASB 8 is a disclosure standard that requires the disclosure of the Consolidated Entity's operating segments. It replaces the requirement under AASB 114 to determine primary (business) and secondary (geographical) reporting segments of the Consolidated Entity's operations. Adoption of this standard did not have any effect on the Consolidated Entity's results of operations or financial position.

## **Going concern disclosures**

As at 30 June 2010, the Consolidated Entity, has a deficiency of net current assets of \$232 million (2009: \$229 million). Included in the Consolidated Entity's current liabilities is an amount of \$237 million (2009: \$287 million) which relates to an interest free financing facility provided from a wholly-owned subsidiary of the Company's ultimate parent entity, Hutchison Whampoa Limited ("HWL"), which is repayable on demand. HWL has confirmed its current intention to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from 4 August 2010. Consequently, the directors have prepared the financial statements on a going concern basis.

## **Rounding off of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission. In accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars.

## **New accounting standards and interpretations**

In the current period, 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 2010. The adoption of these standards, amendments and interpretations has not resulted in substantial changes to the Consolidated Entity's accounting policies.

## **2 Segment information**

The Consolidated Entity invests 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, that of investor in an operator of telecommunication services. As such, the Consolidated Entity believes it is appropriate that there is one business segment being an investor in an operator of telecommunication services.

Segment results are therefore disclosed with reference to the entire statement of comprehensive income and year end balances as disclosed in the statement of financial position.

## **3 Events occurring after the reporting period**

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 10 to 15 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 2010 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company 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  
4 August 2010

  
\_\_\_\_\_  
Director  
4 August 2010



## Hutchison Telecommunications (Australia) Limited

### Supplementary Appendix 4D information

#### NTA Backing *(Appendix 4D item 3)*

	June 2010	June 2009
Net tangible asset backing per ordinary share	\$0.10	\$0.11

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

N/A

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

Details of dividends/distributions declared or paid during or subsequent to the half year ended 30 June 2010 – N/A

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

N/A

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

##### Jointly controlled entity

On 9 June 2009, the Company finalised the merger of Hutchison 3G Australia Pty Limited ("H3GA") and Vodafone Australia Limited ("VAL"). As a result of the transaction, H3GA issued new ordinary shares equalling a 50% interest of the enlarged share capital of H3GA to Vodafone entities and the VAL business merged with H3GA's business. H3GA has been renamed Vodafone Hutchison Australia Pty Limited ("VHA"). From 9 June 2009, the interest in VHA is accounted for in the consolidated financial statements using the equity method.

The aggregate share of losses from VHA for the half year ended 30 June 2010 is \$605,000 (2009: \$11,284,000). HTAL's aggregate share of profits from 3GIS for the half year ended 30 June 2010 is \$nil (2009: \$2,825,000).

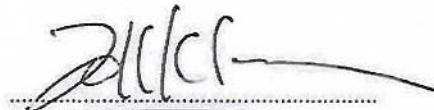
Information relating to the jointly controlled entity is set-out below:

	June 2010 \$'000	June 2009 \$'000
<b>Interest in a jointly controlled entity</b>	<u>1,553,046</u>	1,684,916
<b>Share of the jointly controlled entity's assets and liabilities</b>		
Current assets	559,025	433,166
Non-current assets	<u>3,149,502</u>	<u>3,045,364</u>
<b>Total assets</b>	<u>3,708,527</u>	<u>3,478,530</u>
Current liabilities	(640,233)	(419,502)
Non-current liabilities	<u>(1,658,986)</u>	<u>(1,513,431)</u>
<b>Total liabilities</b>	<u>(2,299,219)</u>	<u>(1,932,933)</u>
<b>Net assets</b>	<u>1,409,308</u>	<u>1,545,597</u>
<b>Share of the jointly controlled entity's revenue, expenses and results</b>		
Revenues	1,179,554	546,731
Expenses	<u>(1,180,159)</u>	<u>(558,015)</u>
<b>Loss for the period</b>	<u>(605)</u>	<u>(11,284)</u>
<b>Reconciliation of interest in a jointly controlled entity</b>		
Initial investment at 9 June 2009	1,556,881	1,556,881
Accumulated losses	<u>(147,573)</u>	<u>(11,284)</u>
Net assets	1,409,308	1,545,597
Spectrum licence cost	-	1,622
Goodwill	165,321	165,321
Gain on disposal of spectrum licence from HTAL to VHA, net of amortisation	<u>(21,583)</u>	<u>(27,624)</u>
Interest in jointly controlled entity at 30 June	<u>1,553,046</u>	<u>1,684,916</u>

## 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)
- |                          |   |                                     |   |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The *accounts have been audited.  | <input checked="" type="checkbox"/> | The *accounts have been subject to review.                  |
| <input type="checkbox"/> | The *accounts are in the process of being audited or subject to review. | <input type="checkbox"/>            | The *accounts have <i>not</i> yet been audited or reviewed. |
- 5 The audit review by the auditor is attached.
- 6 The entity has a formally constituted audit committee.

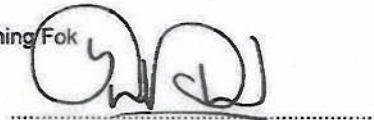
Sign here:

  
.....  
(Director)

Date: 4 August 2010

Print name: Canning Fok

Sign here:

  
.....  
(Director)

Date: 4 August 2010

Print name: Frank Sixt



## Independent Auditor's Review Report to the members of Hutchison Telecommunications (Australia) Limited

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 2010, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the 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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 Hutchison Telecommunications (Australia) Limited's financial position as at 30 June 2010 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.

## *Auditor's Independence Declaration*

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

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



Sandeep Chadha  
Partner  
Chartered Accountants  
Sydney, 4 August 2010