Hutchison Telecommunications
(Australia) Limited
ABN 15 003 677 227
A member of the
Hutchison Telecommunications Group
Building A, 207 Pacific Highway
St Leonards NSW 2065
Tel: (02) 9964 4646
Fax: (02) 9964 4668
www.hutchison.com.au

Companies Announcements Office

Australian Stock Exchange

Date 15 February 2005

Subject: Preliminary 2004 Annual Results

Please find attached the Company's results for the year to 31 December 2004 in the form of Appendix 4E and accompanying press release.

The Annual General Meeting of the Company will be held at 10.00am on 16 May 2005.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited
ASX Preliminary final report –
31 December 2004

Lodged with the ASX under Listing Rule 4.3A

This information should be read in conjunction with the 31 December 2004 Annual Report.

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Hutchison Telecommunications (Australia) Limited
Year ended 31 December 2004
(Previous corresponding period:
Year ended 31 December 2003)

Results for Announcement to the Market

				$'000
Revenue from ordinary activities *(Appendix 4E item 2.1)*	up	231.7%	to	1,173,293
Profit/(Loss) from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	up	34.7%	to	(551,985)
Net profit/(loss) for the period attributable to members *(Appendix 4E item 2.3)*	up	34.7%	to	(551,985)

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

Record date for determining entitlements to the dividend *(Appendix 4E item 2.5)* N/A

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This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2004 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*.

Review of Operations

Financial Highlights

$ million	Full Year		YOY Change
	2004	**2003**	
Services Revenue	523.1	240.9	117%
Equipment Revenue	244.8	99.3	147%
Operating Revenue [1]	**767.9**	340.2	126%
EBITDA [1]	**-235.5**	-223.4	-5%
NPAT [1]	**-552.0**	-409.8	-35%
Capital Expenditure [1]	**307.4**	361.9	-15%

2004 was a year of significant achievement for Hutchison with the Company reporting record growth in service revenue. Operational performance has continued to strengthen as strong customer growth and industry leading average revenue per user (ARPU) was achieved in an environment of ongoing cost management.

Although EBITDA and net losses in the reported period have widened they are within the Company's guidance and are expected to be peak losses for the business. The Company is well positioned to reduce losses and cash outflow in 2005, leveraging an existing quality customer base, a tight operating cost structure and continued strong revenue growth potential.

Hutchison remains on track to exit 2005 in a sustainable monthly EBITDA positive position after expensing the full cost of customer acquisition.

Capital expenditure (CAPEX) incurred in the business to date represents most of the business start up CAPEX requirements, with future requirements principally for capacity expansion. In addition, the network share arrangement finalised with Telstra Corporation Ltd (Telstra) in December will ensure that the Company will continue to extend its coverage footprint and maintain the highest quality network performance but at a significantly lower capital investment and operating cost than would be possible on a stand alone basis.

[1] Operating revenue excludes interest income and other non-operating revenue.
EBITDA excludes interest income and includes amortisation of customer acquisition costs.
NPAT represents net loss after tax attributable to Hutchison Telecommunications (Australia) Limited after outside equity interests.
Capital expenditure represents cash spend on capital expenditure.
The **3** business was launched in Sydney and Melbourne in April 2003 and in Brisbane, Adelaide and Perth in July 2003. As a result, the comparative figures for the 3 business in 2003 do not reflect a full year of operation.

Key Performance Drivers

	Year End		YOY Change
	2004	**2003**	
Mobile customers ('000)	**879**	412	113%
ARPU [2]	**$68**	$56	22%
Customer acquisition cost [2]	**$337**	$299	13%
Churn [2]	**1.7%**	1.9%	11%

Operational performance in 2004 was positive across the Company's key target areas. Delivering scale in the business through revenue and customer growth while maintaining a tight cost control continued to be a priority, as the Company looked to build revenue streams to cover its fixed cost base. In addition, the Company has maintained its efforts to grow new revenue streams from fixed line migration and contribution from non-voice services.

As a result, ARPU across the Company's mobile base improved by a market leading 22%. Overall customer numbers grew by 113% to 879,000.

Customer acquisition cost increased by 13% in 2004 to $337 per customer reflecting a higher acquisition mix of **3** customers. However, with **3** delivering an industry leading ARPU level, payback per customer continued to be well within internal hurdle rates.

Customer churn of 1.7% was 11% lower than in the previous year although the cost of customer retention has increased as a result of the expansion in the customer base and increased acquisition efforts by competing mobile operators.

Summary Review of Operations

In response to the successful introduction of capped plans by both **3** and Orange, the competitiveness of the mobile market in 2004 intensified with the introduction of similar plans from other operators. In addition, promotional giveaways, porting credits, anti-competitive bundling and other aggressive retention strategies have all been common in 2004.

Despite this, the Company's mobile businesses demonstrated resilience in revenue growth and continued to improve market share, demonstrating the superior product offering and branding of **3** and the simple and effective offering in Orange Mobile.

[2] ARPU represents average revenue per user, per month for the period across pre and post paid customers in both Orange Mobile and 3.
Customer acquisition cost represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new customer for the period.
Churn represents the average monthly churn of the total customer base for the period.

Revenue $ million	**Full Year**		**YOY Change**
	2004	**2003**	
3			
- Voice services	215.2	28.5	655%
- Non-voice services [3]	34.1	4.5	658%
- Equipment	152.9	55.2	177%
	402.2	**88.2**	356%
Orange			
- Service revenue	273.8	207.9	32%
- Equipment	91.9	44.0	109%
	365.7	**251.9**	45%
Total Revenue	**767.9**	**340.1**	126%

Supported by an increase in revenue contribution per customer, revenue growth in the reporting period outperformed the customer growth rate. Total revenue for the reporting period was $767.9 million, an increase of 126% compared to the 12 months ended 31 December 2003.

The Company estimates its share of total market service revenue to have reached 7% by 2004 year end, up from 3.5% at the end of 2003.

Revenue contribution from non-voice services, including messaging, multimedia content services and high-speed data access, continued to grow strongly. This trend, particularly in the second half of the year, has been encouraging with non-voice service revenue in **3** almost doubling from $11.3 million in the first half to $22.8 million in the second half of the year.

Mobile customer base '000	**Year End**		**YOY Change**	
	2004	**2003**	**Net adds**	**%**
3	453	87	366	422%
Orange Mobile	426	325	101	31%
	879	**412**	467	113%
Post-paid	802	397	405	102%
Pre-paid	77	15	62	413%
	879	**412**	467	113%
	Full Year		**YOY Change**	
Churn rate [4]	**2004**	**2003**		
3	**1.3%**	1.1%	18%	
Orange Mobile	**1.9%**	2.0%	5%	

As at 31 December, the Company's total mobile customer base had grown by 113% to 879,000 customers, representing a record growth of 467,000 net customer additions for the Company in a 12-month period. Post-paid customers remain the majority, comprising over 91% of the total base.

The Company's third-generation (3G) business, branded **3**, had 453,000 customers after only 20 months of operation, of which 366,000 customers were added in the 12 months to 31 December 2004. The Orange Mobile customer base grew by 31% over the year, adding 101,000 post-paid customers.

Monthly churn remained at a satisfactory level across both businesses at 1.3% in the **3** business and 1.9% in Orange Mobile.

[3] Non-voice services revenue is total service revenue less outgoing and incoming voice revenue.
[4] Churn represents the average monthly churn of customers for the period (excluding churn between Orange Mobile and **3**).

The Company's other Orange branded products are Orange Paging and Orange Messaging. With a combined customer base of 46,000 as at 31 December, these products delivered revenue of $23.3 million in the reporting period compared to $30.0 million in the prior year.

Product Review - 3

Customer Profile	Full Year		YOY Change
	2004	2003	
ARPU	**$88**	$80	10%
Non-voice ARPU	**$11**	$10	10%
Voice usage (minutes) [5]	**281**	300	-6%
Acquisition cost per customer	**$416**	$464	10%

Launched in April 2003, **3** continued to make big strides forward in revenue profile and customer acquisition. During the 12 months to 31 December reported ARPU of $88 continued to be highest in the market.

Particularly encouraging were growth trends in non-voice ARPU with demonstrable increase in usage apparent in the later part of the year. The increase in non-voice ARPU, despite a broadening of the customer base, is attributable to the significant expansion to the depth and breadth of **3**'s content and messaging services. Non-voice ARPU of $10 per customer per month in 2003 grew to $11 in 2004 with $15 non-voice ARPU achieved in the month of December. Revenue contribution from other non-voice services is expected to grow in 2005 in line with trends apparent in the second half of the year.

Revenue from SMS accounts for $6 of total non-voice ARPU with other non-voice services, including **3** content services, video-calling and high-speed data access contributing $5 per month.

In December, approximately 44% of the total customer base used content services, generating over 20 million page views. As content depth and breadth continue to strengthen and packaging of non-voice services is further improved, there is an exciting opportunity for further revenue growth in this area.

The Company's highly successful capped plans continued to result in strong voice usage with an average 281 outgoing minutes of use per customer per month in the reported period. The Company will continue to encourage high mobile voice usage and substitution of fixed line calling by leveraging W-CDMA network efficiencies that allow for the delivery of voice services at significantly lower costs than second-generation (2G) mobile technologies. With high voice usage expected to continue, the Company expects to see benefits to the business and its customers from the reduction proposed by the ACCC to mobile interconnect charges in 2005 and beyond.

In the reporting period, the **3** business recorded an improvement in both yield per voice minute and average gross margin per customer (representing service revenue less interconnect and variable content costs). Margins are expected to continue to improve in the year ahead with the introduction of lower mobile interconnect charges and increasing contribution from non-voice services.

Customer acquisition cost per customer (CAC) in 2004 was almost $50, or 10%, lower than the prior year. CAC declined despite significant retention activities by incumbent operators and a highly competitive Christmas selling period, and mainly reflects a reduction in handset costs and efficiencies in the sales channels.

[5] Voice usage represents average outgoing minutes of use per customer, per month for the period.

By the end of 2004, **3** services were being sold through 75 Company-operated shops and a further 500 selling points of presence including dealer and other sales channels. The current distribution reach is sufficient to achieve projected sales levels but will be enhanced during 2005 by selected opportunities.

As at 31 December, the Company had approximately 1,900 network sites in operation and will continue its network deployment plans to enhance capacity and coverage in 2005. As part of the network share arrangement with Telstra the Company expects to have over 2,050 sites in operation by 31 March 2005 and to extend its network footprint to include Canberra and other new areas by the end of 2005.

Coverage expansion during the year, together with enhancements in software and network optimisation improvements, delivered a solid network performance. In addition, through the network share arrangement with Telstra, **3** is expected to always have access to the best quality W-CDMA network in Australia.

In late 2004, **3** announced a change to its 2G national roaming agreement. Effective April 2005, **3** customers travelling outside the **3** Video Zone will access Telstra's GSM/GPRS network. The new agreement allows the Company to benefit from both an improved national roaming footprint and lower roaming costs. In addition, the roaming agreement will facilitate a solution for soft handover of calls when moving between the 3G network and the roaming network.

Product Review - Orange Mobile

Customer Profile	**Full Year**		**YOY Change**
	2004	2003	
ARPU	**$55**	$52	5%
Non-voice ARPU	**$3**	$3	-
Voice usage (minutes)	**196**	135	45%
Acquisition cost per customer	**$177**	$187	5%

Orange Mobile continued to demonstrate strong customer appeal with its simple, value-based call rate proposition. As a result, the Orange Mobile business reported a strong increase in voice usage from 135 outgoing minutes of use per customer per month in 2003 to 196 minutes in the reported period. This resulted in an increase in average monthly revenue per customer from $52 in 2003 to $55 in the reporting period. Underlying post paid ARPU recorded a similar trend increasing from $55 to $57. This ARPU growth has been fuelled by both new acquisition and existing customers who are enjoying the newly expanded network capacity using a combination of IS95 and 1x technologies. Non-voice ARPU, mainly from SMS and WAP services, contributed $3 to overall ARPU.

In the reporting period, the business recorded a reduced yield per voice minute and although usage increased, overall gross margin per customer declined.

Customer acquisition costs in the reported period declined by 5.3% to $177 primarily reflecting the ongoing reductions in CDMA handset costs and low cost acquisition strategies.

In February 2005, the Company extended the value offering for its Orange Mobile business with a newly launched and highly competitive pre-paid offer. The new offer will allow Orange Mobile to target customers within this previously untapped segment leveraging lower handset costs, high quality voice network capacity and an established brand for best value.

Review of Financial Performance

Financial Benchmarks $ million	Full Year		YOY Change	Half Year 2004	
	2004	2003		31 Dec	30 June
Consolidated					
- EBITDA	**-235.5**	-223.4	-5%	-89.4	-146.1
- EBIT	**-488.0**	-398.7	-22%	-227.2	-260.7
- NPAT [6]	**-552.0**	-409.8	-35%	-271.5	-280.5
3					
- EBITDA	**-283.3**	-256.3	-11%	-124.1	-159.2
- EBIT	**-475.4**	-362.8	-31%	-230.9	-244.5
- NPAT	**-560.6**	-377.6	-48%	-283.2	-277.4
Orange					
- EBITDA	**47.8**	32.9	45%	34.7	13.1
- EBIT	**-12.6**	-35.9	65%	3.7	-16.3
- NPAT	**-99.5**	-113.7	13%	-41.2	-58.3

The Company's **3** business recorded a negative EBITDA of $283.3 million compared to last year's negative EBITDA of $256.3 million. The year-on-year increase in EBITDA losses is primarily attributable to a full year's operating expenditure in the **3** business (compared to a part year in 2003) and an increased amortisation charge on capitalised customer acquisition costs.

The Company's Orange branded operations reported a positive EBITDA of $47.8 million, representing an improvement of 45.2% over last year's performance and an improved second half performance of $34.7 million compared to $13.1 million in the first half of 2004.

Total operating expenditure for the reporting period for the Company's Orange and **3** businesses was $1,075.3 million compared with $555.8 million in the prior year, reflecting a $108.1 million increase in the cost base of the Orange business and an increase in expenditure of $411.4 million in the **3** business.

Included in the 2004 expenditure before capitalisation is $356.7 million ($111.6 million in 2003) of handset cost that relates to the handset revenue of $244.8 ($99.3 million in 2003).

Interconnection and variable content costs increased from $55.8 million in 2003 to $171.1 million reflecting the increased customer base and strong usage profile.

Other direct costs of providing telecommunications goods and services (includes outsourcing costs, acquisitions credits and other direct network costs) increased from $102.4 million in 2003 to $134.4 million in 2004. The increase is mainly due to a full year of operation in the **3** business as well as the impact of strong customer growth and the associated acquisition cost in that business. It also includes an increase in network operating expenditure as the **3** network continued to expand.

Employment costs expensed in the reporting period were $104.4 million compared with $91.8 million in the prior year. Headcount in the Orange business increased to 270 compared to 243 at prior year-end and headcount supporting the **3** business increased to 1,078.

Expenditure on advertising and promotions increased from $71.9 million in the 12 months ended 31 December 2003 to $87.8 million in the current reporting period. This reflects a full year of brand and service campaigns to support customer growth in the **3** business.

Rental expense has increased from $50.2 million to $77.4 million in 2004 mainly due to the increased number of W-CDMA network sites.

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[6] After loss attributable to outside equity interest.

Due to the higher customer base and revenue growth, bad debt for the current reporting period increased in line with expectations to $16.1 million from $7.1 million in the 12 months to 31 December 2003.

Other operating expenditure includes travel and accommodation, consulting and professional fees, general repairs and maintenance and office expenses. Total other expenses of $67.1 million have grown by $26.8 million compared to 2003 due to increased activity in the **3** business but also the inclusion of $16.0 million of transaction costs relating to the sale of 50% of the 3G radio access network to Telstra.

Included in EBITDA is a profit of $40.3 million recorded from the sale of a 50% interest in the 3G radio access network. The profit largely represents the reversal of depreciation charges booked since commercial launch of the 3G network.

EBIT of $488.0 million compares to $398.7 million in 2003 and reflects a full year's depreciation and amortisation of the Company's 3G network assets and licences. The Orange business achieved a positive EBIT result during the second half of the year for the first time since the launch of the CDMA network in 2000.

Depreciation of $171.6 million for the reporting period compared with $119.6 million in 2003. This increase reflects the post launch commencement of depreciation on the 3G network assets but is expected to decline slightly in 2005 due to the network sharing arrangement with Telstra.

Amortisation of spectrum licences of $75.0 million in the 12 months to 31 December 2004 compares to $50.9 million for the prior reporting period. The increased charge for the current year reflects a full year's charge of 3G licences versus a part year's charge in 2003.

Consolidated borrowing costs of $178.5 million have increased from $91.9 million in the prior year. During the reporting period, loans of $1,045.1 million have been drawn down to fund capital expenditure and working capital requirements, principally in the **3** business.

The Company's total net loss after tax for the period was $552.0 million compared to a loss of $409.8 million in the prior year, an increase of $142.2 million which is principally attributable to the first full year operation of the **3** business and associated depreciation and amortisation of network and licence costs plus borrowing costs for the funding of the **3** business. Although net losses in the reported period have widened, they are within Company guidance and are expected to represent peak losses for the business.

Review of Capital Expenditure

Total payments on CAPEX for the Company's Orange and **3** businesses in the 12 months to 31 December were $307.4 million compared with $361.9 million in the prior year.

CAPEX in the **3** business totalled $274.1 million for site deployment, network, IT systems and product development. The Company expects CAPEX to track at a similar level in 2005, declining to approximately 10% of service revenue thereafter.

Total CAPEX for the Orange business was $33.3 million, reflecting the costs associated with the network's CDMA 1x capacity expansion implemented in the reporting period. No further capacity expansion is planned for 2005. As a result, CAPEX in the Orange business to expected to reduce to approximately $15 million in 2005.

Funding

As at 31 December, the Company had $20.5 million of cash invested in short term deposits and cash at bank of $52.2 million. Borrowings consisted of a $425.0 million medium term note issue, $600.2 million of convertible notes, $196.0 million borrowed from the parent company and $1,635.8 million from other facilities provided by leading local and international financial institutions.

At 15 February 2005, the Company has underdrawn long-term facilities of $500.0 million, which are more than sufficient to meet expected funding requirements for the next 12 months.

Outlook

Building scale through customer acquisition while maintaining tight cost management will continue to be the Company's key focus in 2005 as the business heads towards further revenue growth and exiting the year in a sustainable monthly EBITDA positive position after fully expensing the full cost of customer acquisition.

Further reductions in customer acquisition costs are anticipated as handset prices continue to fall. Revenue generated from non-voice services is expected to be a growing proportion of the total revenue mix leveraging on the success of improved content penetration and ongoing enhancements to content services.

Orange Mobile is favourably positioned to make strong strides in pre-paid acquisition in 2005 following the introduction of a highly competitive pre-pay offer. The business is expected to face similar challenges currently faced by other mobile operators as voice yields increasingly come under pressure and the need to offset this decline by driving increasing contribution from non-voice services becomes increasingly important.

In contrast, margins in the **3** business are expected to improve through incremental growth in non-voice service revenue supported by high voice usage, primarily through increased substitution of fixed line traffic with mobile usage.

The opportunity to further differentiate the **3** brand and services is expected to be enhanced in 2005 with the anticipated launch of competitor 3G services. The launches are expected to further stimulate consumer interest in 3G services and the Company expects its established position in the market to be a strong acquisition benefit.

Hutchison Telecommunications (Australia) Limited
Consolidated statement of financial performance
For the year ended 31 December 2004

	2004 $'000	2003 $'000
Revenue from ordinary activities	**1,173,293**	353,704
Cost of handsets sold	**(356,711)**	(111,602)
Cost of interconnection and variable content costs	**(171,072)**	(55,810)
Other direct costs of provision of telecommunication services and goods	**(134,368)**	(118,089)
Employment costs	**(104,391)**	(91,812)
Advertising and promotion expenses	**(87,758)**	(71,894)
Rental expense relating to operating leases	**(77,457)**	(50,225)
Amortisation of customer acquisition costs	**(60,356)**	(24,630)
Bad and doubtful debts expense	**(16,068)**	(7,127)
Other operating expenses	**(67,087)**	(40,280)
Depreciation expense	**(171,606)**	(119,906)
Amortisation of spectrum licences	**(75,034)**	(50,948)
Amortisation of capitalised development costs	**(5,789)**	(4,473)
Borrowing costs	**(178,530)**	(91,885)
Carrying value of radio access network infrastructure sold	**(330,533)**	-
Loss from ordinary activities before income tax	**(663,467)**	(484,977)
Income tax	**(75)**	-
Loss from ordinary activities after income tax	**(663,542)**	(484,977)
Net loss attributable to outside equity interest	**111,557**	75,137
Net loss attributable to members of Hutchison Telecommunications (Australia) Limited	**(551,985)**	(409,840)
Total changes in equity other than those resulting from transactions with owners as owners	**(551,985)**	(409,840)
	Cents	Cents
Basic earnings per share	**(81.3)**	(60.4)
Diluted earnings per share	**(81.3)**	(60.4)

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of financial position
as at 31 December 2004

	2004 $'000	2003 $'000
Current Assets		
Cash	**52,200**	34,282
Receivables	**504,670**	97,867
Inventories	**108,530**	27,304
Other	**66,793**	71,850
Total Current Assets	**732,193**	231,303
Non-Current Assets		
Receivables	**135,956**	16,992
Investment accounted for using the equity method	**-**	-
Property, plant and equipment	**973,840**	1,151,512
Intangible assets	**1,098,276**	1,014,843
Other	**40,034**	43,466
Total Non-Current Assets	**2,248,106**	2,226,813
Total Assets	**2,980,299**	2,458,116
Current Liabilities		
Payables	**301,302**	167,040
Interest bearing liabilities	**202,731**	590,731
Provisions	**1,369**	602
Other	**6,399**	1,023
Total Current Liabilities	**511,801**	759,396
Non-Current Liabilities		
Interest bearing liabilities	**2,660,487**	1,227,386
Provisions	**799**	580
Total Non-Current Liabilities	**2,661,286**	1,227,966
Total Liabilities	**3,173,087**	1,987,362
Net (Liabilities) / Assets	**(192,788)**	470,754
Equity		
Parent entity interest		
Contributed equity	**1,031,244**	1,031,244
Reserves	**54,887**	54,887
Accumulated losses	**(1,417,911)**	(865,926)
Total parent entity interest	**(331,780)**	220,205
Outside equity interest in controlled entities	**138,992**	250,549
Total Equity	**(192,788)**	470,754
	0	0

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of cash flows
For the year ended 31 December 2004

	2004 $'000	2003 $'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	**721,140**	304,926
Payments to suppliers and employees (inclusive of GST)	**(1,070,686)**	(649,390)
	(349,546)	(344,464)
Dividends received	**-**	13
Interest received	**2,915**	5,630
Borrowing costs	**(156,749)**	(70,676)
Net cash outflow from operating activities	**(503,380)**	(409,497)
Cash Flows from Investing Activities		
Proceeds from sale of radio access network infrastructure	**22,500**	321
Payments for property, plant and equipment	**(307,447)**	(361,920)
Proceeds from disposal of other non-current assets	**891**	-
Proceeds from investment in commercial paper	**-**	248,400
Payments for intangible assets	**(239,747)**	(68,848)
Net cash outflow from investing activities	**(523,803)**	(182,047)
Cash Flows from Financing Activities		
Proceeds from interest bearing liabilities	**1,435,832**	687,206
Repayment of interest bearing liabilities	**(388,000)**	(99,206)
Repayment of finance lease	**(2,731)**	(1,430)
Net cash inflow from financing activities	**1,045,101**	586,570
Net Increase / (Decrease) in Cash Held	**17,918**	(4,974)
Cash at 1 January	**34,282**	39,256
Cash at 31 December	**52,200**	34,282

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

Note 1 Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the *Corporations Act 2001*.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

As at 31 December 2004, Hutchison Telecommunications (Australia) Limited and its controlled entities ("the Consolidated Entity") had a deficiency of capital and reserves of $192,788,000. The Consolidated Entity has also experienced operating losses and negative cash flows from operating activities during the financial year ended on that date. As at 15 February 2005 the Consolidated Entity had the following debt and debt facility balances.

Lender/Facility	Facility Amount $000	Drawn Amount $000	Undrawn Amount $000	Repayment Date	HWL Funded or Guaranteed
Hutchison Communications (Australia) Pty Ltd	196,000	196,000	-	December 2006	Yes
Hutchison OMF Limited	500,000	-	500,000	December 2006	Yes
Convertible Notes	600,176	600,176	-	July 2007	No *
Fixed Medium Term Notes	425,000	425,000	-	November 2006	Yes
Term Facility	25,833	25,833	-	July 2006	Yes
Bi-lateral Term Facility	200,000	200,000	-	February 2008	Yes
Syndicated Term Facility	1,500,000	1,500,000	-	August 2009	Yes
Total	**3,447,009**	**2,947,009**	**500,000**		

* Hutchison Whampoa Ltd. indirectly owns 99.65% of the convertible notes.

The undrawn facilities of $500,000,000 as at 15 February 2005 exceed the Consolidated Entity's expected cash flow requirements for the 12 month period to 15 February 2006. Under existing agreements between Hutchison Telecommunications (Australia) Limited, Hutchison Whampoa Ltd ("HWL") and Telecom Corporation of New Zealand ("TCNZ"), HWL has committed to ensuring that the company has access to funding which covers the Consolidated Entity's expected cash flow requirements for the 12 month period to 15 February 2006. On this basis the Directors believe that not withstanding the shortfall in net assets it is appropriate to prepare the financial report on a going concern basis.

International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Consolidated Entity's financial statements for the half

year ended 30 June 2005 and for the year ending 31 December 2005. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in note 1 (a).

(a) International Financial Reporting Standards (IFRS)

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 January 2004.

The Consolidated Entity has established a project team to manage the transition to Australian equivalents to IFRS. The project team is chaired by the Chief Financial Officer and reports regularly to the audit committee. To date the project team has analysed all available Australian equivalents to IFRS and has identified certain accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards.*

Major changes identified to date that will be required to the Consolidated Entity's existing accounting policies include the following (references to the new AASB standards below are to the Australian equivalents to the IFRS issued in July 2004):

(i) Income taxes

Under the new AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.
This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Intangible assets

(i) Capitalised funding costs

Under the new AASB 123 *Borrowing Costs*, all borrowing costs are to be expensed as incurred unless the costs are directly attributable to the acquisition, construction or production of a qualifying asset. Where the costs are directly attributable to a qualifying asset, the borrowing costs shall be capitalised as part of the cost of that asset. Currently, capitalised borrowing costs are treated separately as an intangible asset. This will result in capitalised funding costs being allocated to specific qualifying assets and depreciated over the life of that asset.

(ii) Subscriber Acquisition Costs

Under the Urgent Issues Group (UIG) Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*, the cost of telephones provided to subscribers do not meet the prescriptive definition of subscriber acquisition costs that must be capitalised. In addition, directly attributable subscriber acquisition costs are to be amortised over the lesser of the stated period of the contract and the period over which the future economic benefits are expected to be obtained.

Under UIG Abstract 42 *Subscriber Acquisition Costs in the Telecommunications Industry*, the cost of telephones provided to subscribers is recognised as a subscriber acquisition cost and the amortisation of the subscriber acquisition cost asset is over the period during which the future economic benefits are expected to be obtained.

As a result of Interpretation 1042, the Company will change its current accounting policy. The subsidised portion of the handset will no longer be recognised as an asset and the amortisation of subscriber acquisition costs will be over the shorter of the stated period of the contract and the period during which the future economic benefits are expected to be obtained.

The change in accounting policy will result in a material reduction in the Intangible Asset relating to Customer Acquisition Costs in the Consolidated Entity and Parent entity. The adjustment will reduce opening retained earnings as at 1 January 2004.

(iii) Equity-based compensation

Under the new AASB 2 *Share-based Payment*, equity-based compensation to employees will be recognised as an expense in respect of the services received, by reference to the fair value of the equity instrument issued.
This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(iv) Financial instruments

Under the new AASB 139 *Financial Instruments: Recognition and Measurement*, a change in accounting policy for financial instruments is anticipated requiring recognition of all financial instruments in the statement of financial position and the requirement to record all derivatives and most financial assets at fair market value.

Foreign exchange contracts held for hedging purposes may be accounted for as cash flow hedges. Changes in the fair value of these contracts will be recognised directly in equity until the hedged transaction occurs, in which case the amounts recognised in equity will be included in the initial cost of the assets acquired. Currently, the costs or gains arising under contracts together with any realised or unrealised gains from remeasurement are included in assets or liabilities as deferred losses or deferred gains.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as the potential exists for amendments to Australian equivalents to IFRS to occur before their adoption in 2006.

This preliminary final 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 accordance with the annual report for the year ended 31 December 2004 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.*

Note 2. Earnings per Share

	CONSOLIDATED	
	2004	**2003**
	Cents	**Cents**
Basic earnings per share	**(81.3)**	(60.4)
Diluted earnings per share	**(81.3)**	(60.4)
	2004	**2003**
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year (adjusted for bonus elements in ordinary shares issued during the year) used in calculation of basic earnings per share	**678,625,429**	678,625,429
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in the calculation of diluted earnings per share.	**678,625,429**	678,625,429

Note 3 Segment Information

Business Segments

The consolidated entity operated entirely within the telecommunications industry with the following product and service types:

Orange
Orange products including post pay and prepaid mobile 'Orange', paging and information services.

3
A third generation (3G) mobile network and business which commenced operations in the second quarter of 2003.

Geographical Segments

The consolidated entity operates entirely within Australia.

Primary reporting - business segments	Orange $'000	3 $'000	Inter-segment eliminations / unallocated $'000	Consolidated $'000
2004				
REVENUE				
Sales to external customers	365,762	402,166	-	**767,928**
Intersegment sales	3,697	2,664	(6,361)	**-**
Other revenue	9,006	402,359	(6,000)	**405,365**
Total segment revenue	378,465	807,189	(12,361)	**1,173,293**
RESULT				
Segment result	(99,522)	(560,590)	(3,355)	**(663,467)**
Loss from ordinary activities before income tax				**(663,467)**
Income tax				**(75)**
Net loss				**(663,542)**
Segment assets	1,771,428	2,533,110	(1,324,239)	**2,980,299**
Segment liabilities	1,329,323	1,843,737	27	**3,173,087**
Investments in joint venture partnership	-	-	-	**-**
Acquisition of property, plant and equipment and intangible assets	76,065	471,129	-	**547,194**
Depreciation and amortisation	61,942	190,487	-	**252,429**
Non-cash expenses other than depreciation and amortisation	19,070	46,297	-	**65,367**
Net cash outflow from operating activities	16,474	486,906	-	**503,380**
2003				
REVENUE				
Sales to external customers	251,907	88,249	-	**340,156**
Other revenue	22,228	8,541	(17,221)	**13,548**
Total segment revenue	274,135	96,790	(17,221)	**353,704**
RESULT				
Segment result	(113,652)	(377,571)	6,246	**(484,977)**
Loss from ordinary activities before income tax				**(484,977)**
Income tax				**-**
Net loss				**(484,977)**
Segment assets	1,866,228	2,002,900	(1,411,012)	**2,458,116**
Segment liabilities	1,343,398	747,629	(103,665)	**1,987,362**
Acquisition of property, plant and equipment and intangible assets	22,743	397,834	10,191	**430,768**
Depreciation and amortisation	67,606	107,721	-	**175,327**
Non-cash expenses other than depreciation and amortisation	18,343	17,688	-	**36,031**
Net cash outflow from operating activities	88,958	349,319	(28,780)	**409,497**

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4E information

Additional dividend/distribution information [2] *(Appendix 4E item 6)*

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2004 are as follows: N/A

Dividend/distribution reinvestment plans *(Appendix 4E item 7)*

N/A

Retained Earnings *(Appendix 4E item 8)*

	2004 $'000	2003 $'000
Retained earnings at the beginning of the financial year	(865,926)	(456,086)
Net profit attributable to members of Hutchison Telecommunications (Australia) Limited	(551,985)	(409,840)
Retained profits at the end of the financial year	(1,417,911)	(865,926)

NTA Backing *(Appendix 4E item 9)*

	2004	2003
Net tangible asset backing per ordinary share	($1.90)	($0.80)

Controlled entities acquired or disposed of *(Appendix 4E item 10)*

N/A

Associates and Joint Venture entities *(Appendix 4E item 11)*

(a) Joint Venture Partnership

In December 2004 a controlled entity, Hutchison 3G Australia Pty Limited, established a 50% interest in a new partnership, 3GIS Partnership ('3GIS'), with Telstra OnAir Holdings Pty Limited. 3GIS's principal activity is the operation and construction of 3G radio access network infrastructure. Information relating to the assets, liabilities, revenue, expenses and operating results of the partnership have not been disclosed here as no transactions have occurred during the year.

(b) Joint Venture Operation

Under the same partnership agreement, the ownership of the 50% of the existing 3G radio access network infrastructure remains with a controlled entity, Hutchison 3G Australia Limited. On this basis the network assets are proportionally consolidated in accordance with the accounting policy under the following classifications:

	2004 $'000	2003 $'000
Non-current assets		
Plant and equipment - at NBV	**330,533**	-
Less: Accumulated depreciation	**-**	-
	330,533	-

Foreign Accounting standards *(Appendix 4E item 13)*

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

N/A

Audit *(Appendix 4E items 15 - 17)*

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

Hutchison Telecommunications (Australia) Limited
Directors' declaration

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 accounts 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. 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.

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

6. The entity has a formally constituted audit committee.

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FOK Kin-ning, Canning
Chairman
15 February, 2005

Hutchison Telecoms

Hutchison Telecommunications
(Australia) Limited
ABN 15 003 677 227
A member of the
Hutchison Telecommunications Group
Building A, 207 Pacific Highway
St Leonards NSW 2065
Tel: (02) 9964 4646
Fax: (02) 9964 4668
www.hutchison.com.au

Media Release

15 February 2005

Hutchison Doubles Share of Mobile Market Revenue In 2004

Leads industry post-paid growth

- On track for 1 million customers in 2005
- Share of mobile market service revenue up from 3.5% to 7%
- Mobile customer base increased by 113% to 879,000
- Service revenue rose by 117% to $523 million
- Industry leading average revenue per user (ARPU); **3** non-voice services climbing
- Annual loss peaked in 2004, targeting positive EBITDA exiting 2005

Strong growth in **3** and Orange Mobile in 2004 has seen Hutchison double its share of mobile market service revenue from 3.5% to 7% in only 12 months, the company said today.

Orange continued its steady improvement in operating earnings, recording a second full year of positive EBITDA. Consistent with market guidance, the company net loss of $552 million reflects start up losses in the **3** business, and is expected to trend downwards in full-year 2005.

Announcing full-year financial results for 2004, Hutchison Chief Executive Kevin Russell said the high points were strong growth in revenue share and customer numbers and the increase in non-voice revenue.

“In a year of intense competition, our two brands grew strongly, more than doubling Hutchison’s overall market share, and with 405,000 customers added, outstripping all others in terms of post-paid growth,” Mr Russell said.

“But more importantly, the company has been building share of industry revenue at an even greater rate. We are rapidly acquiring high quality customers, ” he said.

“In 2004 our service revenue jumped 117% to $523 million – and we took our share of industry revenue from 3.5% to 7% -- that is a terrific improvement in the space of 12 months.”

“This was illustrated by Hutchison’s continuing leading position in a key metric of the mobile industry – average revenue per user,” Mr Russell said.

“We have led industry averages on ARPU since the launch of **3** in 2003,” he said.

“In 2004, Hutchison’s blended ARPU grew from $56 to $68, at a time when operators are struggling to maintain ARPU levels. ARPU in **3** has also continued to maintain industry-leading levels strengthening from $80 per month to $88.

“In **3**, we also continue to lead the industry in non-voice contribution to ARPU – and we are extending our lead in this important growth area.

“Our non-voice contribution to ARPU went from $10 to $11 over the full year, but the trend in the last months of the year was much stronger, with the December monthly figure coming in at $15.

“As others players enter the 3G market later this year, we expect the sector to grow significantly. **3**’s leadership in the category makes us ideally placed to exploit that growth opportunity – both in terms of service revenue and overall market share.”

“Anticipated cost savings in 2005 resulting from a number of initiatives during 2004 will initially be invested in customer acquisition activities, however we expect to report a reduced loss position over full-year 2005. We remain on track to exit 2005 with a positive monthly EBITDA position after fully expensing the costs of customer acquisition.”

“The mobile market is highly competitive, but the industry is showing increasing signs of growth in mobile voice and SMS usage, new 3G services and substitution of fixed-line call volumes with mobile.

“At Hutchison, we are uniquely placed to get the maximum benefit from all three areas of growth as 2005 unfolds.”

Ends

Contact:

Media Relations:
0433 102 107

Investor Relations:
Karen Mazor
0433 104 233