Hutchison Telecoms

Hutchison Telecommunications
(Australia) Limited
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Companies Announcements Office

Australian Stock Exchange

Date 16 August 2005

Subject: Half Year Results

Please find attached the Company's results for the half year to 30 June 2005 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 2005

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the 31 December 2004 Annual Report.

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Hutchison Telecommunications (Australia) Limited
Half-year ended 30 June 2005
(Previous corresponding period:
Half-year ended 30 June 2004)

Results for Announcement to the Market

				$'000
Revenue from ordinary activities *(Appendix 4D item 2.1)*	up	34.7%	to	444,620
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	down	8.3%	to	305,279
Net loss for the period attributable to members *(Appendix 4D item 2.3)*	down	8.3%	to	305,279

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

Record date for determining entitlements to the interim dividend *(Appendix 4D item 2.5)*	Day/Month/Year
	N/A

Hutchison Telecommunications (Australia) Limited
Half-year report – 30 June 2005
ABN 15 003 677 227

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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 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*.

Hutchison Telecommunications (Australia) Limited

Directors' report

Your Directors present their report on the consolidated entity consisting of Hutchison Telecommunications (Australia) Limited and the entities it controlled at the end of, or during, the six months to 30 June 2005.

Review of Financial and Operating Results

During the six months to 30 June 2005, Hutchison recorded ongoing improved financial performance with growth and margin improvement across key reporting areas. Compared with the corresponding half year in 2004:

- Service revenue increased 73% to $364.4 million supported by strong growth in non-voice revenue.
- EBITDA losses reduced by 43% from $214.0 million to $122.6 million, reflecting increased scale and tight cost management.
- Average margin per user grew by 23% from $39 to $48 across the total customer base.
- Average revenue per user for non-voice services in the **3** business grew from $12 to $16.
- The Company's total mobile customer base grew from 610,000 to 950,000 of which 90% are post-paid.

The financial results for the period ending 30 June 2005 reflect the mandatory adoption of the new Australian equivalents of International Reporting Standards (A-IFRS) from 1 January 2005. The policy and financial impacts of adopting A-IFRS are set out in Note 4 to the consolidated financial statements.

Summary Financial Results [1]

$ million	Half Year			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
Service Revenue	**364.4**	312.1	**211.1**	73%
Equipment Revenue	**80.2**	125.8	**119.0**	-33%
Revenue	**444.6**	437.9	**330.1**	35%
EBITDA (loss)	**-122.6**	-196.3	**-214.0**	43%
NPAT (loss)	**-305.3**	-357.2	**-332.9**	8%
Capital Expenditure	**147.9**	195.8	**111.6**	33%

[1] **Revenue** excludes interest income and other income.

EBITDA excludes depreciation and amortisation, and includes the immediate expense of all customer acquisition costs.

NPAT represents net loss after tax attributable to Hutchison Telecommunications (Australia) Limited after minority interest.

Capital expenditure represents cash spend on capital expenditure.

Service revenue for the six months to 30 June grew by 73% to $364.4 million reflecting the growing customer base and, significantly, a strengthening contribution from non-voice services in the **3** business. Equipment revenue, principally from the sale of handsets, was $80.2 million - 33% lower than the comparable period in 2004 due to a greater sales mix of $0 handset sales and lower post-paid sales in Orange.

For the first time since the launch of its 3G business in 2003, the Company has recorded an improved EBITDA and net loss position. The 43% improvement in EBITDA reflects top line revenue and margin growth with minimal increase in operating costs which are predominantly fixed in nature. Profitability is expected to further improve as the business continues to build scale and the Company is targeting to start 2006 in a sustainable monthly positive EBITDA position. Net loss for the period is within Company expectations and guidance for annual losses peaking in 2004.

Capital expenditure (CAPEX) for the period of $147.9 million is principally attributable to costs associated with network capacity enhancements and incremental site build in order to ensure 3G network superiority is maintained. CAPEX is within Company expectations and guidance for 2005.

Summary Operating Results [2]

	Half Year			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
Customer base ('000)	**950**	839	**610**	56%
Churn	**2.4%**	2.5%	**2.3%**	0.1%
ARPU	**$69**	$70	**$62**	11%
Margin	**$48**	$45	**$39**	23%
Customer acquisition cost	**$389**	$392	**$269**	45%

The Company recorded 56% growth in its customer base in the first half of 2005 to 950,000 of which 90% were post-paid customers.

[2] **Customer base** excludes Orange Paging and Information Services and reflects active mobile services in operation. The reported customer base in the prior reporting periods has been restated to reflect a change in policy for recognition of customers. Customers who have been inactive for a period of three months are no longer recognised within the reported base. The reported base at 30 June 2004 and 31 December 2004 have been restated by 16,000 and 40,000 customers respectively to reflect the change in policy.
Churn represents the average monthly churn of the total customer base, across pre and post-paid, for the period.
ARPU represents rolling 12 months average revenue per user, per month at the end of the period across pre and post-paid customers.
Margin represents rolling 12 month average margin per customer, across pre and post-paid, per month at the end of the period. Margin represents service revenue less interconnect and variable content costs.
Customer acquisition cost represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new customer for the period.

Net growth in customers compared with the prior half year periods can be summarised as follows:

Net customer growth ('000)	Half Year			
	30 June 2005	31 Dec 2004	30 June 2004	Net change Dec 04 / Jun 05
3 post-paid	**117**	**124**	137	-7
3 pre-paid	**2**	**65**	-	-63
Orange post-paid	**-25**	**47**	61	-72
Orange pre-paid	**17**	**-7**	-	24
Total net customer growth	**111**	**229**	198	-118

Net growth in the reported period reflects the Company's strategic pull back from pre-paid acquisition in the **3** business and a move away from post-paid acquisition in Orange.

The reported customer base reflects a change in the Company's customer recognition policy. Consistent with reporting by other mobile operators, customers who have been inactive for a period of three months are no longer recognised within the reported customer base. The reported base at 30 June 2004 and 31 December 2004 has been restated by 16,000 and 40,000 customers respectively to reflect the change in policy.

The new policy reflects a more active churn market across the mobile industry and it is considered that a three month inactivity period will provide a more indicative representation of the Company's customer base. The change in policy has no impact on revenue or profitability.

Average margin per customer per month improved across the Company compared to the prior year reporting period, reflecting the increasing mix of higher margin **3** customers, ongoing improvements in pricing plans and, importantly, increasing contributions from **3**'s non-voice services. The Company's margins have not been materially impacted by the reduction in mobile terminating rates.

Customer acquisition cost (CAC) increased by $120 compared to the comparative period last year, mostly due to the higher mix of $0 handset sales in **3,** lower mix of Orange sales and promotional clearance of early model handsets. As the cost of handsets continues to decline, CAC for the second half of 2005 is expected to reduce significantly.

Review of Financial Performance

$ million	Half Year			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
Consolidated				
- EBITDA	**-122.6**	-196.3	**-214.0**	43%
- EBIT	**-248.5**	-328.8	**-323.2**	23%
- NPAT	**-305.3**	-357.2	**-332.9**	8%
3				
- EBITDA	**-144.0**	-201.3	**-206.7**	30%
- EBIT	**-231.8**	-304.3	**-292.6**	21%
- NPAT	**-304.6**	-360.7	**-327.0**	7%
Orange				
- EBITDA	**21.5**	4.9	**-7.2**	n/a
- EBIT	**-16.7**	-24.5	**-30.7**	46%
- NPAT	**-61.3**	-64.9	**-70.9**	14%

For the first time since the launch of its 3G business in 2003, the Company has recorded an improved EBITDA and net loss position. The 43% improvement in EBITDA reflects top line revenue and margin growth with minimal increase in operating costs which are predominantly fixed in nature.

The Company's **3** business recorded a negative EBITDA of $144.0 million, a $62.7 million improvement on the negative EBITDA of $206.7 million in the corresponding half year in 2004. The 30% improvement in EBITDA position is primarily attributable to revenue and margin growth, with much slower increase in operating expenditure.

The Company's Orange branded operations reported an improved EBITDA result of $21.5 million compared to a negative EBITDA of $7.2 million in the first half of 2004.

The overall improvement in EBITDA position is expected to continue in the second half of 2005 and the Company is targeting to start 2006 in a sustainable monthly positive EBITDA position.

EBIT losses of $248.5 million have improved by $74.7 million compared to the $323.2 million reported in the corresponding period last year and reflect the benefit of increasing scale and stronger margin profile.

The Company's total net loss after tax for the period was $305.3 million, an 8% improvement on the loss of $332.9 million reported in the corresponding period last year.

Revenue $ million	Half Year			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
3				
- Voice services	**171.3**	142.6	**72.6**	136%
- Non-voice services [3]	**46.8**	22.8	**11.3**	314%
- Equipment	**59.8**	79.0	**73.8**	-19%
	277.9	244.4	**157.7**	76%
Orange				
- Service revenue	**146.3**	146.7	**127.2**	15%
- Equipment	**20.4**	46.8	**45.2**	-55%
	166.7	193.5	**172.4**	-3%
Total Revenue	**444.6**	437.9	**330.1**	35%

Total service revenue, including voice and non-voice service revenue, for the six months to 30 June was $364.4 million, an increase of 73% compared to the corresponding half year period in 2004.

Service revenue in the **3** business was $218.1 million compared with $83.9 million in the first six months of 2004. Revenue growth was supported by strong contribution from non-voice services which comprised 21% of service revenue versus 13% in the prior corresponding period.

Service revenue in Orange of $146.3 million was 15% higher than the previous corresponding period.

Interconnection and variable content costs increased from $76.4 million in the six months to 30 June 2004 to $96.0 million in the reporting period, principally reflecting the increased customer base. However, the increase in cost was significantly slower than the increase in service revenue, resulting in strong margin improvement.

Operating expenditure[4] grew by less than 2% to $477.3 million compared with $472.2 million in the period ending 30 June 2004.

Other direct costs of providing telecommunications goods and services decreased by 8% from $191.9 million in the six months to 30 June 2004 to $175.9 million in the reporting period. The decline is principally attributable to lower network operating costs resulting from the network share agreement with Telstra signed in December 2004.

Included in operating expenditure for the six months to 30 June is $160.4 million ($154.4 million in 2004) of handset cost that relates to the handset revenue of $80.2 ($119.0 million in 2004).

Employment costs expensed in the reporting period were $49.9 million, marginally lower than costs of $50.3 million in the first half of 2004.

Despite a strong advertising presence and the launch of several new marketing campaigns in the reporting period, expenditure on advertising and promotions decreased by $4.7 million from $40.6 million in the six months ended 30 June 2004 to $35.9 million in the current reporting period.

Other operating expenditure includes travel and accommodation, consulting and professional fees, bad debt, ACA and USO levies, general repairs and maintenance and office expenses.

[3] **Non-voice service revenue** is total service revenue less outgoing and incoming voice revenue.
[4] **Operating expenditure** excludes direct interconnect and variable content cost and includes customer acquisition and retention costs.

Total other operating expenditure of $55.1 million was $20.0 million higher than the corresponding half, principally due to increased activity in the **3** business.

Other income of $6.1 million compares with $4.5 million in the six months period to 30 June 2004.

Depreciation of $79.9 million for the reporting period compares with $79.0 million in the six months to 30 June 2004. Amortisation expense of $54.5 million, including amortisation of spectrum licences, was $5.6 million higher than the corresponding reporting period in 2004 due to increased amortisation of capitalised customer acquisition cost.

Consolidated borrowing costs of $117.4 million increased from $74.7 million in the corresponding half year.

Review of Operating Performance

Mobile customers ‘000	**Half Year**			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
3	**532**	413	**224**	138%
Orange Mobile	**418**	426	**386**	8%
	950	839	**610**	56%
Post-paid	**858**	766	**595**	44%
Pre-paid	**92**	73	**15**	513%
	950	839	**610**	56%
Churn				
3	**2.9%**	3.0%	**3.0%**	0.1%
Orange Mobile	**2.5%**	2.1%	**2.1%**	-0.4%

The Company recorded 56% growth in its customer base in the first half of 2005 to 950,000 of which 90% were post-paid customers. Net customer growth in the reported period predominantly reflects the Company’s strategic pull back from pre-paid acquisition in the **3** business and a move away from post-paid acquisition in Orange.

In the **3** business, churn rates for the prior periods in 2004 have been restated to reflect the adoption of the new customer deactivation policy. Reported churn rates reflect a reduction in the reported base at 30 June 2004 and 31 December 2004 of 16,000 and 40,000 customers respectively. For reference, on the old policy, the registered **3** customer base as at 30 June would have been 576,000.

A contributing factor to churn in the reported period was the maturing of contracts of early “First on **3**” customers, particularly those with early model handsets, some of which experienced performance issues. With the majority of the current base on later model handsets, the Company is confident that churn associated with this group of customers will be significantly reduced.

During the period, churn increased to 2.5% in Orange reflecting the strategic pull back from the post-paid market.

The Company expects net customer growth to strengthen in the second half of 2005, primarily in the **3** business. Stimulation of customer growth in **3** is expected from a variety of factors, including the continuing introduction of new and improved handsets; increased customer awareness of recently launched updated range of competitive capped plans; enhanced content

services; improved perception of network coverage and quality; and the launch of services into new coverage areas. Churn in the **3** business in the second half of 2005 is also expected to decline.

Product Review — 3

Customer Profile[5]	**Half Year**			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
Total ARPU	**$84**	$94	**$91**	-8%
Voice ARPU	**$68**	$81	**$79**	-14%
Non-voice ARPU	**$16**	$13	**$12**	33%
Margin	**$56**	$58	**$44**	27%
Acquisition cost per customer	**$427**	$472	**$331**	29%

Despite the broadening of the customer base, the Company's **3** business continued to record strong customer revenue with reported average revenue per user (ARPU) of $84 at 30 June. Voice ARPU has softened as the customer base has grown and lower value cap plans have been introduced together with market driven reductions in voice tariffs. The decline in voice ARPU is expected to continue in the second half of 2005. In addition, the impact of lower mobile termination rates has reduced voice ARPU, although the impact on margin was not significant due to reciprocal lower mobile terminating costs.

Non-voice ARPU in the reported period grew by 33% to $16 reflecting strong uptake and usage of **3**'s content and messaging services. Revenue from SMS was stable at approximately $9 of total non-voice ARPU. Other non-voice services, including **3** content services, video-calling and high speed data access, nearly doubled to $7 per month.

Customer appetite for non-voice, non-SMS services continued to grow and the Company is increasingly confident that **3** is well positioned to capitalise on this developing customer behaviour.

As at the end of the reporting period, over 65% of the customer base were accessing **3**'s unique content portal on a regular basis. Importantly, the number of customers generating a billable content event during the month of June grew to 52% of the customer base.

The strong growth in usage is primarily attributable to several new product launches introduced in the period, including the Company's highly successful sponsorship of Big Brother; the launch of Australia's first and only 24/7 streaming of Rage video music; and an unmatched range of real-time, multiplayer games. In May, the Company also launched a Business Messaging (mobile corporate email) product to target small to medium businesses.

Since their introduction in September 2004, content subscription sales have been very popular. By the end of June, the Company had sold over 420,000 content subscriptions with a range of monthly commitment options from $1 to $7.50 per pack.

A reduction in per user interconnect charges and the increased contribution from non-voice services have contributed to a 27% growth in margin per customer, per month from $44 in the first half of 2004 to $56 in the reporting period.

Customer acquisition cost (CAC) of $427 reflects increased handset subsidies compared to the corresponding period in 2004 with an increasing mix of $0 plan sales. However, CAC in the

[5] **Non-voice ARPU** represents rolling 12 months average revenue per user, per month from non-voice services including content services, video-calling and high speed data access.

reporting period is 10% lower compared to the second half of 2004. CAC is expected to decline significantly in the second half of 2005 as a result of already contracted reductions in handset prices, expanded handset range and expectations for improved efficiencies in the sales channels.

In January, the joint venture with Telstra Corporation Limited (Telstra) to jointly own and operate the Company's 3G radio access network commenced operation. The transition to joint ownership has been seamless and the high expectations of the arrangement are being met, including the on time roll-out of the radio access network in Canberra.

The quality of the 3G radio access network is, and will continue to be, a significant asset for the Company, particularly in the face of 3G competition expected later this year. The **3** network, including the recently launched network in Canberra, currently covers 54% of the Australian population. With effect from July 2005, all **3** customers roam onto most of Telstra's GSM network when they travel outside of **3**'s coverage footprint and, in total, **3** customers now have access to coverage of 96% of the Australian population.

Product Review — Orange Mobile

Customer Profile	**Half Year**			
	30 June 2005	**31 Dec 2004**	**30 June 2004**	**Y/Y change**
ARPU	**$55**	$55	**$55**	-
Margin	**$40**	$37	**$37**	8%
Acquisition cost per customer	**$241**	$181	**$173**	39%

Customer revenue profile in Orange Mobile continued to perform well in the reporting period, despite a targeted move away from post-paid customer acquisition. Relative to the corresponding half in 2004, ARPU in the reported period was flat at $55. Underlying net margins have also improved from $37 in the comparable half last year to $40 in the reporting period. The changes in the mobile interconnect rates have not had a material impact on margins in the business.

CAC in the reporting period increased to $241 per customer, reflecting acquisition initiatives to phase out older handset models. CAC in the Orange Mobile business is also expected to reduce in the second half of 2005.

Review of Capital Expenditure

Total payments on CAPEX for the Company's **3** and Orange businesses in the six months to 30 June were $147.9 million compared with $111.6 million in the corresponding half year.

CAPEX totalled $138.0 million in the **3** business and $9.9 million in the Orange business.

Funding

As at 30 June, the Company had $209.5 million of cash invested in short term deposits and bills and cash at bank of $27.7 million. Borrowings consisted of a $424.3 million medium term note issue, $600.2 million of convertible notes, $196.0 million borrowed from the parent company and $1,692.4 million from other facilities provided by leading local and international financial institutions.

During the reporting period, net loans of $64.2 million were drawn down to fund capital expenditure and working capital requirements, principally in the **3** business. Net debt at the end of the reporting period was $2,675.7 million.

In June, the Company sold the receivable balance due from Telstra as part of the network share agreement finalised in 2004, effectively accelerating the receipt of the sale proceeds on favourable terms.

As at 16 August 2005, the Company has cash balances and undrawn committed long-term facilities which are more than sufficient to meet expected funding requirements for the next 12 months.

Outlook

The Company expects to see increasing competitive pressures in the remainder of 2005 in regards to mobile voice pricing and customer acquisition. The Company's acquisition focus will be in the mid to high end post-paid market for 3 and the pre-paid consumer market in Orange. In both these areas, the Company expects customer growth to increase relative to the six months to 30 June 2005.

The Company anticipates significant improvement to emerge in the profitability trends of both 3 and Orange through the remainder of the year. The key contributing factors here will include ongoing scale benefits in 3, significant reductions in 3G handset costs and a reduction in customer acquisition costs in Orange.

Increasing usage of non-voice services remains a key operational priority in 3 and the Company believes that ongoing improvements in handset functionality and in 3's service offering, combined with increasing customer awareness, will ensure that the encouraging trends from the past 12 months continue.

The net loss position in the first half of 2005 improved by 15% compared to the second half of 2004. This trend is expected to continue in the second half of 2005.

Directors

The following persons were Directors of Hutchison Telecommunications (Australia) Limited during the whole of the half-year and up to the date of this report:

FOK Kin-ning, Canning
Barry ROBERTS-THOMSON
Justin H.GARDENER
Holger KLUGE
LAI Kai Ming, Dominic
LUI Pok-Man, Dennis
Frank John SIXT

Mr John Michael ("Jack") Scanlon was appointed as a Director on 11 July 2005, and remains a Director.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100 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.

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

FOK Kin-ning, Canning
Director
16 August 2005

Hutchison Telecommunications (Australia) Limited
Consolidated income statement
For the half-year ended 30 June 2005

	Half-year	
	6 months to 30 June 2005 $'000	6 months to 30 June 2004 $'000
Revenue from continuing operations	**444,620**	330,067
Cost of interconnection and variable content costs	**(96,008)**	(76,390)
Other direct costs of provision of telecommunication services and goods	**(175,904)**	(191,866)
Cost of handsets sold	**(160,418)**	(154,354)
Employment costs	**(49,943)**	(50,273)
Advertising and promotion expenses	**(35,928)**	(40,591)
Other operating expenses	**(55,084)**	(35,093)
Other income	**6,080**	4,538
Capitalisation of customer acquisition costs	**8,454**	18,616
Depreciation expense	**(79,875)**	(78,998)
Amortisation expense	**(54,464)**	(48,898)
Borrowing costs	**(117,416)**	(74,705)
Loss before income tax	**(365,886)**	(397,947)
Income tax	**-**	-
Loss after income tax	**(365,886)**	(397,947)
Net loss attributable to minority interest	**60,607**	65,077
Net loss attributable to members of Hutchison Telecommunications (Australia) Limited	**(305,279)**	(332,870)
Total changes in equity other than those resulting from transactions with owners as owners	**(305,279)**	(332,870)

	(Cents)	(Cents)
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings per share	**(45.0)**	(49.1)
Diluted earnings per share	**(45.0)**	(49.1)

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

Hutchison Telecommunications (Australia) Limited
Consolidated balance sheet
As at 30 June 2005

	30 June 2005 $'000	31 December 2004 $'000
Current Assets		
Cash and cash equivalents	**237,206**	72,700
Receivables	**188,907**	477,790
Inventories	**46,893**	108,530
Other	**29,822**	58,996
Total Current Assets	**502,828**	718,016
Non-Current Assets		
Receivables	**38,489**	124,436
Investment accounted for using the equity method	**-**	-
Property, plant and equipment	**1,033,518**	999,730
Intangible assets	**864,985**	872,201
Other	**4,118**	40,034
Total Non-Current Assets	**1,941,110**	2,036,401
Total Assets	**2,443,938**	2,754,417
Current Liabilities		
Payables	**278,387**	301,302
Interest bearing liabilities	**2,776**	202,731
Provisions	**1,294**	1,369
Other	**30,896**	6,399
Total Current Liabilities	**313,353**	511,801
Non-Current Liabilities		
Interest bearing liabilities	**2,914,962**	2,660,487
Provisions	**1,047**	799
Total Non-Current Liabilities	**2,916,009**	2,661,286
Total Liabilities	**3,229,362**	3,173,087
Net Liabilities	**(785,424)**	(418,670)
Equity		
Parent entity interest		
Contributed equity	**1,031,244**	1,031,244
Reserves	**56,319**	55,620
Accumulated losses	**(1,917,928)**	(1,611,371)
Total parent entity interest	**(830,365)**	(524,507)
Minority interest	**44,941**	105,837
Total Equity	**(785,424)**	(418,670)

The above consolidated balance sheet 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 2005

	Half - year	
	6 months to 30 June 2005 $'000	6 months to 30 June 2004 $'000
Total equity at the beginning of the half-year	**(418,670)**	407,535
Adjustments on adoption of AASB 132 and AASB 139	**(1,567)**	-
Cash flow hedges, net of tax	**42**	-
Employee share options	**657**	-
Net income recognised directly in equity	**(868)**	-
Profit for the half-year	**(365,886)**	(397,947)
Total recognised income and expense for the half-year	**(366,754)**	(397,947)
Transactions with equity holders in their capacity as equity holders	**-**	-
Total equity at the end of the half-year	**(785,424)**	9,588
Total recognised income and expense for the half-year is attributable to:		
Members of Hutchison Telecommunications (Australia) Limited	**(830,365)**	(168,031)
Minority interest	**44,941**	177,619
	(785,424)	9,588

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

Hutchison Telecommunications (Australia) Limited
Consolidated cash flow statement
For the half-year ended 30 June 2005

	Half-year	
	6 months to 30 June 2005 $000's	6 months to 30 June 2004 $000's
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	**470,485**	218,202
Payments to suppliers and employees (inclusive of GST)	**(516,321)**	(450,203)
	(45,836)	(232,001)
Interest received	**2,019**	1,452
Borrowing costs	**(122,732)**	(64,383)
Net cash outflow from operating activities	**(166,549)**	(294,932)
Cash Flows from Investing Activities		
Proceeds from sale of radio access network infrastructure	**424,603**	-
Payments for property, plant and equipment	**(147,919)**	(111,596)
Proceeds from disposal of other non-current assets	**-**	891
Payments for intangible assets	**(8,454)**	(18,616)
Net cash inflow / (outflow) from investing activities	**268,230**	(129,321)
Cash Flows from Financing Activities		
Proceeds from interest bearing liabilities	**290,000**	423,310
Repayment of interest bearing liabilities	**(225,833)**	-
Repayment of finance lease	**(1,342)**	(1,790)
Net cash inflow from financing activities	**62,825**	421,520
Net Increase / (Decrease) in Cash Held	**164,506**	(2,733)
Cash at 1 January	**72,700**	42,782
Cash at 30 June	**237,206**	40,049

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

Note 1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2005 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 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*.

(a) Basis of preparation of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)

This interim financial report is the first Hutchison Telecommunications (Australia) Limited interim financial report to be prepared in accordance with AIFRS. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Hutchison Telecommunications (Australia) Limited, until 31 December 2004, had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Hutchison Telecommunications (Australia) Limited interim financial report for the half year ended 30 June 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Consolidated Entity has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Consolidated Entity's equity and its net income are given in note 4.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

At 30 June 2005, Hutchison Telecommunications (Australia) Limited and its subsidiaries (“the Consolidated Entity”) had a deficiency of capital and reserves of $785,424,000 (31 December 2004: $418,670,000). As at 16 August 2005, Hutchison Telecommunications (Australia) Limited’s cash balances and undrawn facilities of $669,000,000 exceed the Consolidated Entity's expected cash flow requirements for the 12 month period to 16 August 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 16 August 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.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Hutchison Telecommunications (Australia) Limited ("Company" or "Parent Entity") as at 30 June 2005 and the results of all subsidiaries for the half-year then ended. Hutchison Telecommunications (Australia) Limited and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies, 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 (refer to note 1(f)).

The effects of all transactions between entities in the Consolidated Entity are eliminated in full. Minority interest in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in joint ventures are accounted for as set out in note 1(g).

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Hutchison Telecommunications (Australia) Limited and its wholly owned Australian subsidiaries have not consolidated any entities in accordance with recent tax consolidation legislation.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Hutchison Telecommunications (Australia) Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sale of handsets
Revenue from sale of handsets is recognised at the date of despatch of goods, pursuant to the signing of the customer's contract and when all the associated risks have passed to the customer. Provision is made for doubtful debts where doubt as to collection exists.

(i) Telecommunication services
Revenue from telecommunication services is recognised when the service has been provided. Provision is made for doubtful debts where doubt as to collection exists.

(f) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(g) Joint Ventures

(i) Jointly Controlled Partnership
The interest in a joint venture partnership is accounted for using the equity method. Under this method the share of the profits or losses of the partnership is recognised in the income statement, and the share of the movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership 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 partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(ii) Jointly Controlled Asset
The proportionate interests in the assets, liabilities and expenses of a joint controlled asset have been incorporated in the financial statements under the appropriate headings.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) Inventories

Finished goods include handsets, devices and accessories and are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first in first out method. Costs comprise purchase price only.

(l) Derivatives

From 1 January 2004 to 31 December 2004
The Consolidated Entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The Consolidated Entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 31 December 2004.

Adjustments on transition date: 1 January 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes in the carrying amounts of derivatives are taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

From 1 January 2005
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by

discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis to write off the depreciable amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Consolidated Entity. Assets are depreciated from the date they are brought into commercial service, or in the respect of internally constructed assets from the time the asset is completed and held ready for use. The expected useful lives are as follows:

Buildings	40 years
Computer Equipment	4 to 5 years
Furniture, fittings and office equipment	4 to 7 years
Network Equipment	4 to 15 years

Leased assets are amortised on a straight-line basis over the term of the lease, or where ownership will be obtained, then over the useful life of the asset. Leased assets held at reporting date are being amortised over four years.

The depreciable amount of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Consolidated Entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 4 - 15 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(o) Leases

Leases of property, plant and equipment where the Consolidated Entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(p) Intangible assets

(i) Spectrum licences and capitalised development costs
Costs associated with acquiring spectrum licences are capitalised. The amortisation of capitalised development costs and the spectrum licences commenced upon the commercial readiness of the network. The spectrum licences and development costs are amortised on a straight line basis over the periods of their expected benefit, being not more than the licence term. The carrying value of this intangible asset is reviewed by the Directors on a regular basis and written down to recoverable amount where this is less than the carrying value (refer note 1(h)).

All costs directly attributable to the construction of the network assets are capitalised as work in progress. All other costs directly attributable to the creation of an asset within the business are capitalised as development costs.

(ii) Customer acquisition costs
The direct costs of establishing customer contracts, other than handset subsidies which are expensed when incurred, are recognised as an asset. The direct costs are amortised as other direct costs of provision of telecommunication services and goods over the lesser of the period during which the future economic benefits are expected to be obtained and the period of the contract. The direct costs include commissions paid for obtaining customer contracts and other directly attributable costs.

(iii) Transmission rights
The Consolidated Entity's right to use transmission capacity is measured at cost and amortised on a straight line basis over the term of the transmission lease.

(q) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Interest bearing liabilities

From 1 January 2004 to 31 December 2004
The Consolidated Entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The Consolidated Entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 31 December 2004.

Adjustments on transition date: 1 January 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that interest bearing liabilities are measured at amortised cost using the effective interest method. At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings.

From 1 January 2005
Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the liability using the effective interest method.

Convertible notes are included as a liability and measured at amortised cost using the effective interest method. The liability is included in interest bearing liabilities until conversion or maturity of the notes. Interest is accrued based upon the effective interest rate and included in other creditors until paid semi-annually.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Borrowing costs include:
- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- finance lease charges, and
- certain exchange differences arising from foreign currency borrowings

(t) Employee benefits

(i) Wages and Salaries, and Annual Leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long Service Leave
The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity, as closely as possible, the estimated future cash outflows.

(iii) Bonus Plan
A liability for employee benefits in the form of bonus plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:
- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Superannuation
Contributions to defined contribution superannuation plans are expensed to the income statement as the contributions are paid or become payable.

(v) Share-based payments
Share-based compensation benefits are provided to employees via the Hutchison Telecommunications (Australia) Limited Executive Option Plan.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005
No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005
The fair value of options granted under the Hutchison Telecommunications (Australia) Limited Executive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Earnings per share

(i) Basic earnings per share
Basic earnings per share is determined by dividing the net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than the ordinary shares, by the weighted average number of ordinary shares outstanding during the financial half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 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 financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Note 2 Segment Information

Primary reporting – business segments

	Orange	3	Intersegment elimination / unallocated	Consolidated
Half year 30 June 2005	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	176,592	283,952	(9,844)	450,700
Segment result	(61,331)	(304,555)	-	(365,886)
Half year 30 June 2004	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	175,177	162,415	(2,987)	334,605
Segment result	(70,930)	(327,017)	-	(397,947)

Note 3 Events occurring after reporting date

There have been no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

Note 4 Explanation of transition to Australian equivalents to IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Notes	**Previous AGAAP**	Effect of transition to AIFRS	**AIFRS**
		$'000	$'000	**$'000**
Current Assets				
Cash and cash equivalents		**42,782**	-	**42,782**
Receivables	4(a)(i)	**97,867**	(12,469)	**85,398**
Inventories		**27,304**	-	**27,304**
Other	4(b)(i)	**63,350**	1,210	**64,560**
Total Current Assets		**231,303**	(11,259)	**220,044**
Non-Current Assets				
Receivables	4(a)(i)	**16,992**	(5,344)	**11,648**
Investment accounted for using the equity method		**-**	-	**-**
Property, plant and equipment	4(b)(i)	**1,151,512**	29,591	**1,181,103**
Intangible assets	4(a)(i), 4(b)(i)	**1,014,843**	(76,207)	**938,636**
Other		**43,466**	-	**43,466**
Total Non-Current Assets		**2,226,813**	(51,960)	**2,174,853**
Total Assets		**2,458,116**	(63,219)	**2,394,897**
Current Liabilities				
Payables		**167,040**	-	**167,040**
Interest bearing liabilities		**590,731**	-	**590,731**
Provisions		**602**	-	**602**
Other		**1,023**	-	**1,023**
Total Current Liabilities		**759,396**	-	**759,396**
Non-Current Liabilities				
Interest bearing liabilities		**1,227,386**	-	**1,227,386**
Provisions		**580**	-	**580**
Total Non-Current Liabilities		**1,227,966**	-	**1,227,966**
Total Liabilities		**1,987,362**	-	**1,987,362**
Net Assets		**470,754**	(63,219)	**407,535**
Equity				
Parent entity interest				
Contributed equity		**1,031,244**	-	**1,031,244**
Reserves		**54,887**	-	**54,887**
Accumulated losses	4(a)(i)	**(865,926)**	(55,366)	**(921,292)**
Total parent entity interest		**220,205**	(55,366)	**164,839**
Minority interest	4(a)(i)	**250,549**	(7,853)	**242,696**
Total Equity		**470,754**	(63,219)	**407,535**

Note 4 Explanation of transition to Australian equivalents to IFRS (continued)

(b) At the end of the last half-year reporting period under previous AGAAP: 30 June 2004

	Notes	**Previous AGAAP**	Effect of transition to AIFRS	**AIFRS**
		$'000	$'000	**$'000**
Current Assets				
Cash and cash equivalents		**40,049**	-	**40,049**
Receivables	4(a)(ii)	**198,328**	(20,616)	**177,712**
Inventories		**55,320**	-	**55,320**
Other	4(b)(ii)	**54,828**	1,074	**55,902**
Total Current Assets		**348,525**	(19,542)	**328,983**
Non-Current Assets				
Receivables	4(a)(ii)	**30,102**	(8,835)	**21,267**
Investment accounted for using the equity method		**-**	-	**-**
Property, plant and equipment	4(b)(ii)	**1,199,223**	27,742	**1,226,965**
Intangible assets	4(a)(ii), 4(b)(ii)	**1,033,138**	(124,783)	**908,355**
Other		**41,750**	-	**41,750**
Total Non-Current Assets		**2,304,213**	(105,876)	**2,198,337**
Total Assets		**2,652,738**	(125,418)	**2,527,320**
Current Liabilities				
Payables		**274,816**	-	**274,816**
Interest bearing liabilities		**1,013,593**	-	**1,013,593**
Provisions		**1,182**	-	**1,182**
Other		**1,405**	-	**1,405**
Total Current Liabilities		**1,290,996**	-	**1,290,996**
Non-Current Liabilities				
Interest bearing liabilities		**1,226,044**	-	**1,226,044**
Provisions		**692**	-	**692**
Total Non-Current Liabilities		**1,226,736**	-	**1,226,736**
Total Liabilities		**2,517,732**	-	**2,517,732**
Net Assets		**135,006**	(125,418)	**9,588**
Equity				
Parent entity interest				
Contributed equity		**1,031,244**	-	**1,031,244**
Reserves		**54,887**	-	**54,887**
Accumulated losses	4(a)(ii)	**(1,146,465)**	(107,697)	**(1,254,162)**
Total parent entity interest		**(60,334)**	(107,697)	**(168,031)**
Minority interest	4(a)(ii)	**195,340**	(17,721)	**177,619**
Total Equity		**135,006**	(125,418)	**9,588**

Note 4 Explanation of transition to Australian equivalents to IFRS (continued)

(c) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Notes	**Previous AGAAP**	Effect of transition to AIFRS	**AIFRS**
		$'000	$'000	**$'000**
Current Assets				
Cash and cash equivalents		**72,700**	-	**72,700**
Receivables	4(a)(iii)	**504,670**	(26,880)	**477,790**
Inventories		**108,530**	-	**108,530**
Other	4(b)(iii)	**46,293**	12,703	**58,996**
Total Current Assets		**732,193**	(14,177)	**718,016**
Non-Current Assets				
Receivables	4(a)(iii)	**135,956**	(11,520)	**124,436**
Investment accounted for using the equity method		**-**	-	**-**
Property, plant and equipment	4(b)(iii)	**973,840**	25,890	**999,730**
Intangible assets	4(a)(iii), 4(b)(iii)	**1,098,276**	(226,075)	**872,201**
Other		**40,034**	-	**40,034**
Total Non-Current Assets		**2,248,106**	(211,705)	**2,036,401**
Total Assets		**2,980,299**	(225,882)	**2,754,417**
Current Liabilities				
Payables		**301,302**	-	**301,302**
Interest bearing liabilities		**202,731**	-	**202,731**
Provisions		**1,369**	-	**1,369**
Other		**6,399**	-	**6,399**
Total Current Liabilities		**511,801**	-	**511,801**
Non-Current Liabilities				
Interest bearing liabilities		**2,660,487**	-	**2,660,487**
Provisions		**799**	-	**799**
Total Non-Current Liabilities		**2,661,286**	-	**2,661,286**
Total Liabilities		**3,173,087**	-	**3,173,087**
Net Liabilities		**(192,788)**	(225,882)	**(418,670)**
Equity				
Parent entity interest				
Contributed equity		**1,031,244**	-	**1,031,244**
Reserves	4(c)(ii)	**54,887**	733	**55,620**
Accumulated losses	4(a)(iii), 4(c)(ii)	**(1,417,911)**	(193,460)	**(1,611,371)**
Total parent entity interest		**(331,780)**	(192,727)	**(524,507)**
Minority interest	4(a)(iii)	**138,992**	(33,155)	**105,837**
Total Equity		**(192,788)**	(225,882)	**(418,670)**

Note 4 Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRS (AIFRS)

(a) Reconciliation of profit for the half-year ended 30 June 2004

	Notes	**Previous AGAAP**	Effect of transition to AIFRS	**AIFRS**
		$'000	$'000	**$'000**
Revenue from continuing operations	4(e)(i)	**334,605**	(4,538)	**330,067**
Cost of interconnection and variable content costs		**(76,390)**	-	**(76,390)**
Other direct costs of provision of telecommunication services and goods	4(a)(iv)	**(180,227)**	(11,639)	**(191,866)**
Cost of handsets sold		**(154,354)**	-	**(154,354)**
Employment costs		**(50,273)**	-	**(50,273)**
Advertising and promotion expenses		**(40,591)**	-	**(40,591)**
Other operating expenses		**(35,093)**	-	**(35,093)**
Other income	4(e)(i)	**-**	4,538	**4,538**
Capitalisation of customer acquisition costs	4(a)(iv)	**88,099**	(69,483)	**18,616**
Depreciation expense	4(b)(iv)	**(77,148)**	(1,850)	**(78,998)**
Amortisation expense	4(a)(iv)	**(67,821)**	18,923	**(48,898)**
Borrowing costs	4(b)(iv)	**(76,555)**	1,850	**(74,705)**
Loss before income tax		**(335,748)**	(62,199)	**(397,947)**
Income tax		**-**	-	**-**
Loss after income tax		**(335,748)**	(62,199)	**(397,947)**
Net loss attributable to minority interest		**55,209**	9,868	**65,077**
Net loss for the period attributable to members of Hutchison Telecommunications (Australia) Limited		**(280,539)**	(52,331)	**(332,870)**

Note 4 Explanation of transition to Australian equivalents to IFRS (continued)

(b) Reconciliation of profit for the year ended 31 December 2004

	Notes	**Previous AGAAP**	Effect of transition to AIFRS	**AIFRS**
		$'000	$'000	**$'000**
Revenue from continuing operations	4(d)(i), 4(e)(ii)	**1,173,293**	(405,365)	**767,928**
Cost of interconnection and variable content costs		**(171,072)**	-	**(171,072)**
Other direct costs of provision of telecommunication services and goods	4(a)(v)	**(414,024)**	(20,588)	**(434,612)**
Cost of handsets sold		**(356,711)**	-	**(356,711)**
Employment costs	4(c)(ii)	**(104,391)**	(733)	**(105,124)**
Advertising and promotion expenses		**(87,758)**	-	**(87,758)**
Other operating expenses	4(d)(i)	**(97,775)**	16,001	**(81,774)**
Other income	4(d)(i), 4(e)(ii)	**-**	58,831	**58,831**
Capitalisation of customer acquisition costs	4(a)(v)	**216,819**	(182,336)	**34,483**
Depreciation expense	4(b)(v)	**(171,606)**	(3,701)	**(175,307)**
Amortisation expense	4(a)(v)	**(141,179)**	40,261	**(100,918)**
Borrowing costs	4(b)(v)	**(178,530)**	3,701	**(174,829)**
Carrying value of radio access network infrastructure	4(d)(i)	**(330,533)**	330,533	**-**
Loss before income tax		**(663,467)**	(163,396)	**(826,863)**
Income tax		**(75)**	-	**(75)**
Loss after income tax		**(663,542)**	(163,396)	**(826,938)**
Net loss attributable to minority interest		**111,557**	25,302	**136,859**
Net loss for the period attributable to members of Hutchison Telecommunications (Australia) Limited		**(551,985)**	(138,094)	**(690,079)**

(3) Reconciliation of cash flow statement for the year ended 31 December 2004

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Customer acquisition costs

Under the Urgent Issues Group (UIG) Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*, the cost of telephones provided to customers do not meet the prescriptive definition of customer acquisition costs that must be capitalised. In addition, directly attributable customer 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 previous AGAAP and UIG Abstract 42 *Subscriber Acquisition Costs in the Telecommunications Industry*, the cost of telephones provided to customers was recognised as a customer acquisition cost and the amortisation of the customer acquisition cost asset was over the period during which the future economic benefits are expected to be obtained.

As a result of Interpretation 1042, the Company has changed its accounting policy. The subsidised portion of the handset will no longer be recognised as an asset and the amortisation of customer 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 effect of this is:

(i) At 1 January 2004
For the Consolidated Entity there has been a decrease in current receivables of $12,469,000, a decrease in non-current receivables of $5,344,000, a decrease of intangible assets of $45,407,000, a decrease in retained earnings of $55,366,000 and a decrease in minority interest of $7,853,000.

(ii) At 30 June 2004
For the Consolidated Entity there has been a decrease in current receivables of $20,616,000, a decrease in non-current receivables of $8,835,000, a decrease of intangible assets of $95,967,000, a decrease in retained earnings of $107,697,000 and a decrease in minority interest of $17,721,000.

(iii) At 31 December 2004
For the Consolidated Entity there has been a decrease in current receivables of $26,880,000, a decrease in non-current receivables of $11,520,000, a decrease of intangible assets of $187,482,000, a decrease in retained earnings of $192,727,000 and a decrease in minority interest of $33,155,000.

(iv) For the half-year ended 30 June 2004
For the Consolidated Entity there has been an increase in other direct costs of provision of telecommunications services and goods of $11,638,000, a decrease in amortisation expense of $18,923,000 and a decrease in capitalisation of customer acquisition costs $69,483,000.

(v) For the year ended 31 December 2004
For the Consolidated Entity there has been an increase in other direct costs of provision of telecommunications services and goods of $20,588,000, a decrease in amortisation expense of $40,261,000 and a decrease in capitalisation of customer acquisition costs $182,336,000.

(b) Borrowing costs

The Company has elected to adopt the allowed alternative treatment of AASB 123 *Borrowing Costs*, and continue to expense borrowing costs 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 are capitalised as part of the cost of that asset. Previously, capitalised borrowing costs were treated separately as an intangible asset and amortised over the life of that asset. This has resulted in capitalised funding costs being allocated to specific qualifying assets and depreciated over the life of that asset. In addition, any prepaid borrowing costs have been transferred to other non-current assets. The effect of this is:

(i) At 1 January 2004
For the Consolidated Entity there has been an increase in property, plant and equipment of $29,591,000, a decrease in intangible assets of $30,800,000 and an increase other current assets of $1,210,000.

(ii) At 30 June 2004
For the Consolidated Entity there has been an increase in property, plant and equipment of $27,742,000 a decrease in intangible assets of $28,816,000 and an increase other current assets of $1,074,000.

(iii) At 31 December 2004
For the Consolidated Entity there has been an increase in property, plant and equipment of $25,890,000 a decrease in intangible assets of $38,593,000 and an increase in other current assets of $12,703,000.

(iv) For the half-year ended 30 June 2004
For the Consolidated Entity there has been a decrease in borrowing costs of $1,850,000 and a corresponding increase in depreciation expense.

(v) For the year ended 31 December 2004
For the Consolidated Entity there has been a decrease in borrowing costs of $3,701,000 and a corresponding increase in depreciation expense.

(c) Share-based payments

Under AASB 2 *Share-based Payment* from 1 January 2004 the Consolidated Entity is required to recognise an expense for those options that were issued to employees under the Hutchison Telecommunications (Australia) Limited Executive Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 31 December 2004
For the Consolidated Entity there has been a decrease in retained earnings of $733,000 and a corresponding increase in reserves.

(ii) For the year ended 31 December 2004
For the Consolidated Entity there has been an increase in employee costs of $733,000.

(d) Property, plant and equipment

Under AASB 116 *Property, Plant and Equipment* gains and losses on disposal of an item of property, plant and equipment is to be recognised on a net basis as revenue or an expense, rather than recognising the consideration received as revenue. The effect of this is:

(i) For the year ended 31 December 2004
For the Consolidated Entity the carrying value of radio access network infrastructure sold of $330,533,000 and other operating expenses of $16,001,000 has been netted-off with the revenue received as consideration of $386,869,000 resulting in an increase in other income of $40,335,000.

(e) Other income

Under AASB 118 *Revenue* the definition of revenue is narrower than the standard that it supersedes AASB 1004 *Revenue*. AASB 118 defines revenue as the gross inflow of economic benefits from ordinary activities while AASB 1004 contains a broader definition or revenue encompassing all of an entity's inflows. As a result the presentation of the income statement has been changed separating revenue from other income. The effect of this is:

(i) For the half-year ended 30 June 2004
For the Consolidated Entity there has been a decrease in revenue of $4,538,000 and a corresponding increase in other income.

(ii) For the year ended 31 December 2004
For the Consolidated Entity there has been a decrease in revenue of $18,496,000 and a corresponding increase in other income.

(f) Accumulated Losses

The effect on accumulated losses of the changes set out above are as follows:

	Notes	1 January 2004 $'000	30 June 2004 $'000	31 December 2004 $'000
Customer acquisition costs	4(a)	(63,219)	(125,418)	(225,882)
Share based payment	4(c)	-	-	(733)
Total Adjustment		**(63,219)**	**(125,418)**	**(226,615)**
Attributable to:				
Members of Hutchison Telecommunications (Australia) Limited		(55,366)	(107,697)	(193,460)
Minority interest		(7,853)	(17,721)	(33,155)
		(63,219)	**(125,418)**	**(226,615)**

Directors declaration

The Directors declare that the financial statements and notes set out on pages 13 to 33:

(a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:
(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; 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.

FOK Kin-ning, Canning
Director

16 August 2005

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4D information

NTA Backing *(Appendix 4D item 3)*

	2005	2004
Net tangible asset backing per ordinary share	($2.43)	($1.32)

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 2005 – N/A

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

N/A

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

Jointly Controlled 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.

The aggregate share of profits from 3GIS for the half-year ended 30 June 2005 is nil (2004: nil).

Jointly Controlled Asset

Under the same partnership agreement described above the ownership of the 50% of the existing 3G radio access network infrastructure remains with a controlled entity, Hutchison 3G Australia Pty Limited. On this basis the network assets are proportionally consolidated in accordance with the accounting policy described in note 1(g)(ii) under the following classifications

	CONSOLIDATED		**PARENT ENTITY**	
	30 June 2005 $'000	31 December 2004 $'000	**30 June 2005 $'000**	31 December 2004 $'000
Non-current assets				
Plant and equipment	**355,054**	**330,533**	**-**	-
Less: Accumulated depreciation	**(10,036)**	-	**-**	-
	345,018	**330,533**	**-**	-

:

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 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 This report is based on +accounts to which one of the following applies.

(Tick one)

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

5 The audit review by the auditor is attached.

6 The entity has a formally constituted audit committee.

Sign here: .... Date: 16 August 2005
(Director)

Print name: FOK Kin-ning, Canning

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Hutchison Telecommunications (Australia) Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Hutchison Telecommunications (Australia) Limited Group (defined below) as at 30 June 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Hutchison Telecommunications (Australia) Limited Group (the consolidated entity), for the half-year ended 30 June 2005. The consolidated entity comprises both Hutchison Telecommunications (Australia) Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

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We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

DJ Whale
Partner

Sydney
16 August 2005

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Auditors' Independence Declaration

As lead auditor for the review of Hutchison Telecommunications (Australia) Limited for the half year ended 30 June 2005, 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 audit; and

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

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

DJ Whale

Partner
PricewaterhouseCoopers

Sydney
16 August 2005