Hutchison Telecoms

Hutchison Telecommunications (Australia) Limited
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Companies Announcements Office

Australian Securities Exchange

Date 26 February 2008

Subject: Preliminary Final 2007 Annual Results

Please find attached the Company's results for the year to 31 December 2007 in the form of Appendix 4E and accompanying press release.

The Annual General Meeting of the Company will be held at 10.00am on 19 May 2008.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecommunications (Australia) Limited ABN 15 003 677 227

ASX Preliminary Final Report – 31 December 2007

Lodged with the ASX under Listing Rule 4.3A.

This information should be read in conjunction with the 2007 Annual Report.

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Hutchison Telecommunications (Australia) Limited
Year ended 31 December 2007
(Previous corresponding period:
Year ended 31 December 2006)

Results for Announcement to the Market

				$'000
Revenue from ordinary activities *(Appendix 4E item 2.1)*	Up	24.6%	to	1,318,692
Loss from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	Down	62.5%	to	(285,106)
Net loss for the period attributable to members *(Appendix 4E item 2.3)*	Down	62.5%	to	(285,106)

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 interim dividend — Day/Month/Year

(Appendix 4E item 2.5) — N/A

Hutchison Telecommunications (Australia) Limited
Preliminary Final Report - Year ended 31 December 2007

Contents

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 2007 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
ABN 15 003 677 227

Preliminary Final Report – 31 December 2007

Review of operations [1]

With strong customer growth, the introduction of new and exciting non-voice products and services, and changes to Hutchison's debt position, 2007 has continued to see considerable improvements for the Company, both operationally and financially.

In an aggressive mobile market, the customer base grew by 333,000 to 1.578 million at 31 December 2007, on the strength of innovative services, an attractive handset range and market disrupting pricing. Notably in the first half, **3** recorded the industry's highest net customer additions. An intensified focus on retention has also been key to the total customer number, with initiatives including My3 and **3** Service Centres improving customer satisfaction and helping to maintain low churn rates.

Continued investment in **3**'s network saw the completion in March of the first phase of the High Speed Downlink Packet Access (HSDPA) network upgrade. Later that month the Company launched X-Series, bringing customers content to the mobile previously reserved for fixed line internet users. X-Series provides customers with the ability to access well-known internet sites and services such as Google and eBay, supported by generous data allowances.

Following the HSDPA upgrade, Mobile Broadband was launched in July, with a new 'plug-and-play' USB modem and competitively priced plans. This underpinned the Company's continued leadership in the mobile data market and has contributed to an 11% increase in non-voice ARPU, excluding SMS. At 30 June 2007, 82,000 customers were using Mobile Broadband via a modem, a netconnect card, X-Series, a Mobile Web pack or a handset as a modem. In the second half that number had grown to 195,000 – an increase of 138%.

A further innovation in 2007, the 3 Skypephone, the first free VoIP service on mobile and exclusive to **3**, was launched in October and is expected to continue to build momentum in 2008. 3 Skypephone is available at a very affordable price and offers free Skype-to-Skype calls and chat at the touch of a single button.

With strong growth in **3**'s customer base and services the Company's total revenue increased 24.6% to $1.32 billion. EBITDA has increased significantly, from $30 million in 2006 to $114 million in 2007. The net loss of $285.1 million is a $474.3 million, or a 62.5%, turnaround on 2006. The Company successfully completed its recapitalisation with the issue of convertible preference shares, which saves $250 million in interest costs on an annualised basis going forward.

This growth will be aided by the continued investment in and development of the network, which this year will see the roll out of 7.2 Mbps. The upgrade of the network will remain aligned to the availability of handsets and devices that deliver real customer benefits.

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[1] **Mobile customers** reflects active mobile services in operation at the end of the reporting period and excludes Paging and Information Services.
Service revenue excludes revenue from sales of handsets, interest income and other income.
ARPU represents rolling 12 month average service revenue per user per month at the end of the period across pre and post-paid customers**.**
Average monthly margin per customer represents rolling 12-month average margin per mobile customer, across pre and post-paid customers per month at the end of the period.
Margin represents service revenue less interconnect and variable content costs.
Average cost of acquisition represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new customer for the period.

Review of Operating Performance [2]

	2007	2006	Y/Y change
Total revenue ($m)	**1,318.7**	**1,058.7**	24.6%
EBITDA ($m)	**114.0**	**30.2**	277.5%
NPAT (loss) ($m)	**(285.1)**	**(759.4)**	62.5%
Capital expenditure ($m)	**268.0**	**203.8**	31.5%
Mobile customers – 3G ('000)	**1,578**	**1,245**	26.7%
- Mobile broadband subscribers ('000)	**195**	**-**	n/a
Post-paid %	**89.2%**	**88.3%**	n/a
Pre-paid %	**10.8%**	**11.7%**	n/a
ARPU	**$68.61**	**$70.50**	-2.7%
ARPU voice	**$50.30**	**$53.27**	-5.6%
ARPU non-voice	**$18.31**	**$17.22**	6.3%
– non-SMS	**$7.77**	**$6.98**	11.3%
– SMS	**$10.54**	**$10.24**	2.9%
Average margin per customer	**$52.13**	**$52.17**	-0.1%
- voice margin per customer	**$40.16**	**$40.50**	-0.8%
- non-voice margin per customer	**$11.97**	**$11.67**	2.8%
Content events (millions)	**120**	**92.5**	29.7%
Customers billed for non-voice services, excluding SMS*	**64%**	**56%**	n/a
SMS sent (millions)	**1,437**	**791.2**	81.6%
Customer acquisition cost (CAC)	**$263**	**$274**	-4.0%

Note: statistical data represents management's best estimates

[2] **EBITDA** represents service revenue less interconnect cost and running operating expenditure plus capitalised incremental direct acquisition and retention costs in accordance with AIFRS.
NPAT loss represents net loss after tax attributable to Hutchison Telecommunications (Australia) Limited after minority interest.
Capital expenditure represents cash spend on capital expenditure including the share of cash CAPEX in the period for the 3G network joint venture with Telstra.
Mobile Broadband comprises data access via a modem, a Netconnect card, X-Series, a Mobile Web pack or a handset as a modem
* includes mobile broadband as defined

Financial performance continues to improve

The Company reported a positive EBITDA result of $114 million - an improvement of $83.8 million or 278% compared with 2006, resulting from a 24.6% increase in total revenue and a 29.5% growth in operating margin. This result is a continuation of the strengthening financial position over the last three full year reporting periods.

Similarly, the Company has recorded an NPAT loss of $285.1 million, a $474.3 million, or 62.5%, improvement on the reported NPAT loss in 2006.

With a focus on improving the Company's debt position, the issue of convertible preference shares in 2007 has reduced the Company's finance cost by $103.6 million, from $264.8 million in 2006 to $161.2 million in 2007. The recapitalisation is delivering a $250 million benefit on an annualised basis. The Company exited the year operating cash flow positive.

A further issue of shares and convertible preference shares was made to enable Telecom Corporation of New Zealand Limited (TCNZ) to roll up its 19.94% shareholding in Hutchison 3G Australia Holding Pty Ltd to a 10% shareholding in the Company. TCNZ also has an option to increase its shareholding to approximately 19.94% of the Company during 2008 at an exercise price of between $275 million and $300 million, depending upon when the option is exercised. As part of the agreement to extend TCNZ's investment, TCNZ assigned its 850 MHz spectrum licences including Brisbane, Adelaide and Perth to the Company, complementing its existing 850 MHz spectrum in Sydney and Melbourne and providing the Company with a national 850MHz spectrum footprint.

Continued momentum in customer growth

For the twelve months ended 31 December 2007, the customer base grew by 333,000 to more than 1,578,000. This comprised net customer additions of 173,000 in the second half of 2007, with 160,000 added in the first half. A growing proportion of these acquisitions is attributable to word of mouth and referred sales and, as **3** adds scale, we expect this to continue.

Of the total customer base of more than 1,578,000 at 31 December 2007, 89.2% or 1,407,000 are post-paid customers, a significant proportion of the base relative to other carriers.

As detailed in the table below, **3**'s net customer growth continues to show a positive trend year on year.

	Full Year	
Net customer growth ('000)	**2007**	**2006**
Post-paid	**308**	**251**
Pre-paid	**25**	**53**
Net customer growth	**333**	**304**

External churn remains at low levels with post-paid churn at 1.1% for the twelve months of 2007 consistent with the same period of 2006. Customer satisfaction levels, as measured by both internal and external surveys, have further improved.

A focus on customer satisfaction and retention has been the driver behind the extension of **3**'s award-winning My3, and the introduction of **3**'s Service Centres. My3 allows customers visibility and control over the management of their **3** account, accessed either from their handset or online, and has also reduced the number of customer calls to 3Care for services such as getting an account balance.

3's Service Centres were introduced in response to customer demand for a simpler and quicker way to have a handset repaired. The **3** Service Centres are now open in Sydney, Melbourne, Brisbane, Adelaide and Perth. The service centres currently carry out repairs on Nokia, Sony Ericsson, Motorola and HTC handsets for customers of **3**, with other models expected to be added during 2008. **3**'s target is to repair and return to the customer 90% of handsets within 5 working days - a notable improvement on previous repair timeframes.

In 2007, **3** continued to offer a wide range of handsets with improved form factor, features and functionality. In 2007, 20 handsets were introduced to the range: 7 from Nokia, 3 from LG, 5 from Sony Ericsson and 3 from Dopod/HTC as well as the Palm Treo and the exclusive 3 Skypephone. 14 are HSDPA-enabled and capable of delivering faster download speeds. HSDPA allows users to experience high-speed broadband connectivity between 600 kbps and 1.5 Mbps, with a theoretical maximum of 3.6Mbps. 19 handsets were X-Series enabled. This year marked continued development of 3G handset functionality, with the emergence of devices with 5 megapixel cameras and GPS, such as the Nokia N95, Nokia 6110 and the HTC TyTN II.

There are currently 30 handset models in **3**'s range.

3G services enter new phase of growth

In 2007, **3** continued to experience strong uptake of non-voice services with non-voice ARPU rising 6.3% to $18.31 and non-voice ARPU, excluding SMS, growing to $7.77, an increase of 11.3%. Customers who were billed for non-voice services, excluding SMS, rose to 64% of the base on a rolling 12 month basis. These increases were driven by the addition of new, innovative and well-packaged services, notably Mobile Broadband.

The X-Series was launched in March 2007, bringing the best of the internet to the mobile, packaged to allow customers greater freedom to access the open internet from their mobile phones and use services such as Skype to make free calls over the internet. X-Series has proved very popular, and is now available on 19 handsets and with four different plans.

Other content services, including mobile TV, music, news, sport and weather also saw strong usage during 2007. **3** brought its customers live coverage from the cricket including the **3** mobile Ashes Series early in the year and towards the end of 2007 the Australia vs Sri Lanka Test Series. An expanded mobile TV offering including Big Brother and TV series such as South Park and ABC TV's Summer Heights High, as well as a 24 hour Fox Sports News channel brought more entertainment services to our customers. **3** also launched True Local, a new location-based directory as well as an expanded music product encompassing new genres, a redesigned games portal and popular social community websites such as Facebook and MySpace.

During 2007, customers experienced over 120 million content events, 5.7 million music events and downloaded 1.65 million games. .

In 2007, **3** also introduced Bonus Sites, new free to browse web sites funded by advertisers. These sites included drive.com.au and domain.com.au.

Mobile Broadband Grows Significantly

With the upgrade to HSDPA across the network and a new, easy to use device in the form of the USB modem, Mobile Broadband has been a significant contributor to **3**'s non-voice growth in 2007. **3** effectively relaunched its mobile broadband proposition in July with the combination of a high value offer, a simple device and a fast network. The market awareness for mobile broadband was further fuelled by responses from competitors. In December, **3** launched half price Mobile Broadband increasing sales momentum. We expect this trend to extend into 2008.

The availability of a strong mobile broadband USB offer has seen **3** attract new customers, and opened up the opportunity for **3**'s customers to combine mobile and mobile broadband services.

Our total Mobile Broadband subscribers include customers using mobile broadband either as a modem or netconnect card, using X-Series, using a Mobile Web pack or using a handset as a modem. By 31 December 2007, **3**'s Mobile Broadband subscribers had grown in six months by 138% to 195,000.

Continued focus on network to support 3G services

Coverage continued to improve in 2007. The 3GIS joint venture (with our partner, Telstra Corporation Limited) added a further 110 sites into the network bringing the total number at the end of the year to 2,619.

In line with the Company's previously stated roadmap for network development, the initial upgrade to enable HSDPA was completed in March 2007. The roll out of High Speed Uplink Packet Access (HSUPA) was also completed, allowing customers an uplink speed of 1.4Mbps.

This upgrade and the ongoing enhancements to the **3** network will continue to ensure **3** provides innovative 3G services.

Maintain margin

The percentage of capped plans in the market continued to increase in 2007 and at the same time mobile interconnect rates reduced from 15c to 9c. Accordingly, we maintain that it is the contribution from margin, not ARPU, which is a more relevant indicator of the underlying health of the Company and the industry in general.

In 2007, the Company has recorded an average monthly margin of $76 million, which has grown from an average of $58.6 million per month in 2006 and $28.7 million per month in 2005. Average monthly margin has improved by 29.5% on 2006. The margin per customer per month is unchanged on the 2006 figure of $52 despite the intensified competitive pressure and reduction in termination rates.

As indicated at the half year, capital expenditure of $268m was 31.5% higher than 2006 due to a continued focus on delivering capacity to the network and infrastructure to support rapid customer and data growth.

Analysis of Financial Performance [3]

Summary Income Statement $ million	Full Year 2007	Full Year 2006	Full Year Y/Y change
Total revenue from continuing operations	**1,318.7**	**1,058.7**	24.6%
Service revenue	**1,172.0**	**924.9**	26.7%
Interconnect and variable content cost	**(260.1)**	**(221.0)**	-17.7%
Margin	**911.9**	**703.9**	29.5%
Margin %	***78%***	***76%***	*n/a*
Running operating expenditure	**(844.2)**	**(691.9)**	-22.0%
Capitalisation of acquisition and retention costs	**46.3**	**18.2**	154.4%
EBITDA	**114.0**	**30.2**	277.5%
CDMA customer upgrade and site decommissioning costs	**-**	**(134.6)**	-
Depreciation and amortisation	**(237.9)**	**(390.2)**	39.0%
EBIT (loss)	**(123.9)**	**(494.6)**	74.9%
Finance cost	**(161.2)**	**(264.8)**	39.1%
Loss before tax	**(285.1)**	**(759.4)**	62.5%
Tax	**-**	**-**	-
Loss after tax	**(285.1)**	**(759.4)**	62.5%
Minority interest	**-**	**-**	-
NPAT (loss)	**(285.1)**	**(759.4)**	62.5%

[3] **Costs of interconnection and variable content** includes fixed line and mobile interconnect expenses plus variable content costs.
Running operating expenditure is net of equipment revenue and other income and before capitalisation of direct acquisition cost, excluding CDMA customer upgrade costs and site decommissioning costs of $134.6 million in 2006.
CDMA customer upgrade costs and site decommissioning costs include direct and indirect costs to upgrade CDMA customers to the 3G network and costs associated with the network closure in 2006.
EBITDA represents service revenue less interconnect cost and running operating expenditure plus capitalised incremental direct acquisition and retention costs in accordance with AIFRS. The Company reports EBITDA in line with market practice.

Running operating expenditure

$million	Full Year		
	2007	**2006**	**Y/Y change**
Other direct costs of provision of telecommunications services and goods	**403.7**	**334.1**	-20.8%
Net cost of devices sold	**195.1**	**119.3**	-63.5%
Employee benefits expense	**114.5**	**111.3**	-2.9%
Advertising and promotion expenses	**52.6**	**55.3**	4.9%
Other operating expenses	**87.4**	**77.6**	-12.6%
Other income	**(4.4)**	**(2.0)**	120%
Share of net profits of joint venture partnership accounted for using equity method	**(1.4)**	**(0.7)**	100%
Interest and rental income	**(3.3)**	**(3.0)**	10%
Total running operating expenditure	**844.2**	**691.9**	-22.0%

Other direct costs of providing telecommunications services and goods increased by $69.6 million, relating predominantly to increased international and domestic roaming costs due to a rapidly expanding customer base, and outsourcing.

Included in running operating expenditure for the twelve months to 31 December is a net subsidy of $195.1 million for both acquisition and retention activity, consistent with the Company's drive to grow and retain high value customers. CAC for each new customer continues to trend down, despite the highest levels of handset subsidies in the market from competitors since the launch of **3**. In 2007 CAC was $263, down from $274 in 2006, which is a further decrease from $402 in 2005.

Employee benefits expense incurred in the reporting period increased 2.9% despite an increase in headcount of 7.1%. The majority of the increase in headcount related to key functions in customer sales, support and retention roles.

Expenditure on advertising and promotions decreased by $2.7 million compared with the previous corresponding reporting period.

Other operating expenditure includes travel and accommodation, consulting and professional fees, bad debt, ACMA and USO levies, general repairs and maintenance, and office expenses. Total other operating expenditure increased $9.8 million.

Outlook

3 has continued to perform well as the competitive environment for 3G customers has intensified, with higher subsidies from competitors than previously seen. 2007 has proved to be a year of continued growth for **3**, with significant increases in customer base, revenue and margin. Usage of non-voice services has continued to build. As non-voice services continue to grow, new revenue opportunities for **3** also grow, including mobile advertising, with a high level of usage of **3**'s content portal Planet 3. With an aggressive and rapidly growing mobile broadband market, and having gained early pace, **3**'s growth in mobile broadband looks set to continue.

This growth will be aided by the continued investment in and development of the network, which this year will see the roll out of 7.2 Mbps. The upgrade of the network will remain aligned to the availability of handsets and devices that deliver real customer benefits.

With strong operational performance on track to continue, the Company expects to exit 2008 EBIT positive.

The Company expects peak debt funding to be approximately $1 billion following the exercise of the TCNZ option, or $1.3 billion otherwise.

Hutchison Telecommunications (Australia) Limited
Consolidated Income Statement
For the year ended 31 December 2007

	2007 $'000	2006 $'000
Revenue from continuing operations	**1,318,692**	1,058,734
Cost of interconnection and variable content costs	**(260,081)**	(221,016)
Other direct costs of provision of telecommunication services and goods	**(403,679)**	(334,082)
Cost of handsets sold	**(338,587)**	(250,100)
Employee benefits expense	**(114,509)**	(111,338)
Advertising and promotion expenses	**(52,625)**	(55,277)
Other operating expenses	**(87,307)**	(77,559)
Other income	**4,373**	1,971
Share of net profits of joint venture partnership accounted for using the equity method	**1,365**	670
CDMA network closure costs	**-**	(307,926)
Capitalisation of customer acquisition and retention costs	**46,324**	18,242
Depreciation expense	**(130,333)**	(129,818)
Amortisation expense	**(107,579)**	(87,088)
Finance costs	**(161,160)**	(264,836)
Loss before income tax	**(285,106)**	(759,423)
Income tax expense	**-**	-
Loss for the year	**(285,106)**	(759,423)
Net loss attributable to minority interest	**-**	-
Net loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited	**(285,106)**	(759,423)

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

Hutchison Telecommunications (Australia) Limited
Consolidated Balance Sheet
As at 31 December 2007

	2007 $'000	2006 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**34,894**	23,593
Trade and other receivables	**313,858**	207,322
Inventories	**106,838**	64,593
Other	**15,788**	20,948
Total Current Assets	**471,378**	316,456
Non-Current Assets		
Receivables	**177,169**	103,843
Investment accounted for using the equity method	**2,035**	670
Other financial assets	**-**	-
Property, plant and equipment	**1,015,906**	946,114
Intangible assets	**989,296**	706,020
Other	**3,196**	3,565
Total Non-Current Assets	**2,187,602**	1,760,212
Total Assets	**2,658,980**	2,076,668
LIABILITIES		
Current Liabilities		
Payables	**474,776**	300,017
Borrowings	**301,784**	750,788
Provisions	**2,453**	1,072
Derivative financial instruments	**-**	311
Other	**8,478**	7,756
Total Current Liabilities	**787,491**	1,059,944
Non-Current Liabilities		
Borrowings	**800,028**	2,846,619
Provisions	**1,691**	1,504
Total Non-Current Liabilities	**801,719**	2,848,123
Total Liabilities	**1,589,210**	3,908,067
Net Assets / (Liabilities)	**1,069,770**	(1,831,399)
EQUITY		
Contributed equity	**4,204,488**	1,031,244
Reserves	**69,755**	56,724
Accumulated losses	**(3,204,473)**	(2,919,367)
Parent entity interest	**1,069,770**	(1,831,399)
Minority interest	**-**	-
Total Equity	**1,069,770**	(1,831,399)

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 year ended 31 December 2007

	2007 $'000	2006 $'000
Balance at 1 January 2007	**(1,831,399)**	(1,071,847)
Changes in the fair value of cash flow hedges, net of tax	**311**	(311)
Net income recognised directly in equity	**311**	(311)
Loss for the year	**(285,106)**	(759,423)
Total recognised income and expense for the year	**(284,795)**	(759,734)
Transactions with equity holders in their capacity as equity holders:		
Contribution to equity, net of transaction costs	**3,173,244**	-
Employee share options - value of employee services	**(417)**	182
Share based payment-spectrum licence	**13,137**	-
Subtotal	**3,185,964**	182
Balance at 31 December 2007	**1,069,770**	(1,831,399)

Total recognised income and expense for the year is attributable to:

	2007 $'000	2006 $'000
Members of Hutchison Telecommunications (Australia) Limited	**(284,795)**	(759,734)
Minority interest	**-**	-
	(284,795)	(759,734)

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

Hutchison Telecommunications (Australia) Limited
Consolidated Cash Flow Statements
For the year ended 31 December 2007

	2007 $'000	2006 $'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	**1,352,399**	1,142,310
Payments to suppliers and employees (inclusive of GST)	**(1,200,021)**	(1,275,549)
	152,378	(133,239)
Interest received	**4,182**	828
Rental income	**740**	520
Finance costs paid	**(198,738)**	(222,929)
Net cash (outflows) from operating activities	**(41,438)**	(354,820)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	**(173,977)**	(151,551)
Loans to joint venture	**(66,756)**	(48,595)
Loans to subsidiaries	**-**	-
Payments for intangible assets	**(47,077)**	(18,242)
Net cash (outflows) from investing activities	**(287,810)**	(218,388)
Cash Flows from Financing Activities		
Proceeds from issues of shares and other equity securities	**2,842,602**	-
Proceeds from borrowings	**266,409**	904,412
Repayment of borrowings -medium term notes	**-**	(425,000)
Repayment of borrowings -bank loans	**(950,000)**	-
Repayment of borrowings -convertible notes	**(598,810)**	-
Repayment of borrowings -related parties	**(1,020,821)**	-
Repayment of borrowings -parent entity	**(196,000)**	-
Repayment of finance lease	**(2,831)**	(3,061)
Net cash inflows from financing activities	**340,549**	476,351
Net increase/ (decrease) in cash and cash equivalents	**11,301**	(96,857)
Cash and cash equivalents at 1 January	**23,593**	120,450
Cash and cash equivalents at 31 December	**34,894**	23,593

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

Hutchison Telecommunications (Australia) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

Note 1 Summary of significant accounting policies

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 years presented, unless otherwise stated. The financial report includes separate financial statements for Hutchison Telecommunications (Australia) Limited as an individual entity and the consolidated entity consisting of Hutchison Telecommunications (Australia) Limited and its subsidiaries ("the Consolidated Entity").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Going concern disclosures

As at 31 December 2007, the Consolidated Entity, has a deficiency of net current assets of $316 million. The Consolidated Entity has also experienced operating losses and negative cash flows during the financial year ending on that date. The financial report has been prepared on a going concern basis because the directors believe the Company will be successful in refinancing current borrowings. In addition, the Consolidated Entity's ultimate parent entity, Hutchison Whampoa Limited, has accepted the responsibility of providing and undertake to provide sufficient financial assistance to the Consolidated Entity as and when it is needed to enable the Consolidated Entity to continue its operations and fulfill all of its financial obligations now and in the future. The undertaking is provided for a minimum period of twelve months from 26 February 2008.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure.*

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.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

(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 31 December 2007 and the results of all subsidiaries for the 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 so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity (refer to note 1(f)).

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

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) 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.

(d) 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.
(ii) Telecommunication services
Revenue from telecommunication services is recognised when the service has been provided.
(iii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

(e) 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 implemented the tax consolidation legislation.

(f) Business combinations

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

(g) Joint ventures

(i) Jointly controlled entity

The interest in a joint venture entity is accounted for using the equity method. Under this method the share of the profits or losses of the entity 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 entity and transactions with the joint venture are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(ii) Jointly controlled asset

The proportionate interests in the assets, liabilities and expenses of a jointly controlled asset have been incorporated in the financial statements under the appropriate headings.

(h) Impairment of assets

Goodwill is not subject to amortisation and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.
Other assets 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include 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 original effective interest rate. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expense 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

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 hedging 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 within other income or other expense.

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 on other assets is calculated on a straight-line basis to write off the depreciable amount of each item of property, plant and equipment over its expected useful life to the Consolidated Entity. Assets are depreciated from the date they are brought into commercial service, or in 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 10 years
Furniture, fittings and office equipment	4 to 7 years
Network equipment	3 to 40 years

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

During the year the Consolidated Entity revised the useful lives of network equipment and computer equipment.

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 - 20 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.

(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. Leased assets held at reporting date are being amortised over four years.

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. 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 and retention costs
The direct costs of establishing and renewing 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.

(iv) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(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

Fixed rate loans are initially recognised at fair value, net of transaction costs incurred. Floating rate loans are initially recognised at cost, net of transaction costs incurred. Fixed and floating rate 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) Provisions

Provision for decommissioning costs

A provision has been recognised for costs expected to be incurred on the expiration of the site leases and resulting decommissioning costs under the terms of lease obligations. The amount of the provision is the estimated cash flow expected to be required to fulfil the lease obligations discounted back to net present value.

(u) 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 a 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 plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

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

Share 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.

Share 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.

(v) Retirement benefits

Retirement benefits are delivered under the Retail Employees Superannuation Trust (Acumen), although employees have an option to choose other funds. This fund is a defined contribution fund and is based on employer and employee contributions made to the fund.

Contributions are recognised as an expense as they become payable.

(v) Contributed equity

Ordinary shares and convertible preference 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.

(w) 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 year, adjusted for bonus elements in ordinary shares issued during the 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.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) 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 in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(z) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The Consolidated Entity’s and the Parent Entity’s assessment of the impact of these new
standards and interpretations is set out below.

(i) AASB-I 11 *AASB 2 - Group and Treasury Share Transactions* and AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11*
AASB-I 11 and AASB 2007-1 are effective for annual reporting periods commencing on or after 1 March 2007. AASB-I 11 addresses whether certain types of share-based payment transactions should be accounted for as equity-settled or as cash settled transactions and specifies the accounting in a subsidiary’s financial statements for share-based payment arrangements involving equity instruments of the parent. The Consolidated Entity will apply AASB-I 11 from 1 January 2008, but it is not expected to have any impact on the Consolidated Entity 's financial statements.

(ii) AASB-I 12 *Service Concession Arrangements*, AASB 2007-2 *Amendments to Australian Accounting Standards arising from AASB Interpretation 12,* revised UIG 4 *Determining whether an Arrangement contains a Lease* and revised UIG 129 *Service Concession Arrangements: Disclosures*
AASB-I 12, AASB 2007-2, UIG 4 and the revised UIG 129 are all effective for annual reporting periods commencing on or after 1 January 2008. AASB-I 12 provides guidance on the accounting by operators for public-to-private service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities. UIG 4 has been amended to exclude public-to-private service concession arrangements from its scope and UIG 129 was revised to require some additional disclosures. The Consolidated Entity will apply AASB-I 12 and the related amended standards and interpretations from 1 January 2008. Application of AASB-I 12 will not have any impact on the Consolidated Entity’s financial statements.

(iii) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Consolidated Entity has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

(iv) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Consolidated Entity, as the Consolidated Entity does already capitalise borrowing costs relating to qualifying assets.

(v) AASB-I 13 Customer Loyalty Programmes
AASB-I 13 is applicable to annual reporting periods commencing on or after 1 July 2008. It provides guidance on the accounting for customer loyalty programmes and requires that the fair value of the consideration received/receivable in respect of a sale transaction is allocated between the award credits and the other components of the sale. The Consolidated Entity does not operate any customer loyalty programmes. AASB-I 13 will therefore have no impact on the Consolidated Entity 's financial statements. The Consolidated Entity will apply AASB-I 13 from 1 January 2008.

(vi) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
AASB-I 14 will be effective for annual reporting periods commencing 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. None of the Consolidated Entity 's defined benefit plans are subject to minimum funding requirements and none of them is in a surplus position. The Consolidated Entity will apply AASB-I 14 from 1 January 2008, but it is not expected to have any impact on the Consolidated Entity 's financial statements.

(vii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or a reclassification of items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Note 2. Earnings per share

	2007 Cents	2006 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	**(41.25)**	(111.91)
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(41.25)**	(111.91)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	**(41.25)**	(111.91)
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(41.25)**	(111.91)

(c) Reconciliation of earnings used in calculating earnings per share

	2007 $'000	2006 $'000
Basic earnings per share		
Loss from continuing operations	**(285,106)**	(759,423)
Loss from continuing operations attributable to minority interests	**-**	-
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	**(285,106)**	(759,423)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	**(285,106)**	(759,423)

(d) Weighted average number of shares used as the denominator

	2007 Number	2006 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**691,192,567**	678,625,429
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**691,192,567**	678,625,429

Note 3. Segment information

Business Segments

The Consolidated Entity operated entirely within the telecommunications industry and is treated as one business segment.

Geographical Segment

The Consolidated Entity operated entirely within Australia.

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 2007 are as follows: N/A

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

N/A

Retained Earnings *(Appendix 4E item 8)*

	2007	2006
Accumulated losses at 1 January	**(2,919,367)**	(2,159,944)
Net loss attributable to the members of Hutchison Telecommunications (Australia) Limited	**(285,106)**	(759,423)
Accumulated losses at 31 December	**(3,204,473)**	(2,919,367)

NTA Backing *(Appendix 4E item 9)*

	2007	**2006**
Net tangible asset backing per ordinary share	$0.11	($3.74)

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

On 19 October 2007, Telecom Corporation of New Zealand Ltd rolled up its 19.94% investment in Hutchison 3G Australia Holdings Pty Ltd to a 10% stake in HTAL. Pursuant to a Sale and Subscription Agreement executed on 10 October 2007 between HTAL, HCAPL, TCNZ and Telecom 3G (Australia) Limited, HTAL issued 75,402,826 ordinary shares and 1,508,056,509 convertible preference shares to Hutchison Communications (Australia) Pty Limited (HCAPL). Under the same agreement, HTAL granted an option to TCNZ to increase its 10% investment in HTAL to a further 9.94% at any time before 31 December 2008. In consideration for this option, TCNZ assigned its 850 MHz spectrum licence to HTAL.

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

(a) Jointly Controlled Entity

In December 2004 a controlled entity, Hutchison 3G Australia Pty Limited, established a 50% interest in a new partnership, 3GIS Parternership ('3GIS'), with Telstra OnAir Holdings Pty Limited. 3GIS's principal activity is the operation and construction of 3G radio access network infrastructure. The interest in 3GIS is accounted for in the consolidated financial statements using the equity method and is carried at cost.

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

	2007 $'000	2006 $'000
Carrying amount of investment in the entity	**-**	-
Share of entity's assets and liabilities		
Current assets	**45,692**	41,974
Non-current assets	**117,127**	76,896
Total assets	**162,819**	118,870
Current liabilities	**(14,287)**	(28,817)
Non-current liabilities	**(146,498)**	(89,383)
Total liabilities	**(160,784)**	(118,200)
Net assets	**2,035**	670
Share of entity's revenue, expenses and results		
Revenues	**72,364**	53,954
Expenses	**(70,999)**	(53,284)
Profit before income tax	**1,365**	670
Share of entity's commitments		
Lease commitments	**144,012**	150,569
Capital commitments	**-**	-
	144,012	150,569
Contingent liabilities relating to the jointly controlled entity	**-**	-

(b) Jointly Controlled Asset

Under the same joint venture agreement described in note (a) 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:

	2007 $'000	2006 $'000
Non-current assets		
Plant and equipment - at net book value (note 13)	**356,249**	356,005
Less: Accumulated depreciation	**(60,048)**	(40,153)
	296,201	315,852
Capital commitments	**-**	718

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.

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Media Release

3 Grows Strongly - Double Digit Increases in Customer Base & Revenue

Customer base up 27% to 1.578 million
Revenue up 25% to $1.318 billion
EBITDA of $114 million
Plans to exit 2008 EBIT positive

Sydney, 26 February 2008: Hutchison Telecommunications (Australia) Limited (ASX:HTA) today announced a strong improvement to the Company's operating performance and financial position. For the full year ended 31 December 2007, Hutchison Telecoms recorded a 27% increase in customer growth to 1.578 million customers, and revenue growth of 25% to $1.318 billion. Non-voice contribution continued to strengthen following the launch of new services including high speed mobile broadband.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) improved by $83.8 million to $114 million, and the net loss position improved by $474 million to $285 million. With growth expected to continue, Hutchison plans to exit 2008 EBIT positive.

"Our focus remains firmly on continuing to see **3**'s strong operating performance flow through to the bottom line. With **3** benefiting from its innovative approach to mobile broadband, content and new services, in a highly aggressive market we expect our performance to continue to strengthen. Exiting 2008 EBIT positive is an important financial milestone," said Nigel Dews, Chief Executive Officer, Hutchison Telecoms.

During 2007 **3**'s customer base grew by 333,000 to 1.578 million, 89% of which are post-paid customers. **3** maintained its low level of customer churn at 1.1%.

3's strong focus on non-voice services resulted in non-voice ARPU rising 6.3% to $18.31. 3G specific non-voice ARPU (excluding SMS) rose 11.3% to $7.77. Total margin increased by 29.5% to $911.9 million.

"**3**'s innovation in mobile and mobile broadband is delivering rapid growth in customer base and revenues. In a market with reduced termination rates, we've maintained our margins and established an early leadership position in mobile broadband," said Mr Dews.

In March **3** launched X-Series. For the first time this brought services previously reserved for the PC to the mobile with generous data allowances. In July, following completion of the HSDPA network upgrade, **3** launched extremely competitive mobile broadband pricing for its USB modem and card product and in December introduced a half price mobile broadband promotion. At the end of December, 195,000 subscribers had a mobile broadband USB modem or card, an X-Series subscription or were using their mobile phone as a modem – a 138% increase in just 6 months.

In October **3** launched the exclusive 3 Skypephone, the first free VoIP service on a mobile, giving customers thousands of free Skype-to-Skype minutes at the touch of a button. During 2007 **3** continued to deliver popular content services on its Planet 3 portal including mobile TV, music, sport and news. In total, customers experienced 120 million content events in 2007, up from 92.5 million in 2006. 64% of 3's customers paid for at least one content event each month, up from 56% in 2006. **3**'s mobile TV continued to expand with new programs including South Park and the

ABC's Summer Heights High. **3**'s Games product was redesigned and 1.65 million games were downloaded. **3**'s Music product was also redesigned and 5.7 million music events were experienced.

Having completed the recapitalisation of the Company during 2007, and with continued strong performance, the Company's financial position improved significantly. EBITDA of $114 million is up 277.5% and the Company's net loss position has reduced by 62.5% to $285.1 million. Hutchison exited the year operating cash flow positive.

"**3** is in a very strong position and in 2008 we expect to further benefit from our leadership in 3G and we remain clear on our priorities of growth in our customer base and margin," said Mr Dews.

Financial and operating highlights include:
(all percentage increases year on year unless otherwise stated)

- Customer base increased by 333,000
- 1.578 million active customers, an increase of 27%. 89% of the base are post paid
- 195,000 mobile broadband subscriptions, up 138% in 6 months
- 25% increase in total revenue to $1.318 billion
- ARPU of $68.61 with non-voice ARPU of $18.31, up 6.3%
- Non-voice ARPU excluding SMS of $7.77 up 11.3%
- Total margin of $911.9 million up 29.5%
- Average margin per customer $52.13
- Average non-voice margin per customer $11.97, up 2.8%
- $114 million positive EBITDA, an increase of $83.8 million
- Net loss of $285.1 million – a $474 million improvement

Non-voice service usage highlights include:
- 120 million content events were experienced
- Over 1.65 million games downloaded
- Over 5.7 million music events experienced
- 64% of 3's customers paid for at least one content event each month, up from 56% in 2006.
- 195,000 subscriptions to Broadband services (inc X-Series, Mobile Broadband card & USB and handset as a modem)

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