Hutchison Whampoa Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 13)

OVERSEAS REGULATORY ANNOUNCEMENT

Attached are the text of ASX Preliminary Final Report for the year ended 31 December 2008 and media release of Hutchison Telecommunications (Australia) Limited, an Australian Securities Exchange listed and a 52.03% owned subsidiary of Hutchison Whampoa Limited.

As at the date of the announcement, the Directors of Hutchison Whampoa Limited are:

Executive Directors:
Mr LI Ka-shing *(Chairman)*
Mr LI Tzar Kuoi, Victor *(Deputy Chairman)*
Mr FOK Kin-ning, Canning
Mrs CHOW WOO Mo Fong, Susan
Mr Frank John SIXT
Mr LAI Kai Ming, Dominic
Mr KAM Hing Lam

Non-executive Directors:
Mr George Colin MAGNUS
Mr William SHURNIAK

Independent Non-executive Directors:
The Hon Sir Michael David KADOORIE
Mr Holger KLUGE
Mr William Elkin MOCATTA
(Alternate to The Hon Sir Michael David Kadoorie)
Mr OR Ching Fai, Raymond
Mr WONG Chung Hin

Hong Kong, 19 February 2009

Hutchison Telecommunications (Australia) Limited ABN 15 003 677 227

ASX Preliminary Final Report – 31 December 2008

Lodged with the ASX under Listing Rule 4.3A.

This information should be read in conjunction with the 2008 Annual Report.

Contents

Hutchison Telecommunications (Australia) Limited
Year ended 31 December 2008
(Previous corresponding year:
Year ended 31 December 2007)

Results for Announcement to the Market

				$'000
Revenue from ordinary activities *(Appendix 4E item 2.1)*	Up	23.1%	to	1,623,289
Loss from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	Down	42.8%	to	(163,102)
Net loss for the year attributable to members *(Appendix 4E item 2.3)*	Down	42.8%	to	(163,102)

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 | N/A

(Appendix 4E item 2.5) N/A

Hutchison Telecommunications (Australia) Limited
Preliminary Final Report - Year ended 31 December 2008

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 2008 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 2008

Review of operations [1]

In 2008, Hutchison Telecommunications (Australia) Limited ("Hutchison") continued to grow strongly in an increasingly aggressive market, with double digit customer growth of 29.0%, revenue growth of 23.0%, margin growth of 27.4% and significant improvements to the bottom line. The Company improved EBITDA by $86.0 million from $114 million in 2007 to $200 million in 2008 and the net loss of $163.1 million is a $122.0 million, or a 42.8%, improvement on 2007. The Company was EBIT positive during the fourth quarter of 2008.

Despite aggressive competitive behaviour in the mobile market during the year, including high handset subsidies and significant advertising, the **3** customer base grew by 458,000 to 2.036 million at 31 December 2008 through strong sales and maintaining an industry-leading low post-paid churn rate.

Fuelled by **3**'s leadership in 3G services and value, mobile broadband subscribers grew 169.7% to 526,000, further buoyed towards the end of the year with the launch of **3** pre-paid mobile broadband. The Company's strength in the mobile data market contributed to a 32.6% increase in non-voice ARPU excluding SMS to $10.30 and total non-voice ARPU of $20.76, up 13.4%. This also contributed to 27.4% growth in margin. Non-voice services now contribute 31.2% of ARPU.

Continuing the Company's lead in innovation and recognising the explosion of social networking, messaging and VOIP, **3** launched the first handset from INQ, the new manufacturer owned by Hutchison Whampoa Limited (HWL). INQ1 is exclusive to **3** and for the first time fully integrates Facebook, VoIP, email and instant messaging, and supports the use of non-voice services and unlimited use of Facebook at a mass market price point.

With the significant increase in customer numbers, the Company is seeing the benefits of scale. Hutchison also realised a full year of benefits from its reduced debt position.

Under International Financial Reporting Standards ("IFRS"), as used by Hutchison Whampoa Limited ("HWL"), the Company reports a $4.5 million positive EBIT for the full year, up from an EBIT loss of $57.9 million in 2007.

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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]

	2008	2007	Y/Y change
Total revenue ($m)	**1,623.3**	**1,318.7**	23.1%
Operating Margin	**1,161.5**	**911.9**	27.4%
EBITDA ($m)	**200.0**	**114.0**	75.4%
Net loss for the year ($m)	**(163.1)**	**(285.1)**	42.8%
Capital expenditure ($m)	**200.2**	**268.0**	(25.3%)
Mobile customers – 3G ('000)	**2,036**	**1,578**	29.0%
- Mobile broadband subscribers ('000)	**526**	**195**	169.7%
Net customer growth in 3 ('000)	**458**	**333**	37.5%
Post-paid %	**90.6%**	**89.2%**	1.4%
Pre-paid %	**9.4%**	**10.8%**	(1.4%)
ARPU	**$66.54**	**$68.61**	(3.0%)
ARPU voice	**$45.78**	**$50.30**	(9.0%)
ARPU non-voice	**$20.76**	**$18.31**	13.4%
– Non-voice, non-SMS	**$10.30**	**$7.77**	32.6%
– SMS	**$10.46**	**$10.54**	(0.8%)
Average margin per customer	**$51.47**	**$52.13**	(1.3%)
- voice margin per customer	**$36.90**	**$40.16**	(8.1%)
- non-voice margin per customer	**$14.57**	**$11.97**	21.7%
Planet 3 and internet access events (millions)	**199.0**	**133.1**	49.5%
Customers billed for non-voice services, excluding SMS*	**68%**	**64%**	4.0%
SMS sent (millions)	**1,933**	**1,437**	34.5%
Customer acquisition cost	**$238**	**$263**	(9.5%)

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.
Net loss represents net loss after tax attributable to Hutchison Telecommunications (Australia) Limited.
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 $200 million - an improvement of $86.0 million or 75.4% compared with 2007, resulting from a 23.1% increase in total revenue and 27.4% growth in operating margin. The improving margin reflects a growing proportion of **3**'s customers using data services.

The Company has recorded a net loss of $163.1 million, a $122.0 million, or 42.8%, improvement on the reported net loss in 2007.

Following recapitalisation in 2007, finance costs fell by $56.6 million to $104.6 million in 2008. With the support of HWL, the Company repaid $1.1 billion in external funding in December 2008. An amount of $1 billion is now owed to HWL, which is re-payable on demand and is currently interest free.

Telecom Corporation of New Zealand Limited's option to increase its shareholding from 10% to 19.94% lapsed on 31 December 2008.

Continued momentum in customer growth

For the twelve months ended 31 December 2008, the customer base grew by 458,000 to more than 2,036,000. This comprised net customer additions of 230,000 added in the first half and 228,000 in the second half of 2008.

This growth has been achieved at the same time as customer acquisition costs were reduced to $238 from $263 in 2007, and achieving an average margin per customer of $51.47.

Of the total customer base at 31 December 2008, 90.6% or 1,844,000 are post-paid customers, a significant proportion of the base relative to other carriers.

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

	Full Year	
Net customer growth ('000)	**2008**	**2007**
Post-paid	**437**	**308**
Pre-paid	**21**	**25**
Net customer growth	**458**	**333**

In 2008, **3** continued to offer a wide range of handsets with 30 introduced to the range including models from Nokia, LG, Sony Ericsson, RIM (Blackberry), Samsung, HTC and new handset manufacturer INQ. The majority of **3**'s handsets are HSDPA enabled providing customers with a faster data experience which has been key in the increased data usage on handsets and mobile broadband modems.

In addition to maintaining strong customer growth, external churn remains at industry-low levels with post-paid churn at 1.2% for the twelve months of 2008.

3's Service Centres in Sydney, Melbourne, Brisbane, Adelaide and Perth continued to meet customers' need for a simpler and quicker way to have a handset repaired.

3G services continue growth trend

In 2008 **3**'s customers continued their strong uptake of non-voice services with non-voice ARPU rising 13.4% to $20.76. Non-voice ARPU (excluding SMS), grew to $10.30, an increase of 32.6%. Non-voice services now contribute 31.2% of ARPU. Customers, who were billed for non-voice services, excluding SMS, rose to 68.4% of the base. These increases were driven notably by **3** Mobile Broadband.

At the start of 2008, **3** introduced half price mobile broadband and throughout the year increased data allowances on plans, attracting more customers and driving use of data. With new USB stick devices and continued improvements to the network with the rollout of 7.2 Mbps, during 2008, demand for **3** Mobile Broadband (postpaid and prepaid) grew strongly. Average data usage across the network increased from 121 terabytes per month in 1H08 to 263 terabytes per month in 2H08. At the same time the number of customers accessing data rose to 25.9% of the total customer population, up 170.7% on 2007.

Continued focus on network to support 3G services

Capital expenditure of $200.2m was 25.3% lower than 2007. The key focus of expenditure was on delivering capacity to the network and infrastructure to support rapid customer and data growth by infilling the existing coverage footprint. The 3GIS joint venture (with our partner, Telstra Corporation Limited) added a further 61 sites into the network bringing the total number at the end of the year to 2,680.

Customers currently experience a typical downlink speed of between 600 Kbps and 3.0 Mbps with a theoretical maximum of 7.2Mbps, and an uplink speed of 1.4Mbps. Network capacity expansions will continue through 2009. Higher typical downlink speeds will be available where capacity expansions have been implemented.

The Company has undertaken additional network expansion on the fringe areas of our coverage in and around Sydney and Melbourne. Coverage is also being expanded in 2009 in areas of high roaming, particularly in Newcastle and the Central Coast of NSW.

This upgrade and the ongoing enhancements to the **3** network will ensure **3** continues to provide innovative 3G services to its rapidly growing customer base.

3G roaming access to parts of Telstra's 850MHz network will be in place during the second quarter of 2009, enabling **3**'s customers to experience 3G services in areas covering 96% of the population.

Maintaining margin in an aggressively competitive market

In 2008, the Company recorded an average monthly margin of $96.8 million, which has grown from an average of $76.0 million per month in 2007 and $58.7 million per month in 2006. Average monthly margin improved by 27.4% on 2007. The margin per customer per month is relatively steady year on year at $51.47 despite the aggressive competition and increasing proportion of customers taking lower priced mobile broadband plans.

Analysis of Financial Performance

Summary Income Statement $ million	Full Year		
	2008	**2007**	**Y/Y change**
Total revenue from continuing operations	**1,623.3**	**1,318.7**	23.1%
Service revenue	**1,467.9**	**1,172.0**	25.2%
Interconnect and variable content cost	**(306.4)**	**(260.1)**	17.8%
Margin	**1,161.5**	**911.9**	27.4%
Margin %	***79%***	***78%***	*1.0%*
Other direct costs of provision of telecommunication services and goods	**(492.3)**	**(403.7)**	21.9%
Net cost of devices sold	**(242.0)**	**(195.1)**	24.0%
Other running operating expenditure	**(277.4)**	**(245.4)**	13.0%
Capitalisation of acquisition and retention costs	**50.2**	**46.3**	8.4%
EBITDA	**200.0**	**114.0**	75.4%
Depreciation and amortisation expense	**(258.5)**	**(237.9)**	8.7%
Loss before interest and tax	**(58.5)**	**(123.9)**	(52.8%)
Finance cost	**(104.6)**	**(161.2)**	(35.1%)
Loss before tax	**(163.1)**	**(285.1)**	(42.8%)
Tax	**-**	**-**	-
Net loss for the year attributable to members of Hutchison Telecommunications (Australia) Ltd	**(163.1)**	**(285.1)**	(42.8%)

Other direct costs of providing telecommunications services and goods increased by $88.6 million, relating predominantly to increased network costs and international and domestic roaming charges due to a rapidly expanding customer base. The devaluation of the Australian dollar also impacted costs.

Included in running operating expenditure for the twelve months to 31 December is a net subsidy of $242.0 million for both acquisition and retention of more than 1,350,000 customers. CAC for each new customer continued to trend down with the increased take up of mobile broadband, despite the highest levels of handset subsidies in the market from competitors since the launch of **3**. In 2008 CAC was $238, down from $263 in 2007, which is a further decrease from $274 in 2006.

Other running operating expenditure

	Full Year		
$million	**2008**	**2007**	**Y/Y change**
Employee benefits expense	**129.5**	**114.5**	13.1%
Advertising and promotion expenses	**56.8**	**52.6**	8.0%
Other operating expenses	**111.2**	**87.4**	27.2%
Other income	**(3.8)**	**(4.4)**	(13.6%)
Share of net profits of joint venture partnership accounted for using equity method	**(6.5)**	**(1.4)**	364.3%
Interest and rental income	**(9.8)**	**(3.3)**	197.0%
Total other running operating expenditure	**277.4**	**245.4**	13.0%

Other running operating expenditure increased by 13.0% against a service revenue increase of 25.2%.

Employee benefits expense increased 13.1%, underpinned by an 12.4% increase in the headcount. The majority of the increase in headcount related to key functions in customer sales, support and retention.

Expenditure on advertising and promotion increased by $4.2 million compared with the previous corresponding reporting period.

Other operating expenditure includes the Australian Communications Media Authority ("ACMA") and Universal Service Obligation ("USO") levies, travel and accommodation, consulting and professional fees, bad debt, bank charges, general repairs and maintenance, and office expenses (including rental). Total other operating expenditure increased $23.8 million.

Outlook

3's growth and leadership in non-voice services, particularly mobile broadband will continue to be a focus in 2009. During the second quarter, **3** will provide its customers with access to 3G services in areas covering 96% of the population, further enabling growth and expansion of **3**'s customer base and their use of 3G services. **3** will also maintain focus on retaining existing customers.

Reaching the key milestone of being EBIT positive in the last quarter of 2008 was very pleasing. With support from our major shareholder HWL we will not need to refinance loans during 2009.

Less favourable foreign exchange rates have, and will continue, to affect the Australian dollar price of handsets and offshore services. However, with the current economic conditions the Company is well placed to continue growing as a value player in mobiles and as a leader in the embryonic mobile broadband market. However, should the global financial crisis and its impact on the real economy worsen there may be some impact on future results.

On Monday 9 February, the Company and Vodafone announced an agreement to merge their telecommunications business (**3** and Vodafone Australia) in a 50-50 joint venture. The joint venture company will be named VHA Pty Limited ("VHA") and will market its products and services using Vodafone as the lead brand. Importantly it will retain exclusive rights to use the **3** brand in

Australia during a transition period and thereafter. The new company will leverage the strengths of **3** which has become well known for innovation, value and challenging industry norms. Following the transaction VHA will have approximately 6 million Vodafone and 3 customers and combined total revenues of approximately $4 billion (based on 30 June 2008 numbers). The new company's ability to achieve substantial economies of scale will help ensure our business continues on a strong growth path and profitability continues to improve, while continuing to be a value player.

The merger is subject to approval by our shareholders and clearance by the ACCC and the Foreign Investment Review Board.

The Net Present Value of operating expense and capital expenditure synergies is currently expected to be in excess of $2.0 billion, net of integration costs.

The transaction is expected to enhance HTAL's adjusted earnings per share from the first full year post completion, after synergies and excluding the impact of intangible asset amortisation and one-off costs.

Hutchison Telecommunications (Australia) Limited
Consolidated Income Statement
For the year ended 31 December 2008

	2008 $'000	2007 $'000
Revenue from continuing operations	**1,623,289**	1,318,692
Cost of interconnection and variable content costs	**(306,376)**	(260,081)
Other direct costs of provision of telecommunication services and goods	**(492,305)**	(403,679)
Cost of handsets sold	**(387,465)**	(338,587)
Employee benefits expense	**(129,546)**	(114,509)
Advertising and promotion expenses	**(56,834)**	(52,625)
Other operating expenses	**(111,167)**	(87,307)
Other income	**3,786**	4,373
Share of net profits of joint venture partnership accounted for using the equity method	**6,500**	1,365
Capitalisation of customer acquisition and retention costs	**50,169**	46,324
Depreciation and amortisation expense	**(258,571)**	(237,912)
Finance costs	**(104,582)**	(161,160)
Loss before income tax	**(163,102)**	(285,106)
Income tax expense	**-**	-
Loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited	**(163,102)**	(285,106)

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 2008

	2008 $'000	2007 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**134,685**	34,894
Trade and other receivables	**351,542**	313,858
Inventories	**60,244**	106,838
Derivative financial instruments	**990**	-
Other	**44,146**	15,788
Total Current Assets	**591,607**	471,378
Non-Current Assets		
Receivables	**205,320**	177,169
Investment accounted for using the equity method	**8,535**	2,035
Property, plant and equipment	**1,039,648**	1,015,906
Intangible assets	**912,030**	989,296
Other	**2,828**	3,196
Total Non-Current Assets	**2,168,361**	2,187,602
Total Assets	**2,759,968**	2,658,980
LIABILITIES		
Current Liabilities		
Payables	**839,781**	474,776
Borrowings	**2,103**	301,782
Other financial liabilities	**1,000,000**	-
Provisions	**3,390**	2,453
Other	**4,130**	8,478
Total Current Liabilities	**1,849,404**	787,489
Non-Current Liabilities		
Borrowings	**-**	800,030
Provisions	**2,091**	1,691
Total Non-Current Liabilities	**2,091**	801,721
Total Liabilities	**1,851,495**	1,589,210
Net Assets	**908,473**	1,069,770
EQUITY		
Contributed equity	**4,204,488**	4,204,488
Reserves	**71,560**	69,755
Accumulated losses	**(3,367,575)**	(3,204,473)
Total Equity	**908,473**	1,069,770

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Hutchison Telecommunications (Australia) Limited
Consolidated Statement of Changes in Equity
As at 31 December 2008

	2008 $'000	2007 $'000
Balance at 1 January 2008	**1,069,770**	(1,831,399)
Changes in the fair value of cash flow hedges, net of tax	**990**	311
Net income recognised directly in equity	**990**	311
Loss for the year	**(163,102)**	(285,106)
Total recognised income and expense for the year	**(162,112)**	(284,795)
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	**815**	(417)
Share based payment-spectrum licence	**-**	13,137
Subtotal	**815**	3,185,964
Balance at 31 December 2008	**908,473**	1,069,770
Total recognised income and expense for the year is attributable to:		
Members of Hutchison Telecommunications (Australia) Limited	**(162,112)**	(284,795)
	(162,112)	(284,795)

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 year ended 31 December 2008

	2008 $'000	2007 $'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	**1,785,441**	1,352,399
Payments to suppliers and employees (inclusive of GST)	**(1,221,684)**	(1,200,021)
	563,757	152,378
Interest received	**9,089**	4,182
Rental income	**309**	740
Finance costs paid	**(128,533)**	(198,738)
Net cash inflows / (outflows) from operating activities	**444,622**	(41,438)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	**(152,785)**	(173,977)
Proceeds from sale of other non-current assets	**3,372**	-
Loans to joint venture	**(43,433)**	(66,756)
Payments for intangible assets	**(50,167)**	(47,077)
Net cash outflows from investing activities	**(243,013)**	(287,810)
Cash Flows from Financing Activities		
Proceeds from issues of shares and other equity securities	**-**	2,842,602
Proceeds from borrowings	**-**	266,409
Proceeds from borrowings - related parties	**1,000,000**	-
Repayment of borrowings - bank loans	**(1,100,000)**	(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	**(1,818)**	(2,831)
Net cash inflows / (outflows) from financing activities	**(101,818)**	340,549
Net increase in cash and cash equivalents	**99,791**	11,301
Cash and cash equivalents at 1 January	**34,894**	23,593
Cash and cash equivalents at 31 December	**134,685**	34,894

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

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 ("Company" or "Parent Entity") and the consolidated entity consisting of Hutchison Telecommunications (Australia) Limited and its subsidiaries ("the Consolidated Entity" or "the Group").

(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 2008, the Consolidated Entity, has a deficiency of net current assets of $1,258 million (2007: $316 million). The Consolidated Entity has also experienced operating losses during the financial year ended on 31 December 2008. Included in the Consolidated Entity's current liabilities is an amount of $1,000 million which relates to an interest free financing facility provided from the ultimate parent entity, Hutchison Whampoa Limited ("HWL"), which is repayable on demand. HWL has confirmed its current intention to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from 19 February 2009. Consequently, the directors have prepared the financial statements on a going concern basis.

Statement of compliance

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").

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) which are stated at fair value, as explained in the significant accounting policies set out below.

Critical accounting estimates

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

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries made up to 31 December 2008.

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.

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) Telecommunication services
Revenue from the provision of mobile telecommunication services with respect to voice, video, internet access, messaging and media services, including data services and information provision, is recognised when the service is rendered and, depending on the nature of the services, is recognised either at gross amount billed to the customer or the amount receivable as commission for facilitating the services. Revenue from the sales of prepaid mobile calling cards is recognised upon customer's usage of the card or upon the expiry of the service period.

(ii) 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 and rewards have passed to the customer.

(iii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

(e) Income tax

The income tax expense 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 is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

(i) Jointly controlled entity

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

The proportionate interests in the assets, liabilities, income 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).

(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, if any, are shown within bank 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.

Collectability 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 the balance sheet date using the first in first out method. Costs comprise of purchase price and expenditure that is directly attributable to the acquisition of the handsets after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

(l) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group’s policy is not to utilise derivative financial instruments for trading or speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. 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; (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 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 over its expected useful life to the Consolidated Entity. The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. 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 is available for commercial 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 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 the carrying amount. These are included in the income statement.

(o) Leases

Leases of property, plant and equipment where the Consolidated Entity has substantially transferred 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 lease balance outstanding. The interest element of the finance lease 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. 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 values of these intangible assets are reviewed on a regular basis and written down to the 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 incremental costs 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 incremental costs directly attributable to the acquisition and retention of customers.

(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/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries/jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates/jointly controlled entities 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.

The expected useful lives of the intangible assets, other than goodwill are as follows:

Spectrum licences and capitalised development costs	12 to 15 years
Customer acquisition and retention costs	2 to 3 years
Transmission rights	13 years

(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 or payable 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.

(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 and currency that match, 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 Employee 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.

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) 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.

(x) Rounding of amounts to nearest thousand dollars

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

(y) New accounting standards and UIG interpretations

Australian Accounting Standards and Interpretations thereof that have recently been amended but are not yet effective have not been adopted for the reporting period ended 31 December 2008.

Australian Accounting Standards that have recently been amended but are not yet effective and have not been early adopted by the Consolidated Entity are outlined in the table below:

Reference	**Affected Standard(s)**	**Application date of standard***	**Application date for Consolidated Entity**
AASB 3 (revised)	AASB 3: *Business Combinations*	1 July 2009	1 January 2010
AASB 8	AASB 8: *Operating Segments*	1 January 2009	1 January 2009
AASB 101 (revised)	AASB 101: *Presentation of Financial Statements*	1 January 2009	1 January 2009
AASB 123 (revised)	AASB 123: *Borrowing costs*	1 January 2009	1 January 2009
AASB 127 (revised)	AASB 127: *Consolidated and Separate Financial Statements*	1 July 2009	1 January 2010
AASB 2007-3	*Amendments to Australian Accounting Standards arising from AASB 8: Operating Segments*	1 January 2009	1 January 2009
AASB 2007-6	*Amendments to Australian Accounting Standards arising from AASB 123: Borrowing costs*	1 January 2009	1 January 2009
AASB 2007-8	AASB 101: *Presentation of Financial Statements (amendments)*	1 January 2009	1 January 2009
AASB 2008-1	AASB 2: *Share based payments*	1 January 2009	1 January 2009
AASB 2008-3	*Amendments to Australian Accounting Standards arising from AASB 3: Business Combinations and AASB 127: Consolidated and Separate Financial Statements*	1 July 2009	1 January 2010
AASB 2008-5 and AASB 2008-6	*Amendments arising from the first annual improvement projects*	1 January 2009	1 January 2009^
AASB 2008-7	*Amendments to accounting for the cost of an investment in a subsidiary, jointly controlled entity or associate*	1 January 2009	1 January 2009
AASB 2008-8	*Amendments to accounting for eligible hedged items*	1 January 2009	1 January 2010
IFRIC 17	IFRIC 17: *Distributions of non-cash assets to owners*	1 July 2009	1 January 2010

* Application date of the standard is for the reporting periods beginning on or after the date shown in the above table.

^ Except for the amendments of *IFRS 5: Non-current assets held for sale and discontinued operations*, effective for annual periods beginning on or 1 July 2009 which is applicable to the Company with effect from 1 January 2010.

The effect that the adoption of AASB3 (revised) and AASB 127 (revised) will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 January 2010.

The adoption of other standards and amendments listed above in future periods is not expected to result in substantial changes to the Group's accounting policies.

Note 2. Earnings per share

	2008 Cents	2007 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	**(21.63)**	(41.25)
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(21.63)**	(41.25)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	**(21.63)**	(41.25)
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(21.63)**	(41.25)

(c) Earnings used in calculating earnings per share

	2008 $'000	2007 $'000
Basic earnings per share		
Loss from continuing operations	**(163,102)**	(285,106)
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	**(163,102)**	(285,106)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	**(163,102)**	(285,106)

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

	2008 Number	2007 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**754,028,255**	691,192,567
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**754,028,255**	691,192,567

Convertible preference shares, option granted to TCNZ and options granted to employees and Directors are considered to be potential ordinary shares but have not been included in the determination of the diluted earnings per share since they are not dilutive.

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 2008 are as follows:

Dividends/distributions declared or paid N/A

Subsequent Events

On 9 February 2009, the Company and Vodafone announced an agreement to merge their telecommunications businesses in Australia, namely Vodafone Australia Limited ("Vodafone Australia") and Hutchison 3G Australia Pty Limited ("H3GA"). As a result of the transaction, H3GA will issue new ordinary shares equalling a 50% interest of the enlarged share capital of H3GA to Vodafone and the Vodafone Australia business will merge with H3GA's business. H3GA will be renamed VHA Pty Limited ("VHA"). Completion of the transaction is subject to regulatory and shareholder's approval and is expected to take place by mid-2009. Following completion of the transaction, the Company and Vodafone will account for VHA as a 50/50 joint venture.

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

N/A

Retained Earnings *(Appendix 4E item 8)*

	2008 $'000	**2007 $'000**
Accumulated losses at 1 January	**(3,204,473)**	(2,919,367)
Net loss attributable to the members of Hutchison Telecommunications (Australia) Limited	**(163,102)**	(285,106)
Accumulated losses at 31 December	**(3,367,575)**	(3,204,473)

NTA Backing *(Appendix 4E item 9)*

	2008	**2007**
Net tangible asset backing per ordinary share	($0.01)	$0.11

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

N/A

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 joint venture with Telstra OnAir Holdings Pty Limited named 3GIS Partnership ("3GIS"). 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.

The aggregate share of profits from 3GIS for the year ended 31 December 2008 is $6,500,000 (2007:$1,365,000).

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

	2008 $'000	2007 $'000
Interest in a jointly controlled entity	**8,535**	2,035
Share of the jointly controlled entity's assets and liabilities		
Current assets	**45,794**	45,692
Non-current assets	**141,322**	117,127
Total assets	**187,116**	162,819
Current liabilities	**(10,997)**	(14,287)
Non-current liabilities	**(167,584)**	(146,497)
Total liabilities	**(178,581)**	(160,784)
Net assets	**8,535**	2,035
Share of the jointly controlled entity's revenue, expenses and results		
Revenues	**80,303**	72,364
Expenses	**(73,803)**	(70,999)
Profit for the year	**6,500**	1,365
Share of the jointly controlled entity's commitments		
Lease commitments	**121,063**	144,012
Capital commitments	**-**	-
	121,063	144,012
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:

	2008 $'000	2007 $'000
Non-current assets		
Plant and equipment	**356,249**	356,249
Less: Accumulated depreciation	**(79,668)**	(60,048)
	276,581	296,201

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

Hutchison Telecoms' 3 Records Strong Growth

Customer base up 29.0% to 2.036 million
Revenue up 23.1% to $1.623 billion
EBIT positive during the fourth quarter

Sydney, 19 February 2009: Hutchison Telecommunications (Australia) Limited (ASX:HTA) today announced continued improvement to the Company's bottom line following double-digit growth in customer numbers, revenue and margin. Mobile broadband was a significant contributor, driving non-voice revenue. All measures of profitability improved during the year and the Company was Earnings Before Interest and Tax (EBIT) positive during the fourth quarter of 2008.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) improved by $86.0 million to $200.0 million, and the net loss position improved by $122.0 million to $163.1 million.

In an increasingly aggressive market, the customer base grew 29.0% or by 458,000 to more than 2,036,000, 90.6% of which were post-paid. New handset customers continued to grow strongly. Fuelled by **3**'s leadership in 3G services and focus on value, mobile broadband subscribers[1] grew 169.7% to 526,000.

Revenue grew from $1.318 billion in 2007 to $1.623 billion in 2008, an increase of 23.1%. Non-voice revenue increased 65% to $464.2 million. Average monthly margin improved by 27.4% from $76.0 million per month in 2007 to $96.8 million in 2008.

"We have continued to see our business performance improve", said Nigel Dews, CEO Hutchison Telecoms and **3**. "Mobile broadband has propelled our growth in non-voice services and our focus on value has enabled us to gain a significant number of new customers. **3** has performed very strongly in 2008."

In 2008, non-voice Average Revenue Per User (ARPU) rose 13.4% to $20.76. Non-voice ARPU (excluding SMS) grew to $10.30, an increase of 32.6%. Non-voice services now contribute 31.2% of ARPU.

Capital expenditure of $200.2m was 25.3% lower than 2007 with the key focus on network capacity and infrastructure to support rapid customer and data growth. Network capacity expansions will continue through 2009. The Company has also undertaken additional network expansion on the fringe areas of our coverage in and around Sydney and Melbourne. Coverage is also being expanded in 2009 in areas of high roaming, particularly in Newcastle and the Central Coast of NSW.

3G roaming access to parts of Telstra's 850MHz network will be in place during the second quarter of 2009, enabling **3**'s customers to experience 3G services in areas covering 96% of the population.

[1] Mobile broadband subscribers represents the number of customers with either a handset data plan, a mobile broadband modem, an X-Series plan or mobile web via a handset.

Last week Hutchison Telecoms announced an agreement with Vodafone to merge the Australian telecommunications businesses of **3** and Vodafone, to form a 50/50 joint venture called VHA that will have approximately 6 million customers, revenues of approximately $4 billion and a market share of 27% - each metric more than double that of **3** today.

The merger will create a stronger mobile operator better positioned to compete in the Australian telecommunications market as a significant value player. The transaction is expected to be enhancing to HTAL's adjusted earnings per share from the first full year post completion (after synergies and excluding the impact of intangible asset amortisation and one-off costs).

"The joint venture's ability to operate with a lower cost base and substantially improved economies of scale will ensure we continue on the strong growth path already established in the six years **3** has been operating in Australia. Combined we will be well placed to be number two in the Australian mobile market," added Mr Dews.

The merger is subject to shareholder, ACCC and Foreign Investment Review Board approval.

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

- Customer base increased by 458,000
- 2.036 million active customers, an increase of 29.0%. 90.6% of the base is post paid
- 526,000 mobile broadband subscriptions, up 169.7%
- 23.1% increase in total revenue to $1.623 billion
- ARPU of $66.54 with non-voice ARPU of $20.76, up 13.4%
- Non-voice ARPU excluding SMS of $10.30 up 32.6%
- Total margin of $1.162 billion up 27.4%
- Average margin per customer $51.47
- Average non-voice margin per customer $14.57, up 21.8%
- $200.0 million positive EBITDA, an increase of $86.0 million
- Net loss of $163.1 million – a $122.0 million improvement

Non-voice service usage highlights include:
- 199 million Planet 3 Content and Mobile Broadband events were experienced
- 68% of **3**'s customers paid for these services each month.
- 526,000 subscriptions to Mobile Broadband services (inc X-Series, Mobile Broadband card & USB and handset as a modem)

- Ends -

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