Hutchison Telecoms

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

Companies Announcements Office

Australian Securities Exchange

Date 30 March 2009

Subject: Annual Report 2008

The Company's 2008 Annual Report incorporating the full year accounts for the period ended 31 December 2008 is attached.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecoms

Continued Growth

2008 Annual Report

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED

Contents

1	About Hutchison
2	Financial & Operational Highlights
6	Chairman's Message
8	CEO's Message
10	Review of Operations
16	Corporate Social Responsibility
18	Senior Management
20	Board of Directors
22	Corporate Governance
25	Directors' Report
33	Financial Report
38	Notes to the Financial Statements
72	Directors' Declaration
73	Independent Auditors' Report
75	Shareholder Information
77	Corporate Directory

AGM

The Annual General Meeting of Hutchison will be held at:

The Conference Centre, Building A, 207 Pacific Highway,
St Leonards NSW 2065
Tuesday, 19 May 2009, 10am

In 2008 Hutchison continued to grow strongly. The year saw significant growth in revenue and customer numbers and considerable improvements in EBITDA and EBIT.

Hutchison introduced Australia's first 3rd generation (3G) network in 2003, called 3. 3 is focused on delivering great value voice and data as well as fast-growing innovative services like Mobile Broadband and Mobile Email.

Today there are over 2 million customers using the 3 network for voice calls and messaging services and a range of 3G services such as mobile internet, mobile social networking, Mobile TV, music, news, sport, finance and weather.

Financial & Operational Highlights

In 2008 Hutchison continued to grow strongly with double-digit growth in customer numbers, revenue and margin.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by $86.0 million to $200.0 million, and Hutchison's net loss position improved by 42.8% to $163.1 million.

Hutchison realised a full year of benefits from its reduced debt position.

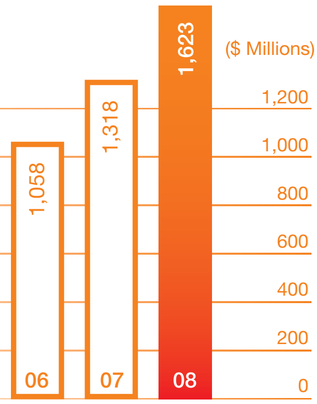
With all measures of profitability improving during the year, Hutchison was Earnings Before Interest and Tax (EBIT) positive during the fourth quarter of 2008.

In early 2009, Hutchison and Vodafone announced a proposal to merge their telecommunications businesses in Australia, in a 50-50 joint venture.

Total Revenue

$1.623 billion

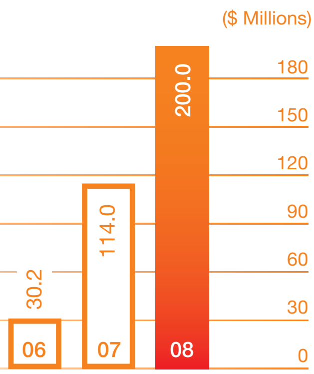
An increase of 23.1%



Positive EBITDA

$200.0 million

An increase of $86.0 million



EBIT positive during Q4

A 52.8% improvement

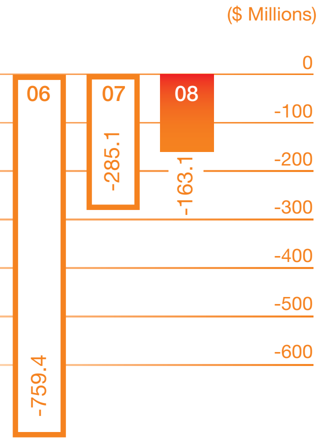
Average monthly margin $96.8 million

An increase of 27.4%

Net Loss

$163.1 million

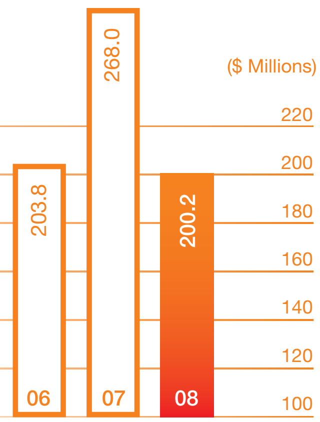
An improvement of $122.0 million



CAPEX

$200.2 milion

Down 25.3% from 2007



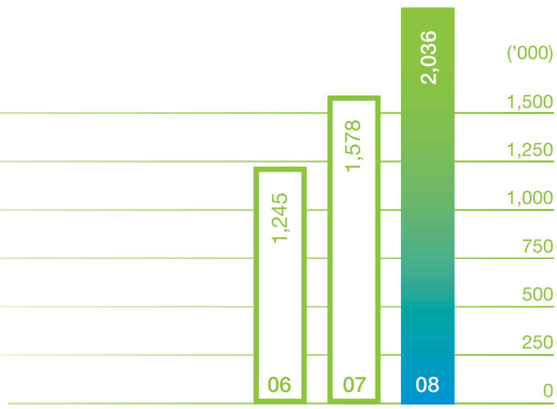
Financial & Operational Highlights continued.

Double-digit customer growth & strong non-voice improvements were fuelled by customers' increasing appetite for mobile data.

Total Customers

2,036,000

An increase of 29.0%

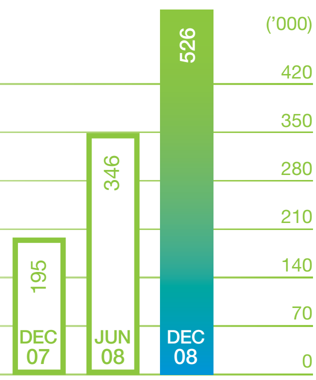


Mobile Broadband Subscribers

526,000

An increase of 169.7%

Mobile Broadband subscribers include X-Series,
Mobile Broadband Card, USB and handset as a modem



Non-Voice services growth

68.4% of customers paid for non-voice services per month

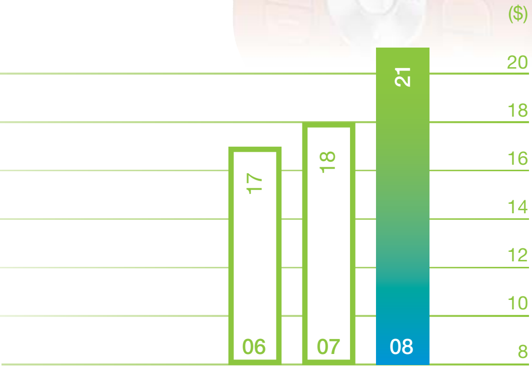
Average margin steady

$51.47 per customer

Non-Voice Average Revenue

$20.76 per user

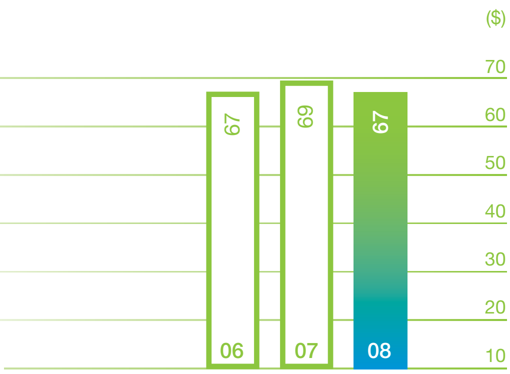
An increase of 13.4%



Average Revenue

$66.54 per user

Underpinned by strong performance of non-voice services



Chairman's Message

During the year ending 31 December 2008 the company saw substantial year on year improvements in EBITDA, EBIT and net loss as operations continued to grow strongly.

Key Financials

In 2008, Hutchison experienced double-digit revenue growth to $1.6 billion, up $305 million or 23.1% on the previous year, and an average monthly margin increase to $96.8 million from $76.0 million. These strong increases in revenue and margin have resulted in an EBITDA of $200.0 million, an increase of $86.0 million on 2007.

The Company also improved its net loss performance, recording a loss of $163.1 million, a 42.8% improvement on the reported loss in 2007.

The Company reached two significant milestones in the fourth quarter. First, being EBIT positive and second, achieving a customer base of 2 million in just over five years of full operation.

Following recapitalisation in 2007, finance costs fell by $56.6 million to $104.6 million in 2008. With the support of Hutchison Whampoa Limited, the Company repaid $1.1 billion in external funding in December 2008.

Customer growth continues

Customer growth continued to trend upwards, with a 29% increase in customers to 2.036 million in the year ending 31 December 2008.

Key to achieving this customer growth was the strong sales in Mobile Broadband. Mobile Broadband subscribers reached 526,000, up 169.7% for the year, largely fuelled by competitive data allowance offers and new internet friendly devices brought to market by 3.

Total revenue $1.623 billion

A 23.1% increase on 2007

42.8% improvement on net loss

Net loss of $163.1 million

Innovation continues

Since introducing 3G to Australia in 2003, we have seen many changes in the way customers use their mobile phones. Our leadership in this area continued throughout the year and non-voice services continued to be popular, contributing to pleasing growth in non-voice usage and revenue.

3 continued to bring innovative products and services to its customers. In late 2008, INQ Mobile, a new Hutchison Whampoa company, launched its first mobile, INQ[1], exclusively to 3's customers. INQ[1] is the world's most advanced social networking mobile phone and transforms the mobile social networking experience. It was recently awarded 'Best Mobile Handset or Device' by GSMA and won the award over four other shortlisted contenders including the Nokia E71, T-Mobile G1, RIM BlackBerry Storm and LG KS360.

Looking ahead

In 2008, we continued to see further growth in the 3G market. As we enter the year in a strong position as a value leader, we expect continued growth in 2009 and further improvements to the Company's financial position.

Our leadership in non-voice services, particularly mobile broadband, will continue to be a focus in 2009 as 3's coverage is extended to 96% of the population during the first half of 2009.

This strong and consistent performance has enabled Hutchison to enter an agreement for a proposed 50-50 joint venture with Vodafone Australia. On 9 February 2009, Hutchison and Vodafone announced their intention to merge their telecommunications businesses (3 and Vodafone Australia). The new company will market its products and services using Vodafone as the lead brand and will retain exclusive rights to use the 3 brand in Australia.

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

The transaction is expected to enhance the Company'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.

Fok Kin-ning, Canning
Chairman

CEO's Message

In 2008, Hutchison continued to perform very strongly with significant increases in revenue from non-voice services and significant improvements to our financial position.

Despite aggressive competition in the mobile market in 2008, including high handset subsidies and significant advertising, 3 maintained its position as a value and innovation leader.

Continued momentum in customer growth

Through strong sales and maintaining an industry-leading low post-paid churn rate, the customer base grew by 458,000 to reach 2.036 million at 31 December 2008.

While the number of new handset customers continued to grow, a large part of our customer growth was fuelled by the growth of the mobile broadband subscriber base.

Strengthening financials in a competitive market

In 2008, revenue continued to increase strongly, with a significant contribution from non-voice services.

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.

Pleasingly, total margin increased 27.4% to $1.2 billion in the year and Average Revenue Per User (ARPU) was $66.54, with 31.2% of each bill comprising of non-voice services.

Underpinned by strong operations, our financial position strengthened significantly with EBITDA improving by $86.0 million to $200.0 million, and the net loss position improving by $122.0 million to $163.1 million.

During the year customer acquisition costs were reduced to $236 from $263 in 2007. Capital expenditure of $200.2 million was 25.3% lower than 2007.

With strong customer growth, revenue and margin, the Company was EBIT positive during the fourth quarter of 2008.

3G services continues growth trend

Mobile Broadband subscriptions continued to grow strongly in 2008 and was 526,000 by the end of the year. The launch of 3 Prepaid Mobile Broadband in November helped drive increases towards the end of the year and our expectation is that it will be a significant product for 3 in 2009.

Non-voice services

Contributed 31.2% of ARPU

Mobile Broadband growth

Up 169.7% on 2007

Consumer demand for non-voice services continued to increase in 2008. Customers generated over 199 million internet access and Planet 3 events, and 68.4% of 3's customers paid for these services each month, with customers continuing to enjoy a range of content from news, sports and entertainment on Planet 3. Driving use of non-voice services, 3 added a choice of selected free content to our Cap plans in July and also increased the breadth and depth of content with products including Project Runway added to the Mobile TV offering. Open internet access and social networking services, such as Skype and Facebook are increasingly popular.

Non-voice services accounted for 31.2% of ARPU in 2008, driven notably by Mobile Broadband.

Award winning

3 won several prestigious awards in 2008, highlighting our increasing focus on customer service and value.

At the 2008 Australian Telecoms Awards, 3 received two awards - one for 'Best Mobile Operator' (which we also received in 2006) and one for 'Best Communications Retailer' for our 3 Stores (for the second year running).

We were also recognised for the strength of our people and culture, receiving two Cultural Transformation Awards from Human Synergistics – one for our Australian business and another for our contact centre in Mumbai, India.

In the products and services area, 3 received *Money* magazine's Best of the Best award for 'Best Broadband Plans - Mobile'. The award was received for our $15 / 1GB Mobile Broadband plan.

A focus on the customer

During the year we maintained an industry low level of post-paid external churn (1.2%). An increased focus on improving customer service and retention added to improvements in customer satisfaction.

3's award-winning self-care system called 'My3' continued to evolve with increased customer uptake of the service. 3's Service Centres, which were opened in 2007, continued to improve turnaround times for repairs.

During the year, we became the first signatory to the Telecommunications Consumer Protections Code, underlining our commitment to our focus on quality customer experiences in sales, service and support.

Outlook

In 2009, we are well placed to continue growing as a value player in the mobile market and as a leader in the mobile broadband market.

Hutchison is mindful of the slowing economy, in particular the signs of a consumer-led slowdown. We will continue to review the areas of potential impact. Since we provide excellent value for money and consumers are traditionally more sensitive to price during economic downturns, we currently believe we are well positioned to continue to grow.

During 2009, we will continue to enhance the 3 network including bringing 3G services to 96% of the population through network expansion and roaming access to parts of Telstra's 850MHz network.

2009 will also see a 50-50 joint venture between Hutchison and Vodafone Australia established (subject to shareholder, ACCC and other regulatory approvals). The proposed merger
will create a much larger scale business with approximately 6 million customers, revenues of approximately $4 billion and a market share of 27%.

The proposed merger will also produce a stronger mobile operator better positioned to compete in the Australian telecommunications market as a significant value player and invest in new technologies to continue driving customer-led innovation.

In summary, 2008 has seen double-digit growth in our customer base, revenue and margin, resulting in continued improvements in the Company's financial position. This strong trajectory has placed us in a very exciting position to further improve the value of Hutchison Telecoms via a new joint venture.

Nigel Dews

Nigel Dews
Chief Executive Officer

Review of
Operations

During 2008, strong sales momentum and take up of non-voice services continued with non-voice usage and revenue both increasing significantly.

Non-Voice Services

Non-voice ARPU increased by 13.4% to $20.76. This also contributed to 27.4% growth in margin. Non-voice services contributed 31.2% of ARPU.

3G ARPU (non-voice ARPU excluding SMS) increased by 32.6% to $10.30.

Customers who were billed for non-voice services, excluding SMS, rose to 68.4% of the customer base with 1,289,000 customers being billed for Planet 3 content or mobile broadband events in the second half of the year. This was up from 1,084,000 in the first half of the year.

Mobile Broadband

Data and mobile broadband growth was a highlight for the Company in 2008, with 526,000 subscriptions to Mobile Broadband services (which includes X-Series, Mobile Broadband card & USB and handset as a modem), up 169.7% on 2007.

Growth was fuelled by 3's continued focus on delivering high value data plans, making Mobile Broadband more accessible and affordable to consumers. 3's continued expansion of the Mobile Broadband device range and improvements to accessing data services on mobile phones were also contributing factors.

At the start of 2008, 3 introduced a half price mobile broadband promotion for a limited time and throughout the year increased data allowances on plans, attracting more customers and driving use of data.

3 Prepaid Mobile Broadband was also introduced towards the end of 2008, offering customers another option for fast, flexible and affordable internet access.

Average data usage across the network increased from 121 terabytes per month in the first half of the year to 263 terabytes per month in second half of the year. At the same time the number of customers accessing data rose to 25.9% of the total customer population, up 170.7% on 2007.

Review of Operations continued.

Planet 3 and Mobile Internet

In 2008, 3 launched a new-look Planet 3 to make it easier for customers to access all their favourite internet services from their mobile.

The new look Planet 3 includes four tabs:

- NEW - features all the latest news, sports scores, gossip and more;
- FIND - displays the most popular sites including Facebook, Hotmail and YouTube;
- MINE - provides quick and easy access to help manage account information such as account balances;
- FUN - to surprise and delight.

In the second half of the year, 3 refreshed its X-Series Packs and increased data allowances on some of these packs. In addition to increased data allowances, 3 also provided all X-Series customers (with compatible handsets) Skype-to-Skype minutes to use every month. We expect VoIP services to continue to grow.

Cap Plans and Voice Service

Having pioneered Cap plans in Australia in 2005, 3 introduced a new breed of Cap plan in 2008, which included more talk value and a choice of unlimited 3G content. The new Caps include up to 25% more value in voice and text services, over 50% more 3 to 3 calls, and for the first time included a choice of unlimited News, Sport or Fun content from popular brands including Sky News, Fox Sports and Project Runway.

New Prepaid Caps were also introduced in 2008 and featured a range of new recharge options including $29, $49, $69 and $99. The new Prepaid Caps added value and flexibility, allowing customers the freedom to use their credit for what they want – talk, text or Mobile Internet. Including Mobile Internet in Prepaid Caps allows 3's Prepaid Cap customers to browse Facebook, MySpace or Google without the hassle of extra subscriptions or additional costs.

Data access increase

Customers accessing data rose to 25.9% of the base

Non-Voice services

68.4% of customers paid for non-voice services each month

Handsets

Continuing 3's lead in innovation and recognising the explosion of social networking, messaging and VOIP, 3 launched the first handset from INQ Mobile, the new manufacturer owned by Hutchison Whampoa.

INQ[1] 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. INQ[1] was recently awarded a prestigious GSMA award for 'Best Mobile Handset or Device'.

With over 250,000 visitors to Facebook on the mobile by 3's customers each week, social networking on 3 is set to grow as the experience improves significantly with the release of the INQ[1].

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 INQ Mobile. The majority of 3's new 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.

Customer Care

In addition to maintaining strong customer growth, external churn remained at industry-low levels with post-paid churn at 1.2% for the 12 months of 2008. Customer satisfaction levels, as measured by both internal and external surveys, have further improved.

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

3 continued to deliver its award-winning self-care system 'My3' during the year. Accessible from handsets and on-line, 'My3' allows customers more visibility and control over their 3 account and continues to reduce the number of customer calls to 3Care for account information and other services.

Review of Operations continued.

Network

Throughout 2008, the 3GIS joint venture (with our partner, Telstra Corporation Limited) added a further 61 sites into the network bringing the total number to 2,680.

The key network focus in 2008 was on delivering capacity to the network and infrastructure to support rapid customer and data growth by infilling the existing coverage footprint.

Customers currently experience a typical downlink speed of between 600Kbps and 3.0Mbps with a theoretical maximum in some parts of the network of 7.2Mbps, and an uplink speed of 1.4Mbps. Higher typical downlink speeds will be available where capacity expansions have been implemented. Network speed upgrades will be in line with capacity needs and the availability of mass market devices to support those speeds.

During the second quarter of 2009, 3 will provide its customers with high speed access to 3G services in areas covering 96% of the population, further enabling growth and expansion of the use of 3G services.

Data usage growth

Data usage increased from 121 terabytes per month in the first half of the year to 263 terabytes per month in second half of the year.

Planet 3 Content and Mobile Broadband events

199 million Planet 3 Content and Mobile Broadband events were experienced

Sponsorships

2008 saw 3 continue as a Platinum Partner of Cricket Australia and sponsor of the Australian Test Cricket team, as well as a sponsor of the Essendon Football Club.

3's sponsorship of the Australian Test Cricket team and the Test Series has been hugely successful. It is one of the most well recognised sponsorships in Australia, and in 2008 it was awarded Australia's best current sponsorship by the Australasian Sponsorship Marketing Association.

Following the success of 3's cricket association, 3 extended its sponsorship of the team until 2013. 3's association with the McGrath Foundation has enabled us to integrate our community work with our cricket sponsorship.

3 ended its sponsorship of Essendon Football Club at the end of the 2008 AFL season.

3 continued to sponsor television content, providing opportunities for brand exposure in core demographic areas and access to content for streaming onto 3 mobiles. A notable example was Project Runway, in partnership with Foxtel's ARENA TV.

Corporate Social Responsibility

Hutchison is committed to creating and maintaining a supportive workplace that accommodates the needs of all its employees.

Our People

Making Hutchison a great place to work with a strong culture has been an extremely important part of the Company's success. Last year, the Company received two Cultural Transformation Awards from Human Synergistics – one for our Australian business and one for our contact centre in Mumbai, India. The transformation award is only received by three or four organisations across Australia each year and marks the significant progress 3 has made to create a culture considered to be predominantly constructive in its style – critical for having engaged staff in our business.

Providing our 1,854 Hutchison employees with opportunities for growth is key to being a great place to work. During 2008 Hutchison continued to build on the initiatives that were offered to staff, by implementing the following programs;

Our Leaders:

- Leadership development programs – including leadership awareness, impact and feedback
- Leadership conferences
- Ongoing analysis of recruitment systems and processes
- Manager Induction program
- High potential leaders program

Our Other Employees:

- New employee programs to understand the 3 culture
- Personal growth workshops
- Team development workshops
- Refinement of induction processes
- Review of rewards and recognition programs
- Community assistance programs

Employment

1,854 people are currently employed by Hutchison

Environment

60% of customers receive paperless bills

A supportive workplace

At 3 we are committed to creating and maintaining a supportive workplace environment that accommodates the needs of employees with family responsibilities. During the year we revised our Paid Parental Leave Policy and set a new benchmark for parental leave offered by any Australian telecommunications company.

The new policy which came into effect on 1 January 2009 includes:

- 14 weeks of paid parental leave with all 14 weeks paid upfront;
- The ability to opt to take this payment at half pay over 28 weeks.

the SPOT

THE MIRABEL FOUNDATION

Father Chris Riley's Youth Off The Streets®

sane AUSTRALIA

Community

In 2008, our Spirit of 3 programme continued to support a range of charities and not-for-profit organisations including Cystic Fibrosis, SANE Australia, Royal Institute for Deaf & Blind Children, Youth Off The Streets, The Mirabel Foundation, The Spot Youth and Youth Focus.

We continued to offer staff an employee contribution program, where staff can volunteer their time to a charity, raise funds through employee led-activities or make a donation direct from their pay through workplace giving.

We also added the McGrath Foundation to the Spirit of 3 program in 2008. The McGrath Foundation was co-founded by Jane McGrath and her cricketing husband Glenn after Jane's diagnosis and initial recovery from breast cancer. The McGrath Foundation supports Breast Care Nurses in hospitals throughout rural and regional Australia, as well as educating women on how to become 'breast aware'.

During the 3 mobile Test Series, with the help of our staff volunteers in Perth, Melbourne and Sydney, staff collected donations from the crowds of $100,000. We also produced a limited-edition 2009 'Men of Cricket' calendar in aid of the McGrath Foundation. Offering cricket fans a new look at our cricketers, the calendar was sold exclusively by 3 and a contribution of $50,000 has been made to the McGrath Foundation.

Environment

In 2008, 3 launched eBilling – the opportunity for customers to obtain paperless bills via email.

To support eBilling and to recognise the great contribution our customers were making to the environment by going paperless, we established a partnership with Greening Australia. The partnership sees 3 donate $1,000 to Greening Australia for every 1% of customers that sign up for eBilling until April 2009. Over 60% of our customers have signed up to eBilling and we have made donations of $60,000.

We are a supporter and active participant in MobileMuster, and since 2006 have recycled over 30 tonnes of mobile phones and accessories. 3's stores, 3 Service and 3's offices all participate in the program, with MobileMuster tubes available at each location where old phones and accessories can be dropped off for recycling.

Last year we took part in the MobileMuster campaign called 'Old phones, more trees' where for every mobile phone recycled from 2 May - 5 June, MobileMuster planted a tree. This campaign broke a Guinness World Record for the largest donation of mobile phones in 24 hours being recorded on 31 May 2008 with 2,590 phones donated.

In 2008, 3 recycled over 16,000 kilograms of mobiles and accessories.

Senior Management

Nigel Dews

Chief Executive Officer

Nigel Dews is Chief Executive Officer and has held this position since January 2007. Nigel joined Hutchison in November 2003 as Director - Sales, Marketing and Product, and was responsible for the sales, distribution, marketing and development of mobile content, products and services. Prior to joining Hutchison, Nigel held senior management positions at Fairfax Media and before that, was a senior consultant at McKinsey & Company and graduate Economist with the Reserve Bank of Australia.

Tanya Bowes

Director, Communications

Tanya Bowes joined Hutchison in May 2005 and is responsible for the Company's communications and corporate affairs. In this role, Tanya is focused on building upon Hutchison's positive reputation with its key stakeholders including media, industry analysts, and Hutchison's employees. Prior to joining Hutchison Tanya headed communications for PeopleSoft across Japan and Asia Pacific, and previously led communications for companies in Australia and the United Kingdom.

Greg Bourke

Director, Human Resources

Greg Bourke joined Hutchison in January 1999 and is responsible for leading Hutchison's people development strategies and driving its high-performance culture. Prior to Hutchison, Greg was Director, Human Resources for Digital Equipment Corporation, where he was responsible for major restructuring and change programmes and, most notably, led the merger planning discussions with Compaq, resulting in a smooth transition to the new company. Prior to his employment at Digital Equipment Corporation, Greg held HR management positions at Mobil Oil and Trans Australia Airlines.

Louise Sexton

General Counsel and Company Secretary

Louise Sexton joined Hutchison in September 1998 with extensive experience as General Counsel and Company Secretary in listed public companies across a number of high technology industries in Australia. Louise has also worked in the Federal Attorney-General's Department and one of Australia's largest law firms.

Tim Finlayson
Chief Financial Officer

Tim Finlayson joined Hutchison in July 2003 from PricewaterhouseCoopers (PWC) where he held a variety of senior roles in Sydney, Singapore and Vietnam. Immediately prior to joining Hutchison, Tim's role was Tax Partner and Leader of PWC's Tax and Legal Services Practice in Indochina. Tim was appointed Chief Financial Officer in 2006.

Michael Young
Director, Technology and Customer Services

Michael Young joined Hutchison in May 2001 as Director of IT and Billing and was later appointed to the role of Chief Technical Officer with responsibility for the networks and IT functions of both the Company's 2G and 3G operations. In August 2003, Michael's responsibilities expanded to include customer care and 3G product delivery. Prior to Hutchison, Michael was Vice President of IT, Asia Pacific at Campbell Soup and Arnott's Biscuits.

Noel Hamill
Director, Sales, Marketing and Product

Noel Hamill joined Hutchison in May 2007 and is responsible for the Company's sales, distribution and marketing for 3's mobile phone and mobile broadband services across both consumer and business markets. Noel is also responsible for the development of content services, and the sourcing and supply of handsets. Prior to joining Hutchison, Noel spent much of his career with Optus in Australia, where he held a number of positions over the past nine years. Noel has also worked for Cable & Wireless in Singapore and London as well as Hong Kong Telecom in Hong Kong.

Board of Directors

FOK Kin-ning, Canning
Chairman
BA, DFM, CA (Aus)

Barry ROBERTS-THOMSON
Deputy Chairman

CHOW WOO Mo Fong, Susan
Director
BSc

Justin Herbert GARDENER
Director
BEc, FCA

LAI Kai Ming, Dominic
Director
BSc, MBA

Kevin Steven RUSSELL
Director
BA, CA

John Michael SCANLON
Director

Frank John SIXT
Director
MA, LLL

Roderick James SNODGRASS
Director
BCA, CA

FOK Kin-ning, Canning

Chairman BA, DFM, CA (Aus)

Fok Kin-ning, Canning, aged 57, has been an executive director since 1984 and group managing director since 1993 of Hutchison Whampoa Limited ("HWL"), director since 1992 and chairman since 2002 of Hutchison Harbour Ring Limited ("HHR"), chairman of Hutchison Telecommunications International Limited ("HTIL") since 2004, executive director since 1985 and chairman since 2005 of Hongkong Electric Holdings Limited ("HKEH"), chairman of Partner Communications Company Ltd. ("Partner") since 1998, co-chairman of Husky Energy Inc. ("Husky") since 2000, deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKIH") since 1997, and non-executive director of Cheung Kong (Holdings) Limited ("CKH") since 1985. He was previously a director of Panva Gas Holdings Limited from 2002 to 2006. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants. Mr Fok was appointed as a Director on 8 February 1999.

Barry ROBERTS-THOMSON

Deputy Chairman

Barry Roberts-Thomson, aged 59, was the managing director of Hutchison from its inception in 1989 until September 2001. In his capacity as deputy chairman and executive director, Mr Roberts-Thomson represents Hutchison in government relations and strategic projects. Mr Roberts-Thomson was appointed as a Director on 14 February 1989.

CHOW WOO Mo Fong, Susan

Director BSc

Chow Woo Mo Fong, Susan, aged 55, has been an executive director since 1993 and deputy group managing director since 1998 of HWL, executive director of CKIH since 1997, HHR since 2001, non-executive director of HTIL since 2008, HKEH since 1996 (re-designated as executive director since 2006) and TOM Group Limited ("TOM") since 1999, and director of Partner since 1998. She is a solicitor and holds a Bachelor's degree in Business Administration. Mrs Chow was appointed as a Director on 15 February 2006 and as an Alternate Director to Mr Fok, Mr Lai and Mr Sixt on 8 May 2006, 26 February 2007 and 4 May 2007 respectively.

Justin Herbert GARDENER

Director BEc, FCA

Justin H. Gardener, aged 72, has been a director of a number of private and publicly listed companies including Austar United Communications Limited (appointed 1999 and retired 2008). From 1961, and until his retirement in 1998, Mr Gardener held a variety of positions with Arthur Andersen, becoming a partner in 1972 and for the last ten years in a management and supervisory role for Asia Pacific. Mr Gardener was appointed as a Director on 2 July 1999.

LAI Kai Ming, Dominic

Director BSc, MBA

Lai Kai Ming, Dominic, aged 55, has been an executive director of HWL since 2000, executive director since 1994 and deputy chairman since 2001 of HHR. He was previously a director of priceline.com Incorporated from 2001 to 2006. He has over 25 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration. Mr Lai was appointed as a Director on 19 May 2004 and as an Alternate Director to Mrs Chow and Mr Sixt on 8 May 2006.

Kevin Steven RUSSELL

Director BA, CA

Kevin Steven Russell, aged 42, is chief executive officer of Hutchison 3G UK Limited, a wholly-owned subsidiary of HWL. From 2001 to January 2007, he was chief executive officer of Hutchison. Previously he was chief financial officer of Partner. Mr Russell joined HWL in 1995 and was promoted to director of finance and operations in 1996. Prior to joining HWL, he worked at an accountancy firm, Ernst & Whinney. He holds a Bachelor of Arts degree and is a member of the Institute of Chartered Accountants of Scotland. Mr Russell was appointed as a Director on 19 October 2007.

John Michael SCANLON

Director

John Michael Scanlon, aged 67, is a special venture partner to Clarity Partners LLP, a private equity firm. From 1965 through to 1988 his career was with AT&T, primarily Bell Labs, rising to group vice president of AT&T. Mr Scanlon then went on to become president and general manager of Motorola's Cellular Networks and Space Sector, founding CEO of Asia Global Crossing, CEO of Global Crossing and chairman and CEO of PrimeCo Cellular. Mr Scanlon was appointed as a Director on 11 July 2005.

Frank John SIXT

Director MA, LLL

Frank John Sixt, aged 57, has been an executive director since 1991 and group finance director since 1998 of HWL, non-executive chairman of TOM since 1999 and TOM Online Inc. (which ceased to be a public listed company in September 2007) since 2003, executive director of CKIH since 1996, HKEH since 1998, and director of CKH since 1991, HTIL since 2004, Husky since 2000 and Partner since 1998. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada. Mr Sixt was appointed as a Director on 12 January 1998 and as an Alternate Director to Mrs Chow and Mr Lai on 25 February 2008.

Roderick James Snodgrass

Director BCA, CA

Roderick James Snodgrass, aged 42, is group strategy director of TCNZ. Mr Snodgrass joined TCNZ in 1998, after seven years in various strategy, business development and commercial roles in the oil and gas exploration and production industry. His previous positions within TCNZ have included general manager group strategy and development, general manager wired division, including TCNZ's retail fixed-line voice, data and internet businesses and general manager of Xtra, TCNZ's online division, this following various financial, commercial and business development roles. He was a director of Xtra! Ltd from 2002 to 2006 and has been a director of Yahoo!Xtra Ltd since January 2007. Mr Snodgrass was appointed as a Director on 15 February 2008.

Corporate Governance

Hutchison Telecommunications (Australia) Limited ("HTAL" or "the Company") and its Directors are committed to high standards of corporate governance. Set out below is a description of the Company's main corporate governance practices which have been in place for the full year unless otherwise stated.

Board of Directors and its Committees

The Board has responsibility for approving the strategy and monitoring the implementation of the strategy and the performance of HTAL and its subsidiaries (the group of companies is referred to as "Hutchison" in this report), protecting the rights and interests of shareholders and is responsible for overall corporate governance. The Board has adopted a list of matters reserved to the Board which is available on the Company's website. The Chief Executive Officer ("CEO") and senior management team are responsible for day to day management of Hutchison and implementing the strategies adopted by the Board.

The Board's responsibilities include:

- Reviewing and approving the strategic direction of Hutchison and establishing goals both short term and long term to ensure these strategic objectives are met and ensuring appropriate resources are available to meet these objectives;
- Overseeing Hutchison, including its control and accountability systems;
- Ensuring the business risks facing Hutchison are identified and reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Monitoring the performance of management against these goals and objectives and initiating corrective action when required;
- Ensuring that there are adequate internal controls and ethical standards of behaviour adopted and met within Hutchison;
- Reviewing and approving annual financial plans and monitoring corporate performance against both short term and long term financial plans;
- Ensuring that the business risks facing Hutchison are identified and that appropriate monitoring and reporting controls are in place to manage these risks;
- Appointing the CEO, evaluating performance and determining the remuneration of senior executives and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning; and
- Delegating to the CEO the authority to manage and supervise the business of Hutchison including the making of all decisions regarding Hutchison's operations that are not specifically reserved to the Board.

Composition of the Board

The Board comprises nine Directors whose appointment reflects the shareholdings of the Company and the need to ensure that the Company is run in the best interest of all shareholders. Other than Mr Roberts-Thomson, all the Directors, including the Chairman, Mr Fok, are non-executives. The Board has adopted the definition of independence contained in the Australian Securities Exchange ("ASX") best practice recommendations. In light of this definition, the Board considers that independent Directors are not substantial shareholders or officers of substantial shareholders, have not been employed as an executive of Hutchison or its majority shareholder, nor are they associated with any significant supplier, customer or professional adviser of Hutchison. Further, an independent Director does not have any significant contractual relationship with Hutchison nor is there any business relationship which could materially interfere with a Director's ability to act in the best interest of the Company.

Mr Gardener and Mr Scanlon, being the only Directors who are not an officer of a significant shareholder, are considered by the Board to be independent Directors. In light of the majority ownership by Hutchison Whampoa Limited ("HWL"), the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of Directors or the Chairman be independent.

Subject to the Corporations Act 2001 requirements in relation to the retirement of Directors, the current Directors have not been appointed for a specified term. Details of the Directors' experience is set out on page 21.

In connection with their duties and responsibilities, Directors and Board committees have the right to seek independent professional advice at the Company's expense. Prior written notification to the Chairman is required. No formal procedure for performance evaluation of the Board and its members has been implemented as the Board considers that regular ongoing informal assessment is more appropriate. Accordingly consideration of the performance of the Board forms part of the regular Board process when the Board conducts deliberations without representatives of management present at each Board meeting.

Committees

The Board has two committees to assist in the implementation of its corporate governance practices and fiduciary and financial reporting and audit responsibilities. These are an Audit Committee and a Governance, Nomination and Compensation Committee.

Each of these committees has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. Details of these charters are available on the Company website.

Audit Committee

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through review and supervision of Hutchison's financial reporting process and internal control system. All members of the committee are non executive Directors and the composition of the committee meets the requirements of the ASX Listing Rules. The Audit Committee has appropriate financial expertise and knowledge of the telecommunications industry. Details of the committee members' qualifications, expertise, experience and attendance at Audit Committee meetings are set out on pages 20, 21 and 26.

The Audit Committee considers the annual and interim financial statements of the Company and its subsidiaries and any other major financial statements prior to approval by the Board, and reviews standards of internal control and financial reporting within Hutchison. The Audit Committee is also responsible for overview of the relationship between Hutchison and its external auditors, including periodic review of performance and the terms of appointment of the auditors. This committee considers any matters relating to the financial affairs of Hutchison and its subsidiaries and any other matter referred to it by the Board. The main responsibilities delegated to the committee are to:

- Consider and recommend to the Board the appointment and remuneration of the Company's external auditors and to determine with the external auditors the nature and scope of the audit or review and approve audit or review plans;
- Assess the performance and independence of the external auditors, taking into account factors which may impair the auditor's judgement in audit matters related to the Company;
- Review the interim and annual accounts of the Company before their submission to the Board;

- Ensure Hutchison's practices and procedures with respect to related party transactions are adequate for compliance with the relevant legal and stock exchange requirements;
- Review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- Review the internal audit programmes, the adequacy of resource of the internal audit function and the appointment and replacement of the senior internal audit officer;
- Review with management and the external auditors the presentation and impact of significant risks and uncertainties associated with the business of Hutchison and their effects on the financial statements of Hutchison; and
- Ensure corporate compliance with applicable legislation.

External auditors

The performance of the external auditors is reviewed annually and applications for tender of external audit services will be requested as deemed appropriate. PricewaterhouseCoopers were appointed as the external auditors in 1998. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies every five years, and in accordance with that policy the current audit engagement partner was appointed in May 2007.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 27 to the Financial Statements. The Company's policy in relation to awarding non-audit work to the external auditors requires that all proposed non-audit service assignments in excess of $100,000 will be approved by the Audit Committee and will only be awarded to the external auditors after completion of a competitive tendering process which demonstrates that the external auditors are the preferred service provider on the basis of an objective assessment of price, capabilities and commitment. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The external auditors are available for questioning at the Annual General Meeting.

Governance, Nomination and Compensation Committee

The committee comprises non-executive Directors and is chaired by the Chairman of the Board. Details of the committee members' qualifications, expertise, experience and attendance at compensation committee meetings are set out on pages 20, 21 and 26.

Compensation responsibilities

This committee is responsible for the review of remuneration and other benefits, and Hutchison's policies in relation to recruitment and retention of staff, details of which are set out in the Directors' Report on pages 27 to 31. This committee also reviews and makes recommendations to the Board on remuneration policies and other terms of employment applicable to the CEO, senior executives and the Directors themselves. The committee will, where relevant, obtain independent advice from external consultants on the appropriateness of the remuneration policies of Hutchison.

Executive remuneration, including that of Executive Directors, is reviewed annually by the committee having regard to personal and corporate performance, contribution to long term growth and relevant comparative information. Details of the compensation philosophy and practice of the Company are set out in the Directors' Report.

Governance and nomination responsibilities

Related to Board Performance and Evaluation

- To periodically assess and provide recommendations to the Chairman of the Board on the effectiveness of the Board of Directors as a whole, the committees of the Board, the contribution of individual Directors, and assessment of Directors;
- To periodically review the Company's investor relations and public relations activities to ensure that procedures are in place for the effective monitoring of the shareholder base, receipt of shareholder feedback and response to shareholder concerns;
- To oversee the maintenance of an induction and education programme for new Directors;
- To ensure appropriate structures and procedures are in place so that the Board can function independently of management;
- To review the mandates of the Board of Directors' committees and recommend appropriate changes to the Board;
- To receive and consider any concerns of individual Directors relating to governance matters; and
- To review all related party transactions to ensure they reflect market practice and are in the best interests of Hutchison.

Related to the Board of Directors

- To recommend to the Board criteria regarding personal qualifications for Board membership, such as background, experience, technical skills, affiliations and personal characteristics.

Related to Committees of the Board of Directors

- To review from time to time and recommend to the Board the types, terms of reference and composition of Board committees, the nominees as chair of the Board committees; and
- To review from time to time and make recommendations to the Board, with respect to length of service of members on committees, meeting procedures, quorum and notice requirements, records and minutes, resignations and vacancies on committees.

Business risk

The Board acknowledges its responsibility for risk oversight and ensuring that significant business risks are appropriately managed, whilst acknowledging that such risks may not be wholly eliminated. Company management is ultimately responsible and accountable for managing risk across the business, supported by the risk management function, which provides independent reports to the Audit Committee. The risk management function ensures that adequate mechanisms are in place to identify, assess and manage strategic, financial, operational and regulatory risks and that corporate performance is reviewed across a broad range of issues. The Audit Committee has been delegated responsibility as the primary body for risk oversight and for ensuring that appropriate risk management policies, systems and resources are in place. Details of the Company's risk management policy and internal compliance and control system are available on the Company's website.

Ethical standards

The need to ensure that a strong ethical culture within Hutchison has lead to greater emphasis on the development of a strong culture designed to ensure that all Directors, managers and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their Hutchison working life. The corporate code of conduct, based upon the existing corporate values, has been updated to assist in maintaining this culture. This code applies to all Directors and employees and compliance with the values underlying the Company's culture forms part of the performance appraisal of senior employees and sales managers. Details of this code are available on the Company's website.

Directors' and senior executives' dealings in HTAL shares

The Company requires that:

- Directors discuss any proposed trade in HTAL shares with the Chairman prior to any trade;
- Senior executives discuss any proposed trade in shares with the Company Secretary or the Chief Executive Officer prior to any trade. Unless there are unusual circumstances, trades in HTAL shares by Directors and senior executives are limited to the period of one month after the release of the Company's half year and annual results to the ASX and from the lodgement of the Company's annual report with the ASX up to one month after the annual general meeting of HTAL.

Directors and senior executives are prohibited from trading in HTAL shares if the Director or officer is in possession of price sensitive information or would be trading for a short term gain. All managers within Hutchison have also been advised of their obligations in regard to price sensitive information. Directors and senior executives are also aware of their obligations to ensure that they do not communicate price sensitive information to any other person who is likely to buy or sell HTAL shares or communicate that information to another party.

The Company's existing practices are documented in a code, details of which are available on the Company's website.

Continuous disclosure and shareholder communication

The Board strongly believes that the Company's shareholders should be fully informed of all material matters that affect Hutchison in accordance with its continuous disclosure obligations. Financial reports and other significant information are available on the Company's website for access by its shareholders and the broader community. Procedures are in place to review whether any price sensitive information has been inadvertently disclosed in any forum, and if so, this information is immediately released to the market. The Company Secretary, resident in Australia, has been appointed as the person responsible for communications with the ASX.

The Company seeks to enhance its communication with shareholders through the introduction of new types of communication through cost effective electronic means, and the provision of significant information in addition to the reports required by legislation.

The Company's existing practices on information disclosure are documented in a policy, details of which are available on the Company's website.

Related party transactions

Hutchison draws great strength from its relationship with HWL and other companies in the HWL Group in relation to both its financial support, management expertise, joint procurement programmes and shared research and development costs. The Board is aware of the need to represent all shareholders and to avoid conflicts of interest. Where there is a conflict of interest or the potential appearance of a conflict, affected Directors do not participate in the decision making process or vote on such matters. All commercial agreements with related parties are negotiated on arms' length terms. Further information about the Company's related party transactions is set out in note 30 to the Financial Statements.

Directors' Report

The Directors are pleased to present their report on the consolidated entity ("Hutchison") consisting of Hutchison Telecommunications (Australia) Limited ("HTAL" or "Company") and the entities it controlled at the end of or during the year ended 31 December 2008.

Principal activities

During the year, Hutchison's principal activities included the ownership and operation of Australia's first W-CDMA, third generation (3G) mobile network (branded "**3**") across the five mainland capital cities and national capital Canberra; and a national paging and messaging service.

In December 2004, a controlled entity, Hutchison 3G Australia Pty Limited, signed an agreement with Telstra Corporation Limited for the joint ownership and operation of its W-CDMA radio access network. Both companies continue to operate other network assets and retail operations separately under different brands.

Dividends

No dividend was declared or paid during the year.

Review of operations

Comments on the operations of Hutchison, results of those operations, the Company's business strategies and its prospects for future years are contained in pages 1 to 17 of this report. Details of the financial position of the Company are contained in pages 34 to 71 of this report.

Significant changes in the state of affairs and matters subsequent to the end of the financial year

Significant changes in the state of affairs of the Consolidated Entity during and subsequent to the financial year were as follows:

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 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.

Other than the matters discussed above, there has been no other matter or circumstance which has arisen since 31 December 2008 that has significantly affected, or may significantly affect:

- Hutchison's operations in future financial years;
- Results of those operations in future financial years; or
- Hutchison's state of affairs in future financial years.

Likely developments and expected results of operations

Other than as set out in the Review of Operations on pages 10 to 15 of this report, further information on business strategies and the future prospects of the Company have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to Hutchison.

Environmental regulation

Hutchison's operations and business activities are subject to environmental regulations under both Commonwealth and State legislation and the requirements of the Telecommunications Act 1997, particularly with regard to:

- the impact of the construction, maintenance and operation of transmission facilities;
- site contamination; and
- waste management.

Hutchison has adopted an environmental policy which includes clearly defined accountability and responsibility for compliance with legislation and for achieving specific environmental management objectives. The Directors are not aware of any material breaches of environmental regulations.

Hutchison's risk review and audit program is designed to ensure that Hutchison meets its obligations under current legislation.

Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2008 and up to the date of this report:

FOK Kin-ning, Canning
Barry ROBERTS-THOMSON
CHOW WOO Mo Fong, Susan
Justin Herbert GARDENER
LAI Kai Ming, Dominic
Kevin Steven RUSSELL
John Michael SCANLON
Frank John SIXT

Mr Roderick James SNODGRASS was appointed as a Director on 15 February 2008 and continues in office at the date of this report.

Further information on the Directors is set out on pages 20 and 21.

Director	Other Responsibilities	Particulars of Directors' Interests in shares, convertible preference shares and options of HTAL: Ordinary Shares	Convertible Preference Shares
Fok Kin-ning, Canning	Non-executive Chairman, Chairman of Governance, Nomination and Compensation Committee	5,100,000*	–
Barry Roberts-Thomson	Deputy Chairman	83,916,297**	2,400
Chow Woo Mo Fong, Susan	Member of Governance, Nomination and Compensation Committee	–	–
Justin Herbert Gardener	Member of Governance, Nomination and Compensation Committee and Chairman of Audit Committee	902,858	150,000
Lai Kai Ming, Dominic	–	–	–
Kevin Steven Russell	–	–	–
John Michael Scanlon	Member of Audit Committee	–	–
Frank John Sixt	Member of Audit Committee	1,000,000	–
Roderick James Snodgrass	–	–	–

* Direct holding of 100,000 shares

** Direct holding of 2,500 shares

Note: Fok Kin-ning, Canning, holds a relevant interest in (i) 4,310,875 ordinary shares of HWL, a related body corporate of HTAL; (ii) 5,000,000 ordinary shares of HHR, a related body corporate of HTAL; (iii) a nominal amount of USD2,500,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited, a related body corporate of HTAL; (iv) a nominal amount of USD2,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI 03/33"), a related body corporate of HTAL; (v) a nominal amount of USD2,500,000 in the 5.45% Notes due 2010 issued by HWI 03/33; (vi) a nominal amount of USD2,000,000 in the 7.45% Notes due 2033 issued by HWI 03/33; (vii) 1,202,380 ordinary shares of HTIL, a related body corporate of HTAL; and (viii) 225,000 American Depository Shares (each representing one ordinary share) of Partner.

Chow Woo Mo Fong, Susan holds a relevant interest in 150,000 ordinary shares of HWL and 250,000 ordinary shares of HTIL.

Lai Kai Ming, Dominic holds a relevant interest in 50,000 ordinary shares of HWL.

Frank John Sixt holds a relevant interest in (i) 50,000 ordinary shares of HWL; (ii) one ordinary share of Colonial Nominees Limited, a related body corporate of HTAL, on behalf of Hutchison International Limited; and (iii) 17,000 American Depository Shares (each representing 15 ordinary shares) of HTIL.

Meetings of Directors

The number of meetings of HTAL's Board of Directors and each of the Board committees held during the year ended 31 December 2008, and the number of meetings attended by each Director were:

	Board Meetings held during the period as director	Board Meetings attended	Audit Committee Meetings held during the period as member of Committee	Audit Committee Meetings attended	Governance, Nomination and Compensation Committee Meetings held during the period as member of the Committee	Governance, Nomination and Compensation Committee Meetings attended
Fok Kin-ning, Canning	10	10	N/A	N/A	1	1
Barry Roberts-Thomson	10	10	N/A	N/A	N/A	N/A
Chow Woo Mo Fong, Susan	10	10	N/A	N/A	1	1
Lai Kai Ming, Dominic	10	10	N/A	N/A	N/A	N/A
Justin Herbert Gardener	10	10	4	4	1	1
Kevin Steven Russell	10	10	N/A	N/A	N/A	N/A
John Michael Scanlon	10	10	4	4	N/A	N/A
Frank John Sixt	10	10	4	4	N/A	N/A
Roderick James Snodgrass*	9	8	N/A	N/A	N/A	N/A

* Appointed as Director on 15 February 2008

Retirement, election and continuation in office of Directors

Mrs Chow Woo Mo Fong, Susan is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers herself for re-election.

Mr Justin Gardener is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr John Michael Scanlon is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Company secretaries

Edith SHIH BSE, MA, MA, EdM, Solicitor, FCS, FCIS

Ms Shih has over 11 years of experience as company secretary in listed companies and has been a Company Secretary of the Company since 1999. She has been the head group general counsel of HWL since 1993 and its company secretary since 1997. She is a qualified solicitor in Hong Kong, England and Wales and Victoria, Australia; and is also a Fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Louise SEXTON BA, LLM, MBA(Exec)

Ms Sexton has over 15 years' experience as company secretary in listed companies and has been a Company Secretary of the Company since 1999. She is also General Counsel of the Company. Ms Sexton has practiced as a solicitor since 1983 with experience in government, private practice and in-house corporate practice.

Remuneration report

Compensation philosophy and practice

The Governance, Nomination and Compensation Committee is responsible for making recommendations to the Board on compensation policies and packages for all staff, including Board members and key management personnel of Hutchison. The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative, support the business objectives and reflect company performance. The company performance is measured according to the achievement of key financial and non-financial measures as approved by the Board. Key management personnel's remuneration packages are directly linked to these measures. Hutchison is committed to ensuring it has compensation arrangements that reflect individual performance, overall contribution to the company performance and developments in the external market. Remuneration and other terms of employment for certain key management personnel are formalised in service agreements. Further details are included in the Corporate Governance Statement.

Principles used to determine the nature and amount of remuneration

The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative and support the business objectives. The Company is committed to ensuring it has compensation arrangements that reflect individual performance, overall contribution to the business and developments in the external market. Remuneration packages generally involve a balance between fixed and performance based components, the latter being assessed against objectives which include both company and job specific financial and non-financial measures. These measures at the financial level are directly related to the key management's contribution to meeting or exceeding the company's income statement and balance sheet targets. At the non-financial level the measure reflects the contribution to achieving a range of key performance indicators as well as building a high performance company culture. These performance conditions have been chosen to reflect an appropriate balance between achieving financial targets and building a business and organisation that will be sustainable for the long term.

Directors' fees

The remuneration of the non-executive and independent Directors, J Gardener and J Scanlon, comprised of a fixed amount only and was not performance based. The non-executive and non-independent Directors, C Fok, S Chow, D Lai, K Russell, R Snodgrass and F Sixt, did not receive any remuneration for their services as Directors. The executive and non-independent Director, B Roberts-Thomson, did not receive any remuneration for his service as a Director.

Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

Key management personnel

In addition to the Directors listed on page 20 to 21, the following persons were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

Name	Position	Employer
N Dews	Chief Executive Officer	HTAL
T Finlayson	Chief Financial Officer	HTAL
N Hamill	Director, Sales, Marketing and Product	HTAL
M Young	Director, Technology, Infrastructure and Services	HTAL

Key management personnel pay

The key management personnel pay and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the HTAL Employee Option Plan; and
- other remuneration such as superannuation.

The combination of these comprises the key management personnel's total remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the key management personnel's discretion. Key management personnel are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for key management personnel is reviewed annually to ensure the key management personnel's pay is competitive with the market. A key management personnel's pay is also reviewed on promotion. There is no guaranteed base pay increases fixed in any key management personnel's contract.

Benefits

Motor vehicles are provided to certain key management personnel as part of their salary package.

Retirement benefits

Retirement benefits are delivered under the Retail Employees Superannuation Trust (Acumen). This fund is a defined contribution fund and is based on employer and employee contributions made to the fund.

Short-term incentives

Short-term incentive components of the remuneration package are assessed against objectives which include both company and job specific financial and non-financial measures for each key management personnel. These measures may include financial, customer service, product management, risk management and individual measures that support key company objectives.

Each key management personnel has a target short-term incentive, the level of which is set depending on the accountabilities of the role and impact on organisation or business unit performance. Each year the remuneration committee considers the appropriate targets and key performance indicators to link to the short term incentive plan and the level of payout if targets are met. This includes setting any maximum payout under the short term incentive plan and minimum levels of performance to trigger payment of the short term incentive. If achieved, at the discretion of the Board, short-term incentive bonuses are paid in cash in December each year.

Each year, the Governance, Nomination and Compensation Committee considers the appropriate target levels and financial and non-financial measures of performance to link to the short-term incentives. This includes setting any maximum amount for incentives, and minimum levels of performance to trigger payment of the incentives.

Details of remuneration

Details of the remuneration of each Director of HTAL and each of the key management personnel of the Company, including their personally-related entities, are set out in the following tables.

Directors of HTAL

2008	Short-term benefits			Post-employment benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Options $	Total $
C Fok	–	–	–	–	–	–
B Roberts-Thomson	400,000	–	5,053	13,437	–	418,490
M Bogoievski^	–	–	–	–	–	–
S Chow	–	–	–	–	–	–
J Gardener	50,000	–	–	4,500	–	54,500
D Lai	–	–	–	–	–	–
K Russell	–	–	–	–	–	–
J Scanlon	50,000	–	–	4,500	–	54,500
F Sixt	–	–	–	–	–	–
R Snodgrass*						
Total	500,000	–	5,053	22,437	–	527,490

^ Mr Bogoievski resigned as a Director on 31 January 2008.

* Mr Snodgrass was appointed as a Director on 15 February 2008.

2007	Short-term benefits			Post-employment benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Options $	Total $
C Fok	–	–	–	–	–	–
B Roberts-Thomson	400,000	–	40,897	12,908	–	453,805
M Bogoievski*	–	–	–	–	–	–
S Chow	–	–	–	–	–	–
J Gardener	50,000	–	–	4,500	–	54,500
D Lai	–	–	–	–	–	–
K Russell*	–	–	–	–	–	–
J Scanlon	50,000	–	–	4,500	–	54,500
F Sixt	–	–	–	–	–	–
Total	500,000	–	40,897	21,908	–	562,805

* Mr Bogoievski and Mr Russell were appointed as Directors on 19 October 2007.

Key management personnel and other executives of the Company

2008	Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Long service leave $	Options $	Total $
N Dews ^	819,000	500,000	80,053	13,437	20,744	124,292	1,557,526
M Young ^	756,000	283,500	75,053	13,437	34,736	40,773	1,203,499
T Finlayson ^	435,000	163,125	5,053	13,437	11,883	32,619	661,117
G Bourke ^	394,000	147,750	5,053	13,437	14,372	24,464	599,076
N Hamill ^	420,000	131,250	5,053	13,437	2,603	32,619	604,962
Total	2,824,000	1,225,625	170,265	67,185	84,338	254,767	4,626,180

2007	Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Long service leave $	Options $	Total $
N Dews ^	780,000	330,000	80,053	12,908	27,760	111,498	1,342,219
M Young ^	720,000	270,000	62,572	12,908	32,307	46,589	1,144,377
T Finlayson ^	377,500	150,000	5,053	12,908	11,800	35,024	592,285
G Bourke ^	368,000	138,000	5,053	12,908	12,427	26,969	563,357
L Sexton ^	375,000	117,118	5,053	12,908	8,173	26,969	545,221
N Hamill	200,000	83,000	5,053	9,736	15,225	30,909	343,923
Total	2,820,500	1,088,118	162,837	74,276	107,692	277,957	4,531,381

^ denotes one of the 5 highest paid executives of the Company, as required to be disclosed under *Corporations Act 2001*.

Service agreements

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer and the other key management personnel are formalised in service agreements. Each of these agreements provides for the provision of performance related cash bonuses. A target bonus is set for each key management personnel and the amount paid can be lower or higher than the target. The payment of any bonus is at the absolute discretion of the Board. The bonus is based on both company and personal performance goals. The key management personnel, when eligible, can participate in the HTAL Employee Option Plan. The Chief Executive Officer and the Director, Technology and Customer Services are provided with a non-cash benefit in the provision of a motor vehicle and all the key management personnel are provided with car parking. The service agreements for all key management personnel are for no fixed term and upon early termination, other than for gross misconduct, N Dews was entitled to 6 months base salary, M Young and N Hamill 3 month base salary and T Finlayson 1 month base salary. Remuneration is reviewed annually by the Governance, Nomination and Compensation Committee.

Share-based compensation

Options are granted to Directors and executives under the HTAL Employee Option Plan which was approved by the Board on 4 June 2007. All permanent full-time, permanent part-time and casual employees who have been selected by the Board to receive an invitation or who have been approved for participation in the plan are eligible to participate in the plan.

Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The exercise price of options is the higher of the following:

(a) the closing price of HTAL shares on the Australian Securities Exchange on the day on which the options are granted; and

(b) the average closing price of HTAL shares for the five trading days immediately preceding the day on which the options are granted.

Details of options over ordinary shares in the Company provided as remuneration to each of the key management personnel of the Company are shown above, in the key management personnel remuneration table. When exercisable, each option is convertible into one ordinary share of HTAL.

No ordinary shares were issued on the exercise of options during the year to any of the Directors or key management personnel.

Options holdings

The number of options over ordinary shares in the Company held during the financial year by each of the key management personnel of the Company, including their personally-related entities, is set out below.

Key management personnel of the Company

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
N Dews	6,700,000	300,000	–	–	7,000,000	2,233,333
T Finlayson	2,000,000	–	–	–	2,000,000	833,333
N Hamill	2,000,000	–	–	–	2,000,000	666,666
M Young	2,500,000	–	–	–	2,500,000	666,666
	13,200,000	300,000	–	–	13,500,000	4,399,998

No Directors were issued options during the year or hold options over the ordinary shares of the Company. No options are vested and unexercisable at the end of the year.

Share holdings

The number of shares in the Company held during the financial year by each Director and each of the key management personnel of the Company, including their personally-related entities, are set out below.

Directors of HTAL

Ordinary shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
C Fok	5,100,000	–	–	5,100,000*
B Roberts-Thomson	83,916,297	–		83,916,297**
M Bogoievski	–	–	–	–
S Chow	–	–	–	–
J Gardener	602,858	–	300,000	902,858
D Lai	–	–	–	–
K Russell	–	–	–	–
J Scanlon	–	–	–	–
F Sixt	1,000,000	–	–	1,000,000
R Snodgrass	–	–	–	–

* Direct holding of 100,000 shares only

** Direct holding of 2,500 shares only

Key management personnel of the Company

Ordinary shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
N Dews	210,886	–	–	210,886
T Finlayson	112,671	–	–	112,671
N Hamill	–	–	50,638	50,638
M Young	–	–	–	–

Convertible preference shares

The number of convertible preference shares in the Company held during the financial year by each Director and each of the key management personnel of the Company, including their personally-related entities, are set out below.

Directors of HTAL

Convertible preference shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
C Fok	–	–	–	–
B Roberts-Thomson	2,400	–	–	2,400
M Bogoievski	–	–	–	–
S Chow	–	–	–	–
J Gardener	150,000	–	–	150,000
D Lai	–	–	–	–
K Russell	–	–	–	–
J Scanlon	–	–	–	–
F Sixt	–	–	–	–
R Snodgrass	–	–	–	–

Key management personnel of the Company

Convertible preference shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
N Dews	23,000	–	–	23,000
T Finlayson	2,400	–	–	2,400
N Hamill	–	–	–	–
M Young	–	–	–	–

Shares under option

Unissued ordinary shares of HTAL under option issued pursuant to the HTAL Employee Option Plan at the date of this report are as follows:

Grant Date	Expiry date	Issue price of shares	Value at grant date	Number
14 June 2007	13 June 2012	$0.145	$0.14	27,400,000
14 November 2007	13 June 2012	$0.200	$0.20	300,000
4 June 2008	3 June 2013	$0.139	$0.14	300,000

Options will expire five years after issue. The options issued in 2007 are exercisable, subject to meeting performance hurdles, on the following dates:

- 1/3rd on or after 1 July 2008
- 1/3rd on or after 1 January 2009
- 1/3rd on or after 1 January 2010

The options issued in 2008 are exercisable, subject to meeting performance hurdles, on or after 1 January 2010.

No option holder has any right under the options to participate in any other share issue of HTAL or of any other entity.

Shares issued on the exercise of options

No ordinary shares of HTAL were issued during the year ended 31 December 2008 or up to the date of this report on the exercise of options granted under the HTAL Employee Option Plan.

Loans to Directors and key management personnel

There were no loans made to the Directors or to the key management personnel of the Company, including their personally related entities during the years ended 31 December 2008 and 31 December 2007.

Other transactions with Directors and key management personnel

There were no other transactions with Directors and the key management personnel for the years ended 31 December 2008 and 31 December 2007.

Non-audit services

HTAL may decide to employ the auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in note 27, Remuneration of auditors, on page 61 of this report.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

Directors' and officers' liability insurance

During the financial year, HWL paid a premium to insure the Directors and officers of Hutchison against loss or liability arising out of a claim for a wrongful act, including any costs, charges and expenses that may be incurred in defending any actions, suits, proceedings or claims.

Proceedings on behalf of HTAL

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of HTAL, or to intervene in any proceedings to which HTAL is a party, for the purpose of taking responsibility on behalf of HTAL for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of HTAL with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts to nearest thousand dollars

Hutchison is a company 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. Where noted, amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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

Fok Kin-ning, Canning
Chairman

Frank Sixt
Director

19 February 2009

PRICEWATERHOUSECOOPERS

Auditors' Independence Declaration

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

As lead auditor for the audit of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

RL Wilkie
Partner

Sydney
19 February 2009

Financial Report
for the year ended 31 December 2008

Contents

Income statements		34
Balance sheets		35
Statements of changes in equity		36
Cash flow statements		37
Notes to the financial statements		
1.	Summary of significant accounting policies	38
2.	Revenue	43
3.	Other income	43
4.	Expenses	43
5.	Income tax expense	44
6.	Current assets — Cash and cash equivalents	45
7.	Current assets — Trade and other receivables	45
8.	Current assets — Inventories	46
9.	Derivative financial instruments	47
10.	Current assets — Other	47
11.	Non-current assets — Receivables	48
12.	Non-current assets — Investment accounted for using the equity method	49
13.	Non-current assets — Other financial assets	50
14.	Non-current assets — Property, plant and equipment	50
15.	Non-current assets — Intangible assets	52
16.	Non current assets — Other	53
17.	Current liabilities — Payables	53
18.	Current liabilities — Borrowings	54
19.	Current liabilities — Other financial liabilities	54
20.	Current liabilities — Provisions	55
21.	Current liabilities — Other	55
22.	Non-current liabilities — Borrowings	55
23.	Non-current liabilities — Provisions	57
24.	Contributed equity	58
25.	Reserves and accumulated losses	59
26.	Director and key management personnel disclosures	60
27.	Remuneration of auditors	61
28.	Contingencies	61
29.	Commitments	62
30.	Related party transactions	63
31.	Subsidiaries	64
32.	Deed of Cross Guarantee	65
33.	Segment information	66
34.	Reconciliation of (loss) / profit after income tax to net cash (outflows) / inflows from operating activities	67
35.	Non-cash investing and financing activities	67
36.	Earnings per share	67
37.	Share-based payments	68
38.	Critical accounting estimates and judgements	69
39.	Events occurring after the balance sheet date	69
40.	Financial risk management	69
Directors' Declaration		72
Independent Auditor's Report		73

Income Statements

for the year ended 31 December 2008

		Consolidated		Parent Entity	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from continuing operations	2	1,623,289	1,318,692	151,882	121,850
Cost of interconnection and variable content costs		(306,376)	(260,081)	(709)	(1,193)
Other direct costs of provision of telecommunication services and goods		(492,305)	(403,679)	(6,968)	(8,635)
Cost of handsets sold		(387,465)	(338,587)	–	–
Employee benefits expense		(129,546)	(114,509)	(3,167)	(2,006)
Advertising and promotion expenses		(56,834)	(52,625)	(283)	(523)
Other operating expenses		(111,167)	(87,307)	(322)	(5,209)
Other income / (expenses)	3	3,786	4,373	(243)	287
Share of net profits of joint venture partnership accounted for using the equity method	12	6,500	1,365	–	–
Capitalisation of customer acquisition and retention costs		50,169	46,324	–	–
Depreciation and amortisation expense	4	(258,571)	(237,912)	(7,637)	(5,594)
Finance costs	4	(104,582)	(161,160)	(2,402)	(38,897)
(Loss) / profit before income tax		(163,102)	(285,106)	130,151	60,080
Income tax expense	5	–	–	–	–
(Loss) / profit for the year attributable to members of Hutchison Telecommunications (Australia) Limited	25	(163,102)	(285,106)	130,151	60,080
		Cents	**Cents**		
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:					
Basic earnings per share	36	(21.63)	(41.25)		
Diluted earnings per share	36	(21.63)	(41.25)		

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

Balance Sheets
as at 31 December 2008

		Consolidated		Parent Entity	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
ASSETS					
Current Assets					
Cash and cash equivalents	6	134,685	34,894	4,953	6,973
Trade and other receivables	7	351,542	313,858	242,632	308,573
Inventories	8	60,244	106,838	88	69
Derivative financial instruments	9	990	–	–	–
Other	10	44,146	15,788	2,362	2,523
Total Current Assets		591,607	471,378	250,035	318,138
Non-Current Assets					
Receivables	11	205,320	177,169	2,442,950	1,443,882
Investment accounted for using the equity method	12	8,535	2,035	–	–
Other financial assets	13	–	–	1,649,418	1,649,418
Property, plant and equipment	14	1,039,648	1,015,906	29	29
Intangible assets	15	912,030	989,296	33,501	41,138
Other	16	2,828	3,196	–	–
Total Non-Current Assets		2,168,361	2,187,602	4,125,898	3,134,467
Total Assets		2,759,968	2,658,980	4,375,933	3,452,605
LIABILITIES					
Current Liabilities					
Payables	17	839,781	474,776	16,186	22,388
Borrowings	18	2,103	301,782	–	199,981
Other financial liabilities	19	1,000,000	–	1,000,000	–
Provisions	20	3,390	2,453	3,330	2,396
Other	21	4,130	8,478	2,555	5,344
Total Current Liabilities		1,849,404	787,489	1,022,071	230,109
Non-Current Liabilities					
Borrowings	22	–	800,030	–	–
Provisions	23	2,091	1,691	2,091	1,691
Total Non-Current Liabilities		2,091	801,721	2,091	1,691
Total Liabilities		1,851,495	1,589,210	1,024,162	231,800
Net Assets		908,473	1,069,770	3,351,771	3,220,805
EQUITY					
Contributed equity	24	4,204,488	4,204,488	4,204,488	4,204,488
Reserves	25	71,560	69,755	15,683	14,868
Accumulated losses	25	(3,367,575)	(3,204,473)	(868,400)	(998,551)
Total Equity		908,473	1,069,770	3,351,771	3,220,805

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

Statements of Changes in Equity

for the year ended 31 December 2008

		Consolidated		Parent Entity	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance at 1 January 2008		1,069,770	(1,831,399)	3,220,805	(25,239)
Changes in the fair value of cash flow hedges, net of tax	25	990	311	–	–
Net income recognised directly in equity		990	311	–	–
(Loss) / profit for the year		(163,102)	(285,106)	130,151	60,080
Total recognised income and expense for the year		(162,112)	(284,795)	130,151	60,080
Transactions with equity holders in their capacity as equity holders:					
Contribution to equity, net of transaction costs	24	–	3,173,244	–	3,173,244
Employee share options – value of employee services	25	815	(417)	815	(417)
Share based payment – spectrum licence	25	–	13,137	–	13,137
Subtotal		815	3,185,964	815	3,185,964
Balance at 31 December 2008		908,473	1,069,770	3,351,771	3,220,805
Total recognised income and expense for the year is attributable to:					
Members of Hutchison Telecommunications (Australia) Limited		(162,112)	(284,795)	130,151	60,080

Cash Flow Statements

for the year ended 31 December 2008

		Consolidated		Parent Entity	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash Flows from Operating Activities					
Receipts from customers (inclusive of GST)		1,785,441	1,352,399	21,310	24,658
Payments to suppliers and employees (inclusive of GST)		(1,221,684)	(1,200,021)	(15,350)	(48,142)
		563,757	152,378	5,960	(23,484)
Interest received		9,089	4,182	372	19,319
Rental income		309	740	–	503
Finance costs paid		(128,533)	(198,738)	(6,957)	(55,983)
Net cash inflows / (outflows) from operating activities	34	444,622	(41,438)	(625)	(59,645)
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)	–	–
Loans to subsidiaries		–	–	(801,395)	(1,233,058)
Payments for intangible assets		(50,167)	(47,077)	–	(753)
Net cash outflows from investing activities		(243,013)	(287,810)	(801,395)	(1,233,811)
Cash Flows from Financing Activities					
Proceeds from issues of shares and other equity securities	24	–	2,842,602	–	2,842,602
Proceeds from borrowings		–	266,409	–	266,409
Proceeds from borrowings – related parties	19	1,000,000	–	1,000,000	–
Repayment of borrowings – bank loans	22	(1,100,000)	(950,000)	(200,000)	–
Repayment of borrowings – convertible notes		–	(598,810)	–	(598,810)
Repayment of borrowings – related parties	22	–	(1,020,821)	–	(1,020,821)
Repayment of borrowings – parent entity	22	–	(196,000)	–	(196,000)
Repayment of finance lease		(1,818)	(2,831)	–	–
Net cash inflows / (outflows) from financing activities		(101,818)	340,549	800,000	1,293,380
Net increase / (decrease) in cash and cash equivalents		99,791	11,301	(2,020)	(76)
Cash and cash equivalents at 1 January		34,894	23,593	6,973	7,049
Cash and cash equivalents at 31 December		134,685	34,894	4,953	6,973

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

Notes to the Financial Statements

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 and the Company, has a deficiency of net current assets of $1,258 million and $772 million. The Consolidated Entity has also experienced operating losses during the financial year ended on 31 December 2008. Included in the Consolidated Entity's and Company'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 and the Company 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"). The parent entity financial statements and notes also comply with 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 38.

(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.

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 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 entity is included in intangible assets. Goodwill on acquisitions of associates/jointly controlled entity 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. Information relating to the Option Plan is set out in note 37.

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 the 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 the 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, 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. Refer to note 24 for further information.

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 flows.

(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 July 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 to 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. Revenue

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
From continuing operations				
Services	1,467,924	1,171,954	14,945	15,888
Sale of handsets	145,478	143,456	824	842
	1,613,402	1,315,410	15,769	16,730
Other revenue				
Interest	9,578	2,542	136,113	104,617
Rental income	309	740	–	503
	9,887	3,282	136,113	105,120
	1,623,289	1,318,692	151,882	121,850

Note 3. Other income

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Net foreign exchange gains / (losses)	1,719	4,373	(243)	287
Net gain on sale of property	2,067	–	–	–
	3,786	4,373	(243)	287

Note 4. Expenses

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Loss before income tax includes the following specific expenses:				
Finance costs				
Interest and finance charges paid / payable	104,582	161,160	2,402	38,897
Depreciation				
Buildings	20	33	–	–
Fixtures, fittings and office equipment	5,323	9,215	–	–
Computer equipment	40,564	64,341	–	–
Computer equipment under finance lease	1,156	1,664	–	–
Network equipment	22,046	21,799	–	–
Network equipment – jointly controlled asset	19,620	19,895	–	–
Assets under construction	42,409	13,386	–	–
Total depreciation	131,138	130,333	–	–
Amortisation				
Spectrum licence	77,485	75,442	7,637	5,594
Capitalised development costs	596	596	–	–
Customer acquisition and retention costs	36,872	18,665	–	–
Customer acquisition costs written off	9,417	9,813	–	–
Transmission capacity	3,063	3,063	–	–
Total amortisation	127,433	107,579	7,637	5,594
Total amortisation and depreciation	258,571	237,912	7,637	5,594
Rental expense relating to operating leases				
Lease payments (included in "Other operating expenses")	35,920	37,849	6,143	10,862
Provision for (write back of) / impairment loss of				
Current assets – Trade receivables (included in "Other operating expenses")	19,134	29,906	(205)	(49)
Non-current assets – Receivables (included in "Other operating expenses")	283	1,065	–	–
	19,417	30,971	(205)	(49)

Note 5. Income tax expense

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Income tax expense				
Current tax	–	–	–	–
Deferred tax	–	–	–	–
Income tax expense	–	–	–	–
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
(Loss)/profit from operations before income tax expense	(163,102)	(285,106)	130,151	60,080
Tax at the Australian tax rate of 30% (2007: 30%)	(48,931)	(85,532)	39,045	18,024
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	183	161	2	2
Interest not deductible	37,501	27,258	–	–
Share of net profit of jointly controlled entity	(1,950)	–	–	–
Deferred tax / unrecognised tax losses	17,725	58,113	(487)	–
	4,528	–	38,560	18,026
Previously unrecognised tax losses now recouped to reduce current tax expense	11,247	–	(39,048)	(18,026)
Previously unrecognised tax losses now recouped to reduce deferred tax expense	(15,775)	–	488	–
Income tax expense	–	–	–	–
(c) Unrecognised tax losses				
Unused tax losses for which no deferred tax assets has been recognised	3,489,126	3,504,219	638,260	766,795
Potential tax benefit @ 30%	1,046,738	1,051,266	191,478	230,038

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the company complies with the conditions for deductibility imposed by tax legislation.

(d) Unrecognised deferred tax assets and liabilities

i) Deferred tax asset

There are potential temporary differences attributable to:

	Consolidated		Parent Entity	
Provisions	31,102	20,615	6,109	6,351
Business related costs	491	736	491	736
	31,593	21,351	6,600	7,087
Utilisation of tax losses	231,387	247,161	(6,600)	(7,087)
Set-off of deferred tax liability pursuant to set-off provisions	(262,980)	(268,512)	–	–
Net deferred tax (liability) / asset	–	–	–	–
ii) Deferred tax liability				
There are potential temporary differences attributable to:				
Property, plant and equipment and intangible assets	(256,288)	(263,770)	–	–
Interest in jointly controlled entity	(6,692)	(4,742)	–	–
	(262,980)	(268,512)	–	–
Utilisation of tax losses	231,387	247,161	(6,600)	(7,087)
Set-off of deferred tax asset pursuant to set-off provisions	31,593	21,351	6,600	7,087
Net deferred tax (liability) / asset	–	–	–	–

Note 6. Current assets — Cash and cash equivalents

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at bank and in hand	84,685	19,394	4,953	6,973
Short term deposits	50,000	15,500	–	–
	134,685	34,894	4,953	6,973

Restrictions on cash at bank

At 31 December 2008 cash at bank includes collateral for bank guarantees $5,287,000 (2007: $4,322,000) (note 28).

Short term deposits

At 31 December 2008 there are short term deposits $50,000,000 (2007: $15,500,000). The weighted average interest rate was 6.94% p.a. in 2008 (2007: 6.47%).

Note 7. Current assets — Trade and other receivables

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade receivables	376,595	337,624	4,307	6,822
Less: Provision for impairment of receivables	(25,817)	(24,040)	(1,896)	(1,999)
	350,778	313,584	2,411	4,823
Other receivables	764	274	223,903	87,141
Receivable from subsidiaries (note 30)	–	–	16,318	216,609
	351,542	313,858	242,632	308,573

Receivable from subsidiaries

Further information relating to receivable from subsidiaries is set out in note 30.

(a) Aging of impaired trade receivables and trade receivables which are past due but not impaired

As at 31 December 2008 current trade receivables of the Consolidated Entity and Parent Entity with a nominal value of $25,817,000 (2007: $24,040,000) and $1,896,000 (2007: $1,999,000) respectively were impaired. The amount of the provision for the Consolidated Entity and Parent Entity was $25,817,000 (2007: $24,040,000) and $1,896,000 (2007: $1,999,000) respectively. The individually impaired receivables mainly relate to retail customers which are provided for based on historical impairment averages.

The ageing of these receivables is as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
1–3 months	17,073	15,689	76	136
Over 3 months	8,744	8,351	1,820	1,863
	25,817	24,040	1,896	1,999

As of 31 December 2008, current trade receivables of the Consolidated Entity and Parent Entity of $41,682,000 (2007: $41,594,000) and $39,000 (2007: $73,000) respectively were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of payment default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
1–3 months	30,890	25,351	39	73
Over 3 months	10,792	16,243	–	–
	41,682	41,594	39	73

Note 7. Current assets — Trade and other receivables continued

(b) Movements in the provision for impairment of current trade receivables were as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At 1 January	24,040	20,753	1,999	1,586
Provision for impairment / (write back) recognised during the year	19,134	30,971	(205)	(49)
Receivables written off during the year as uncollectible	(17,357)	(27,684)	102	462
	25,817	24,040	1,896	1,999

The creation and release of the provision for impaired receivables has been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Credit risk

The Consolidated Entity has no significant concentrations of credit risk. The Consolidated Entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

(d) Foreign exchange and interest rate risk

Refer to note 11 for an analysis of the Consolidated Entity's and Parent Entity's current receivables denominated in various currencies.

Refer to note 40 for an analysis of the Consolidated Entity's exposure to foreign currency risk in relation to trade and other receivables.

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in note 40.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying values are recognised initially at fair value and subsequently measured at amortised cost. This approximates to the fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Consolidated Entity does not generally hold any collateral as security. Refer to note 40 for more information on the risk management policy of the Consolidated Entity.

Note 8. Current assets — Inventories

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Finished goods	60,244	106,838	88	69

Inventory expense

Inventories recognised as expense under 'cost of handsets sold' in the income statement during the year ended 31 December 2008 amounted to $387,785,000 (2007: $338,916,000). There was $320,000 (2007: $329,000) related to write-down or provision for write-down of inventory. The expense has been included in 'other direct costs of provision of telecommunication services and goods' in the income statement.

Note 9. Derivative financial instruments

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Forward foreign exchange contracts – cash flow hedges (note (a))	990	–	–	–

(a) Forward foreign exchange contracts – cash flow hedges

The balance represents the unrealised gains on forward foreign exchange contracts to sell Australian Dollars to buy US Dollars at 31 December 2008.

During the year, the Consolidated Entity paid Hutchison 3 Global Services Pvt. Ltd, which is a call centre in India owned by HWL, invoices denominated in US dollars. In order to protect against exchange rate movements, the Consolidated Entity entered into forward exchange contracts to purchase US dollars.

These contracts are hedging highly probable forecasted purchases for the ensuing financial year. The contracts are timed to mature to coincide with the payment for the service provided by the call centre in India.

The cash flows are expected to occur at various dates within six months from the balance sheet date. At balance sheet date, the details of outstanding contracts are:

	Notional principal amount Sell Australian dollars		Average exchange rate	
Buy USD	2008 $'000	2007 $'000	2008	2007
Maturity : 0– 6 months	13,644	–	0.773	–

Amounts disclosed above represent currency sold, measured at the contracted rate.

The portion of the gain or loss on the hedging instruments that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Consolidated Entity adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

During the year ended 31 December 2008 a gain of $1,400,000 (2007: a loss of $158,000) was transferred to other income in the income statement.

(b) Credit risk exposures

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on forward foreign exchange contract with unrealised gains. The maximum exposure to credit risk at the reporting date is the carrying amount of these forward foreign exchange contracts in the consolidated balance sheet.

Note 10. Current assets – Other

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Prepayments	43,981	15,721	2,199	2,459
Other	165	67	163	64
	44,146	15,788	2,362	2,523

Note 11. Non-current assets – Receivables

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade receivables	35,609	32,202	–	–
Less: Provision for impairment of receivables	(3,503)	(3,220)	–	–
	32,106	28,982	–	–
Other receivables	173,214	148,187	–	–
Receivable from subsidiaries (note 30)	–	–	2,442,950	1,443,882
	205,320	177,169	2,442,950	1,443,882

Other receivables
Included in other receivables is a loan to a jointly controlled entity. For further information refer to note 30.

Receivable from subsidiaries
Weighted average interest on the receivable from subsidiaries is charged at a rate of Bank Bills Swap Yield (BBSY) plus 2.21% p.a.

Further information relating to receivable from subsidiaries is set out in note 30.

(a) Movements in the provision for impairment of non-current trade receivables
As at 31 December 2008 non-current trade receivables of the Consolidated Entity with a nominal value of $3,503,000 (2007: $3,220,000) were impaired. The amount of the provision was $3,503,000 (2007: $3,220,000).

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At 1 January	3,220	2,155	–	–
Provision for impairment recognised during the year	283	1,065	–	–
	3,503	3,220	–	–

The creation and release of the provision for impaired receivables has been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within non-current receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Fair values
The carrying values of non-current receivables at amortised cost approximated to fair value, based on cash flows discounted using 7% (2007: 7%).

(c) Foreign currency and interest rate risk
The carrying amounts of the Consolidated Entity's and Parent Entity's current and non-current receivables are denominated in the following currencies:

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Australian dollars	532,561	474,074	2,685,552	1,752,417
British pounds	7	7	–	–
US dollars	24,294	16,946	30	38
	556,862	491,027	2,685,582	1,752,455
Current receivables	351,542	313,858	242,632	308,573
Non-current receivables	205,320	177,169	2,442,950	1,443,882
	556,862	491,027	2,685,582	1,752,455

For an analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk refer to note 40.

(d) Credit risk
The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Consolidated Entity does not hold any collateral as security. Refer to note 40 for more information on the risk management policy of the Consolidated Entity.

Note 12. Non-current assets — Investment accounted for using the equity method

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest in a jointly controlled entity	8,535	2,035	–	–

Shares in jointly controlled entity

Under the joint venture agreement described below each party has contributed $1 to the share capital of the entity.

(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.

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

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
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 above, the ownership of the 50% of the existing 3G radio access network infrastructure remains with a controlled entity, Hutchison 3G Australia Pty Limited. On this basis the network assets are proportionally consolidated in accordance with the accounting policy described in note 1 (g)(ii) under the following classifications:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current assets				
Plant and equipment — at net book value (note 14)	356,249	356,249	–	–
Less: Accumulated depreciation	(79,668)	(60,048)	–	–
	276,581	296,201	–	–
Capital commitments	–	–	–	–

Note 13. Non-current assets — Other financial assets

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Non-traded investments				
Shares in subsidiaries (note 31)	–	–	1,649,418	1,649,418

Note 14. Non-current assets — Property, plant and equipment

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Land and buildings				
At cost	30	1,610	29	29
Less: accumulated depreciation	–	(275)	–	–
Total land and buildings	30	1,335	29	29
Fixtures, fittings and office equipment				
At cost	116,358	113,757	68,628	68,628
Less: accumulated depreciation	(108,955)	(103,632)	(68,628)	(68,628)
Total fixtures, fittings and office equipment	7,403	10,125	–	–
Computer equipment				
At cost	467,173	449,896	74,923	74,923
Less: accumulated depreciation	(374,396)	(333,833)	(74,923)	(74,923)
Total computer equipment	92,777	116,063	–	–
Computer equipment under finance lease	16,742	16,742	–	–
Less: accumulated amortisation	(10,146)	(8,990)	–	–
Total computer equipment under finance lease	6,596	7,752	–	–
Total computer equipment	99,373	123,815	–	–
Network equipment				
At cost	701,617	679,394	230,128	230,128
Less: accumulated depreciation	(340,754)	(317,286)	(230,128)	(230,128)
Total network equipment	360,863	362,108	–	–
Network equipment — jointly controlled asset				
At net book value	356,249	356,249	–	–
Less: accumulated depreciation	(79,668)	(60,048)	–	–
Total network equipment — jointly controlled asset (note 12)	276,581	296,201	–	–
Assets under construction				
Work in progress	384,446	267,048	2,434	2,434
Less: accumulated depreciation	(89,048)	(44,726)	(2,434)	(2,434)
Total work in progress	295,398	222,322	–	–
Total property, plant and equipment	1,039,648	1,015,906	29	29
Reconciliation of land and buildings				
Carrying amount at beginning of year	1,335	1,368	29	29
Additions	–	–	–	–
Disposals	(1,285)	–	–	–
Depreciation (note 4)	(20)	(33)	–	–
Carrying amount at end of year	30	1,335	29	29

Note 14. Non-current assets — Property, plant and equipment continued

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Reconciliation of fixtures, fittings and office equipment				
Carrying amount at beginning of year	10,125	14,210	–	–
Additions	2,601	5,130	–	–
Disposals	–	–	–	–
Depreciation (note 4)	(5,323)	(9,215)	–	–
Carrying amount at end of year	7,403	10,125	–	–
Reconciliation of computer equipment				
Carrying amount at beginning of year	116,063	139,028	–	–
Additions	17,278	41,376	–	–
Disposals	–	–	–	–
Depreciation (note 4)	(40,564)	(64,341)	–	–
Carrying amount at end of year	92,777	116,063	–	–
Reconciliation of computer equipment under finance lease				
Carrying amount at beginning of year	7,752	6,268	–	–
Additions	–	3,148	–	–
Disposals	–	–	–	–
Depreciation (note 4)	(1,156)	(1,664)	–	–
Carrying amount at end of year	6,596	7,752	–	–
Reconciliation of network equipment				
Carrying amount at beginning of year	362,108	289,829	–	–
Additions	20,801	94,078	–	–
Disposals	–	–	–	–
Depreciation (note 4)	(22,046)	(21,799)	–	–
Carrying amount at end of year	360,863	362,108	–	–
Reconciliation of network equipment — jointly controlled asset				
Carrying amount at beginning of year	296,201	315,852	–	–
Additions	–	244	–	–
Disposals	–	–	–	–
Depreciation (note 4)	(19,620)	(19,895)	–	–
Carrying amount at end of year	276,581	296,201	–	–
Reconciliation of assets under construction				
Carrying amount at beginning of year	222,322	179,559	–	–
Additions	156,164	200,125	–	–
Transfers out	(40,679)	(143,976)	–	–
Depreciation (note 4)	(42,409)	(13,386)	–	–
Carrying amount at end of year	295,398	222,322	–	–

Note 15. Non-current assets – Intangible assets

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Spectrum licences at cost	953,067	953,067	57,534	57,534
Less: accumulated amortisation	(443,272)	(365,787)	(24,033)	(16,396)
	509,795	587,280	33,501	41,138
Capitalised development costs	66,052	66,052	61,843	61,843
Less: accumulated amortisation	(61,097)	(60,501)	(61,843)	(61,843)
	4,955	5,551	–	–
Customer acquisition and retention costs	159,023	118,273	49,793	49,793
Less: accumulated amortisation	(118,926)	(82,054)	(49,793)	(49,793)
	40,097	36,219	–	–
Transmission capacity at cost	38,794	38,794	–	–
Less: accumulated amortisation	(12,252)	(9,189)	–	–
	26,542	29,605	–	–
Goodwill	330,641	330,641	–	–
Less: Provision for impairment	–	–	–	–
	330,641	330,641	–	–
	912,030	989,296	33,501	41,138
Reconciliation of spectrum licences				
Carrying amount at beginning of year	587,280	648,832	41,138	32,842
Additions	–	13,890	–	13,890
Disposals	–	–	–	–
Amortisation (note 4)	(77,485)	(75,442)	(7,637)	(5,594)
Carrying amount at end of year	509,795	587,280	33,501	41,138
Reconciliation of capitalised development costs				
Carrying amount at beginning of year	5,551	6,147	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Amortisation (note 4)	(596)	(596)	–	–
Carrying amount at end of year	4,955	5,551	–	–
Reconciliation of customer acquisition and retention costs				
Carrying amount at beginning of year	36,219	18,373	–	–
Additions	50,167	46,324	–	–
Write off	(9,417)	(9,813)	–	–
Amortisation (note 4)	(36,872)	(18,665)	–	–
Carrying amount at end of year	40,097	36,219	–	–

Note 15. Non-current assets – Intangible assets continued

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Reconciliation of transmission capacity				
Carrying amount at beginning of year	29,605	32,668	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Amortisation (note 4)	(3,063)	(3,063)	–	–
Carrying amount at end of year	26,542	29,605	–	–
Reconciliation of goodwill				
Carrying amount at beginning of year	330,641	–	–	–
Additions	–	330,641	–	–
Disposals	–	–	–	–
Carrying amount at end of year	330,641	330,641	–	–

Goodwill
The goodwill arises from HTAL's acquisition of a further 19.94% interest in H3GAH on 10 October 2007. Refer to note 24 (b)(ii) for further details.

Note 16. Non-current assets – Other

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Prepayments	2,828	3,196	–	–

Note 17. Current liabilities – Payables

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade creditors	196,996	182,458	1,713	2,368
Other creditors	89,833	113,584	14,473	20,020
Payables to related entity (note 30)	552,952	178,734	–	–
	839,781	474,776	16,186	22,388

Payables to related entity
Further information relating to payables to related entity is set out in note 30.

(a) Foreign currency and interest rate risk
The carrying amounts of the Consolidated Entity's and Parent Entity's trade and other payables are predominantly denominated in Australian Dollars:

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Australian Dollars	835,546	465,556	16,186	22,121
Euro	2,088	705	–	267
British Pounds	6	–	–	–
Hong Kong Dollars	–	3	–	–
US Dollars	2,141	8,512	–	–
	839,781	474,776	16,186	22,388

Refer to note 40 for an analysis of the Consolidated Entity's exposure to foreign currency risk in relation to trade payables.

A summarised analysis of the sensitivity of trade payables to foreign exchange and interest rate risk can be found in note 40.

Note 18. Current liabilities – Borrowings

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Secured				
Obligations under finance leases	2,103	1,818	–	–
Unsecured				
Bank loans at amortised cost	–	299,964	–	199,981
	2,103	301,782	–	199,981

(a) Obligations under finance leases

Obligations under finance leases are secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default (refer note 22).

(b) Bank loans

$300,000,000 of bank loans were fully repaid during the year.

(c) Risk exposures

Details of the Consolidated Entity's exposure to interest rate changes and the contractual repricing dates in respect of the current and non-current borrowings are set out in note 22.

(d) Interest rate risk exposures

Details of the Consolidated Entity's exposure to interest rate changes on borrowings are set out in note 40.

(e) Fair value disclosures

Details of the fair value of borrowings of the Consolidated Entity are set out in note 40.

Note 19. Current liabilities – Other financial liabilities

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Loan from a related entity (note 30)	1,000,000	–	1,000,000	–

Loan from a related entity

Further information relating to loan from a related entity is set out in note 30.

The loan from a related entity is an interest free financing facility and is repayable on demand.

a) Financing arrangements

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Unrestricted access was available at balance date to the following lines of credit:				
Other financial liabilities				
Total facilities	1,100,000	–	1,100,000	–
Used at balance date	(1,000,000)	–	(1,000,000)	–
Unused at balance date	100,000	–	100,000	–

Note 20. Current liabilities — Provisions

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Employee benefits	3,390	2,453	3,330	2,396

Hutchison Telecommunication (Australia) Limited employs all staff and charges Hutchison 3G Australia Pty Limited all associated employment costs that Hutchison 3G Australia Pty Limited incurs at cost.

(a) Movement in provisions

Movements in provision for employee benefits are as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At 1 January	2,453	1,072	2,396	1,072
Amounts utilised during the year	937	1,381	934	1,324
	3,390	2,453	3,330	2,396

Note 21. Current liabilities — Other

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Unearned income	4,130	8,478	201	371
Loans from subsidiaries (note 30)	–	–	2,354	4,973
	4,130	8,478	2,555	5,344

Loans from subsidiaries and related entity

No interest is charged on the loans from subsidiaries and related entities. For further information refer to note 30.

Note 22. Non-current liabilities — Borrowings

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Secured				
Obligations under finance leases	–	2,103	–	–
Unsecured				
Bank loans at amortised cost	–	797,927	–	–
	–	800,030	–	–

(a) Obligations under finance leases

Obligations under finance leases are secured against the underlying assets which revert to the lessor in case of default. The carrying value of the assets pledged as security is $6,596,000 (2007: $7,752,000) (note 14) representing leased computer equipment.

(b) Bank loans

$800,000,000 of the bank loans have been fully repaid during the year.

Note 22. Non-current liabilities — Borrowings continued

(c) Fair value

The carrying amounts and fair values of non-current borrowings of the Consolidated Entity at balance date are:

	2008		2007	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Secured				
Obligations under finance leases	–	–	2,103	2,103
Unsecured				
Bank loans	–	–	797,927	797,927
	–	–	800,030	800,030

(i) On-balance sheet

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not material. The fair value of non-current borrowings equals their carrying amount because a floating interest rate applies to these loans.

(ii) Contingent liabilities

The Parent Entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 28. As explained in the note, no material losses are anticipated in respect of any of those contingencies.

(d) Risk exposures

The exposure of the Consolidated Entity's and Parent Entity's borrowings to interest rate changes and the contractual repricing dates at the balance dates are as follows:

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
6 months or less	–	199,981	–	199,981
6 – 12 months	–	99,983	–	–
1 – 5 years	–	797,927	–	–
Over 5 years	–	–	–	–
	–	1,097,891	–	199,981
Current borrowings	–	299,964	–	199,981
Non-current borrowings	–	797,927	–	–
	–	1,097,891	–	199,981

The carrying amounts of the Consolidated Entity's borrowings are denominated in the following currencies:

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Australian dollar	–	1,097,891	–	199,981

For an analysis of the sensitivity of borrowings to interest rate risk and foreign exchange risk refer to note 40.

Note 22. Non-current liabilities — Borrowings continued

(e) Financing arrangements

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Unrestricted access was available at balance date to the following lines of credit:				
Bank loan facilities				
Total facilities	–	1,100,000	–	200,000
Used at balance date	–	(1,100,000)	–	(200,000)
Unused at balance date	–	–	–	–

(f) Risk exposures

The following table sets out the Consolidated Entity's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

In 2007 exposures arise predominantly from liabilities bearing variable interest rates as the Consolidated Entity held fixed rate liabilities to maturity. In 2008 exposures arise from lease liabilities as all the bank loans were fully repaid during the year.

2008		Fixed interest rate						
	Floating interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
Bank loans (notes 18 and 22)	–	–	–	–	–	–	–	–
Obligations under finance leases (notes 18 and 22)	–	2,103	–	–	–	–	–	2,103
	–	2,103	–	–	–	–	–	2,103
Weighted average interest rate	–	6.99%	–	–	–	–	–	6.99%

2007		Fixed interest rate						
	Floating interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
Bank loans (notes 18 and 22)	1,097,891	–	–	–	–	–	–	1,097,891
Obligations under finance leases (notes 18 and 22)	–	1,818	2,103	–	–	–	–	3,921
	1,097,891	1,818	2,103	–	–	–	–	1,101,812
Weighted average interest rate	9.10%	6.99%	6.99%	–	–	–	–	7.70%

Note 23. Non-Current Liabilities — Provisions

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Employee benefits	2,091	1,691	2,091	1,691

Hutchison Telecommunication (Australia) Limited employs all staff and charges Hutchison 3G Australia Pty Limited all associated employment costs that Hutchison 3G Australia Pty Limited incurs at cost.

Note 24. Contributed equity

(a) Share capital

	2008 Shares	2007 Shares	2008 $'000	2007 $'000
Ordinary shares (fully paid)	754,028,255	754,028,255	1,045,194	1,045,194

Share capital

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Convertible Preference Shares ("CPS")

	2008 Shares	2007 Shares	2008 $'000	2007 $'000
Convertible preference shares	15,080,565,089	15,080,565,089	3,159,294	3,159,294
Total contributed equity	15,834,593,344	15,834,593,344	4,204,488	4,204,488

(i) On 8 June 2007, Hutchison Telecommunications (Australia) Limited (HTAL) raised A$2.85 billion by way of a pro-rata rights issue of CPS to existing shareholders.

The CPS:

(a) were issued at 21 cents;

(b) have no voting rights except in limited circumstances;

(c) are convertible (at the option of the holder) into 0.85 ordinary shares for each CPS either:

   (i) after expiry of the two year non-conversion period during a conversion window of 10 business days commencing on the first day of each calendar quarter; or

   (ii) upon a takeover offer being made for HTAL; or

   (iii) upon a change of control of HTAL; or

   (iv) following an announcement by HTAL of a major disposal of its assets may be converted by HTAL into 0.85 ordinary shares in certain circumstances

(d) will convert into 0.85 ordinary shares for each CPS five years after their date of issue;

(e) rank ahead of ordinary shares in the event of a winding up, but are subordinated to secured debt; and

(f) are entitled to a non-cumulative preferential dividend equal to 5% per annum of the issue price, subject to the directors determining in their discretion; that a dividend is payable under rule 5.1 of the Constitution of HTAL.

(ii) On 19 October 2007, TCNZ 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. TCNZ has elected not to exercise its option in HTAL under the Sale and Subscription Agreement executed on 10 October 2007.

(c) Movement in ordinary shares:

Date	Detail	Number of shares	Issue price	$'000
01 January 2007	Opening balance	678,625,429		1,031,244
19 October 2007	Ordinary share issue (note(ii))	75,402,826	0.185	13,950
31 December 2007	Closing balance	754,028,255		1,045,194
01 January 2008	Opening balance	754,028,255		1,045,194
31 December 2008	Closing balance	754,028,255		1,045,194

(d) Movement in convertible preference shares:

Date	Detail	Number of shares	Issue price	$'000
01 January 2007	Opening balance	–		–
08 June 2007	Convertible preference share issue (note(i))	13,572,508,580	0.21	2,850,227
19 October 2007	Convertible preference share issue (note(ii))	1,508,056,509	0.21	316,692
		15,080,565,089		3,166,919
	Less: transaction costs arising on share issue			(7,625)
31 December 2007	Closing balance	15,080,565,089		3,159,294
01 January 2008	Opening balance	15,080,565,089		3,159,294
31 December 2008	Closing balance	15,080,565,089		3,159,294

Note 24. Contributed equity continued

(e) Options

Information relating to the HTAL Employee Option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 37.

(f) Capital risk management

The Consolidated Entity's and the Parent Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Consolidated Entity and the Parent Entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

The gearing ratios at 31 December 2008 and 31 December 2007 were as follows:

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total payables, borrowings and other financial liabilities	1,841,884	1,576,588	1,016,186	222,369
Less: cash and cash equivalents (note 6)	(134,685)	(34,894)	(4,953)	(6,973)
Net debt	1,707,199	1,541,694	1,011,233	215,396
Total equity	908,473	1,069,770	3,351,771	3,220,805
Total capital	2,615,672	2,611,464	4,363,004	3,436,201
Gearing ratio	65%	59%	23%	6%

The increase in the gearing ratio during 2008 resulted primarily from the increase in loans from related entity during the year.

Note 25. Reserves and accumulated losses

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Reserves				
Capital reserve	54,887	54,887	–	–
Hedging reserve – cash flow hedges	990	–	–	–
Share-based payments reserve	15,683	14,868	15,683	14,868
	71,560	69,755	15,683	14,868
Movements:				
Capital reserve				
There has been no movement in the capital reserve during the year.				
Hedging reserve – cash flow hedges				
Balance at 1 January	–	(311)	–	–
Hedging movements	990	311	–	–
Balance at 31 December	990	–	–	–
Share-based payments reserve				
Balance at 1 January	14,868	2,148	14,868	2,148
Option expense	815	(417)	815	(417)
Spectrum licence	–	13,137	–	13,137
Balance at 31 December	15,683	14,868	15,683	14,868

Note 25. Reserves and accumulated losses continued

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
(b) Accumulated losses				
Accumulated losses at 1 January	(3,204,473)	(2,919,367)	(998,551)	(1,058,631)
Net loss attributable to the members of Hutchison Telecommunications (Australia) Limited	(163,102)	(285,106)	130,151	60,080
Accumulated losses at 31 December	(3,367,575)	(3,204,473)	(868,400)	(998,551)

(c) Nature and purpose of reserves

Capital reserve

The capital reserve relates to the surplus arising on initial consolidation of 19.9% stake in Hutchison 3G Australia Holdings Pty Limited. It is not distributable until realised.

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(l)(ii). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share-based payments reserve

The share-based payments reserve is used to recognise:

(a) the grant date fair value of options issued to employees but not exercised; and

(b) the fair value of the 850 MHz spectrum licence assigned from TCNZ. The fair value was determined by reference to the fair value of the option granted to TCNZ. Refer to note 24 (b)(ii) for further details on the option.

Note 26. Director and key management personnel disclosures

(a) Key management personnel compensation

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Short term employee benefits	3,673,087	3,063,231	–	–
Post employment benefits	53,748	48,460	–	–
Long term benefits	69,966	87,092	–	–
Share based payments	230,303	224,019	–	–
	4,027,104	3,422,802	–	–

Detailed remuneration disclosures are provided on pages 27 to 31 of the Remuneration report in the Directors' Report.

(b) Loans to key management personnel

There were no loans made to Directors or key management personnel of the Company, including their personally related entities during the years ended 31 December 2008 and 31 December 2007.

(c) Other transactions with key management personnel

There were no other transactions with the Directors or key management personnel of the Company for the years ended 31 December 2008 and 31 December 2007.

Note 27. Remuneration of auditors

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
During the year fees paid to the auditor of the Parent Entity, its related practices and non-related audit firms for the following services:				
Assurance services				
1. Audit services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the Corporations Act 2001	381	341	151	111
2. Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm:				
IT audit	110	110	–	–
Accounting services	9	65	9	65
Other assurance services	12	11	12	11
Total remuneration for assurance services	512	527	172	187
Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of company tax returns	159	262	67	127
Tax Advice on Recapitalisation	108	152	67	152
	267	414	134	279

It is the Consolidated Entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice and due diligence reporting on acquisitions. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects.

Note 28. Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2008 are as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Guarantees				
Secured guarantees in respect of leases and loans of controlled entities	5,287	4,322	3,350	3,350
Unsecured guarantees in respect of leases of controlled entities	32,053	29,699	32,053	29,699
	37,340	34,021	35,403	33,049

The secured guarantees in respect of leases and loans of controlled entities are secured by cash collateral over the term of the leases.

No material losses are anticipated in respect of any of the above contingent liabilities.

The Directors are not aware of any other material contingent liabilities existing at the reporting date.

Note 29. Commitments

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Capital Commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than 1 year	49,929	53,010	–	–
Later than 1 year but not later than 5 years	22,925	32,355	–	–
Later than 5 years	–	–	–	–
	72,854	85,365	–	–
The above commitments include capital expenditure commitments relating to the 3GIS joint venture operation (note 12 (b))	–	–	–	–
Lease Commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Operating leases				
Not later than 1 year	28,072	23,220	965	2,950
Later than 1 year but not later than 5 years	69,818	37,158	218	774
Later than 5 years	9,997	11,420	–	–
	107,887	71,798	1,183	3,724
Representing:				
Non-cancellable operating leases	107,887	71,798	1,183	3,724

The Consolidated Entity leases various sites, offices, retail shops and warehouses under non-cancellable operating leases expiring within one to eighteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Finance leases

Commitments in relation to finance leases are payable as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Not later than 1 year	2,156	2,042	–	–
Later than 1 year but not later than 5 years	–	2,156	–	–
Minimum lease payments	2,156	4,198	–	–
Less: Future finance charges	(53)	(277)	–	–
Recognised as a liability	2,103	3,921	–	–
Representing lease liabilities:				
Current (note 18)	2,103	1,818	–	–
Non-current (note 22)	–	2,103	–	–
	2,103	3,921	–	–

The weighted average interest rate implicit in the leases is 6.99% (2007: 6.99%).

The Consolidated Entity leases various computer equipment with a carrying value of $6,596,000 (2007: $7,752,000) (note 14) under finance leases which expire within one to four years. Under the terms of the leases, the Consolidated Entity has the option to acquire the leased assets for an agreed amount or an agreed fair value as detailed in the lease agreement.

Note 30. Related party transactions

(a) Parent entities

The holding company and Australian parent entity is Hutchison Communications (Australia) Pty Limited which at 31 December 2008 owns 52% (2007: 52%) of the issued ordinary shares of Hutchison Telecommunications (Australia) Limited. Hutchison Communications (Australia) Pty Limited currently holds 13,568,383,554 (90%) of the convertible preference shares (CPS) issued on 8 June 2007 which will convert into 0.85 ordinary shares for each CPS five years after their date of issue. Refer to note 24 for further details. The ultimate parent entity is Hutchison Whampoa Limited (incorporated in Hong Kong) which at 31 December 2008 beneficially owns 100% (2007: 100%) of the issued shares of Hutchison Communications (Australia) Pty Limited.

(b) Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows: FOK Kin-ning, Canning; Barry ROBERTS-THOMSON; CHOW Woo Mo Fong, Susan; Marko BOGOIEVSKI; Justin H. GARDENER; LAI Kai Ming, Dominic; Kevin Steven RUSSELL; John Michael SCANLON; Frank John SIXT and Roderick James SNODGRASS. Mr Roderick James SNODGRASS was appointed as a Director on 15 February 2008 and continues in office at the date of this report. Mr Marko BOGOIEVSKI resigned as a Director on 31 January 2008.

(c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in the Directors' Report.

(d) Transactions with related parties

During the year, the following transactions occurred with related parties:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Sales of goods and services				
Sale of interconnection services to subsidiary	–	–	53	196
Sale of telecommunications related goods and services to joint venture	5,296	4,480	–	–
Recharge of staff costs	–	–	137,362	123,155
Purchases of goods				
Purchase of interconnection services from subsidiary	–	–	–	258
Purchase of goods and services from commonly controlled entities	142,968	386,376	–	–
Purchase of telecommunications related goods and services from joint venture	58,646	50,950	–	–
Loans to related parties				
Loans advanced to:				
Subsidiaries	–	–	1,000,000	1,235,035
Loans advanced from:				
Related entity	1,552,952	178,734	1,000,000	1,977
Subsidiaries	–	–	201,222	–
Loans repayments to:				
Parent entity	–	196,000	–	196,000
Related entity	–	754,412	2,619	754,412
Interest revenue				
Subsidiaries	–	–	135,748	103,780
Interest expense				
Ultimate parent entity	19,715	27,940	568	3,726
Ultimate Australian parent entity	–	20,657	–	20,657
Related entity	–	–	–	–
Other transactions				
Advances to jointly controlled entity	26,739	55,768	–	–

Advances to jointly controlled entity's represents funds advanced under the terms of the agreement with the jointly controlled entity. The funds advanced under the agreement are interest free and to be offset by charges from the jointly controlled entity.

On 19 October 2007, Hutchison Telecommunications (Australia) Limited issued 75,402,826 ordinary shares and 1,508,056,509 convertible preference shares to Hutchison Communications (Australia) Pty Limited (HCAPL). Refer to note 24 for further details.

Note 30. Related party transactions continued

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current receivables				
Subsidiaries (note 7)	–	–	16,318	216,609
Non current receivables				
Subsidiaries (note 11)	–	–	2,442,950	1,443,882
Jointly controlled entity (note 11)	166,999	140,260	–	–
Payables				
Related entity (note 17)	552,952	178,734	–	–
Current liabilities – Other financial liabilities				
Related entity (note 19)	1,000,000	–	1,000,000	–
Current borrowings				
Subsidiaries (note 21)	–	–	2,354	4,973

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Equity Holding *	
Name of Entity	Country of Incorporation	Class of Shares	2008 %	2007 %
Bell Organisation Pty Limited	Australia	Ordinary	100	100
Bell Paging Pty Limited	Australia	Ordinary	100	100
Bell Communications Pty Limited	Australia	Ordinary	100	100
Lindian Pty Limited	Australia	Ordinary	100	100
Erlington Pty Limited	Australia	Ordinary	100	100
Hutchison Telephone Pty Limited	Australia	Ordinary	100	100
HTAL Facilities Pty Limited	Australia	Ordinary	100	100
Hutchison 3G Australia Holdings Pty Limited **	Australia	Ordinary	100	100
Hutchison 3G Australia Pty Limited **	Australia	Ordinary	100	100
H3GA Facilities Pty Limited	Australia	Ordinary	100	100
H3GA Properties (No. 3) Pty Limited	Australia	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

** This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with Class Order (98/1418) issued by the Australian Securities and Investments Commission.

Note 32. Deed of Cross Guarantee

Hutchison Telecommunications (Australia) Limited, Hutchison 3G Australia Holdings Pty Limited and Hutchison 3G Australia Pty Limited are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The Deed was entered into during the year ended 31 December 2007.

(a) Consolidated income statement and a summary of movements in consolidated retained losses

Hutchison 3G Australia Holdings Pty Limited and Hutchison 3G Australia Pty Limited represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Hutchison Telecommunications (Australia) Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained losses for the year ended 31 December 2008 of the Closed Group.

	2008 $'000	2007 $'000
Income statement		
Revenue from continuing operations	1,607,212	1,335,687
Cost of interconnection and variable content costs	(305,723)	(259,343)
Other direct costs of provision of telecommunication services and goods	(485,845)	(395,653)
Cost of handsets sold	(386,957)	(337,977)
Employee benefits expense	(126,379)	(112,503)
Advertising and promotion expenses	(56,551)	(52,101)
Other operating expenses	(105,816)	(82,100)
Other income	1,961	4,087
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	46,323
Depreciation and amortisation expense	(249,369)	(230,739)
Finance costs	(250,689)	(247,812)
Loss before income tax	(301,487)	(330,766)
Income tax expense	–	–
Loss for the year	(301,487)	(330,766)
Summary of movements in consolidated retained losses		
Retained losses at the beginning of the financial year	(2,536,048)	(2,205,282)
Loss for the year	(301,487)	(330,766)
Retained losses at the end of the financial year	(2,837,535)	(2,536,048)

Note 32. Deed of Cross Guarantee continued

(b) Balance sheet

Set out below is a consolidated balance sheet as at 31 December 2008 of the Closed Group consisting of Hutchison 3G Australia Holdings Pty Limited and Hutchison 3G Australia Pty Limited.

	2008 $'000	2007 $'000
Current Assets		
Cash and cash equivalents	129,731	27,922
Trade and other receivables	349,097	308,979
Inventories	60,156	106,768
Derivative financial instruments	990	–
Other	41,864	13,344
Total Current Assets	581,838	457,013
Non-Current Assets		
Receivables	205,320	177,169
Investment accounted for using the equity method	8,535	2,035
Property, plant and equipment	1,041,994	1,015,750
Intangible assets	545,691	614,970
Other	2,828	3,196
Total Non-Current Assets	1,804,368	1,813,120
Total Assets	2,386,206	2,270,133
Current Liabilities		
Payables	1,045,184	2,167,380
Borrowings	2,103	101,803
Other	20,317	24,774
Total Current Liabilities	1,067,604	2,293,957
Non-Current Liabilities		
Borrowings	1,442,951	800,028
Other	1,000,000	–
Total Non-Current Liabilities	2,442,951	800,028
Total Liabilities	3,510,555	3,093,985
Net Assets	(1,124,349)	(823,852)
EQUITY		
Contributed equity	1,712,196	1,712,196
Reserves	990	–
Accumulated losses	(2,837,535)	(2,536,048)
Total Equity	(1,124,349)	(823,852)

Note 33. Segment Information

Business Segment

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.

Note 34. Reconciliation of (loss) / profit after income tax to net cash (outflows) / inflows from operating activities

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(Loss) / profit after income tax	(163,102)	(285,106)	130,151	60,080
Amortisation	81,144	79,101	7,637	5,594
Depreciation	131,138	130,333	–	–
Amortisation – subscriber acquisition and retention costs	36,872	18,665	–	–
Customer acquisition costs written off	9,417	9,813	–	–
Non-cash employee benefits expense – share-based payments	815	(417)	815	(417)
Fair value adjustment on liabilities	2,109	3,310	19	160
Net gain on sale of property	(2,067)	–	–	–
Share of net profits of joint venture partnership accounted for using equity method	(6,500)	(1,365)	–	–
Change in operating assets and liabilities				
Increase / (decrease) in provision for doubtful debts	2,060	4,352	(102)	413
(Increase) / decrease in receivables	(24,462)	(117,458)	(134,249)	(88,791)
(Increase) / decrease in inventories	46,594	(42,245)	(19)	43
(Increase) / decrease in other assets	(27,990)	5,529	161	2,665
Increase / (decrease) in payables	361,605	151,759	(6,202)	(40,807)
Increase / (decrease) in other current liabilities	(4,345)	723	(170)	(96)
Increase in employee entitlements	1,334	1,568	1,334	1,511
Net cash (outflows) / inflows from operating activities	444,622	(41,438)	(625)	(59,645)

Note 35. Non-cash investing and financing activities

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Acquisition of plant & equipment by means of finance lease	–	3,148	–	–

In addition, on 19 October 2007, Hutchison Telecommunications (Australia) Limited ("HTAL") acquired a further 19.94% interest in H3GAH in exchange for issuing 75,402,826 number of shares and 1,508,056,509 number of CPS to HCAPL. Under the same transaction, HTAL also acquired the 850 MHz spectrum licence from TCNZ. Refer to 24 (b)(ii) for further details.

Note 36 Earnings per share

	Consolidated	
	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

	Consolidated	
	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

	Consolidated	
	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 (note 24), option granted to TCNZ (note 24) and options granted to employees and Directors (note 37) 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 37. Share-based payments

Option Plans

The HTAL Executive Option Plan was established by the Board on 3 July 1999 and terminated on 27 March 2007. All permanent full-time, permanent part-time and casual employees who were selected by the Board to receive an invitation or who were approved for participation in the plan were eligible to participate in the plan.

The HTAL Employee Option Plan was established by the Board on 4 June 2007. All permanent full-time, permanent part-time and casual employees who have been selected by the Board to receive an invitation or who have been approved for participation in the plan are eligible to participate in the plan.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is the higher of the following:

(a) the closing price of HTAL shares on the Australian Securities Exchange on the day on which the options are granted; and

(b) the average closing price of HTAL shares for the five trading days immediately preceding the day on which the options are granted.

Set out below are summaries of options granted under each plan.

Consolidated and Parent Entity – 2008	Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Exercisable at the end of the year
	14–Jun–07	13–Jun–12	$0.145	28,920,000	–	–	1,520,000	27,400,000	9,183,301
	14–Nov–07	13–Nov–12	$0.200	300,000	–	–	–	300,000	–
	21–May–08	20–May–13	$0.165	–	200,000	–	–	200,000	–
	4–Jun–08	3–Jun–13	$0.139	–	300,000	–	–	300,000	–
Total				29,220,000	500,000	–	1,520,000	28,200,000	9,183,301
Weighted average exercise price				$0.146	$0.149	–	$0.145	$0.146	$0.145

Consolidated and Parent Entity – 2007	Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued during the year	Exercised during the year	Expired/lapsed /forfeited during the year	Balance at the end of the year	Exercisable at the end of the year
	23–Jul–04	31–Dec–10	$0.455	10,450,000	–	–	10,450,000	–	–
	30–Jul–04	31–Dec–10	$0.460	50,000	–	–	50,000	–	–
	10–Dec–04	31–Dec–10	$0.360	450,000	–	–	450,000	–	–
	23–Dec–04	31–Dec–10	$0.345	150,000	–	–	150,000	–	–
	3–Jun–05	31–Dec–10	$0.270	50,000	–	–	50,000	–	–
	1–Jul–05	31–Dec–10	$0.270	200,000	–	–	200,000	–	–
	5–Aug–05	31–Dec–10	$0.270	200,000	–	–	200,000	–	–
	31–Mar–06	31–Dec–10	$0.255	3,965,000	–	–	3,965,000	–	–
	13–Apr–06	31–Dec–10	$0.250	150,000	–	–	150,000	–	–
	14–Jun–07	13–Jun–12	$0.145	–	29,320,000	–	400,000	28,920,000	–
	14–Nov–07	13–Nov–12	$0.200	–	300,000	–	–	300,000	–
Total				15,665,000	29,620,000	–	16,065,000	29,220,000	–
Weighted average exercise price				$0.393	$0.146	–	$0.387	$0.146	–

The number of options that were forfeited during the year were 1,520,000 (2007: 400,000). The weighted average remaining contractual life of share options outstanding at the end of the period was 3.5 years (2007: 4.5 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 31 December 2008 was 4 cents (2007: 4 cents).

Refer to note 1(u)(iv) for how the fair value of options were determined. The additional model inputs for options granted during the year ended 31December 2008 not already outlined above include:

(a) weighted average share price at grant date: 14.9 cents (2007: 14.6 cents).

(b) weighted average of expected price volatility of the company's shares: 34% (2007: 33%).

(c) expected dividend yield: 0% (2007: 0%).

(d) weighted average risk-free interest rate: 6.41% (2007: 6.39%).

The expected price volatility is based on the historical 12 month period prior to grant date.

Employee Share Purchase Plan

The employee share purchase plan allows for HTAL's shares to be purchased on-market for employees. All Australian resident permanent employees and casual employees who have been employed by the company for more than one year are eligible to participate in the plan. Employees may elect not to participate in the plan.

Under the plan, up to $1,000 of HTAL shares are purchased for each participating employee with the company contributing up to $250 of the cost of the purchase, and brokerage and stamp duty costs.

Shares purchased under the plan may not be sold until the earlier of 3 years after purchase or cessation of employment with the company.

Expenses arising under share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employment costs were as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Options issued under HTAL Employee Option Plan	815	–	–	–

Note 38. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions and conditions.

(a) Critical accounting estimates and assumptions

Impairment of long-lived assets

In accordance with the Consolidated Entity's accounting policy stated in note 1(h) assets have been tested for impairment. The Consolidated Entity operate as one cash generating unit.The recoverable amount of the Consolidated Entity's cash generating unit has been determined based on value in use calculations. These calculations require the use of estimates and assumptions.

The value in use calculation is based on cash flow projections over a 10 year period. These calculations use cash flow projections based on financial budgets approved by the Board covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for the value in use calculations are as follows:

- Weighted average growth rate used to extrapolate cash flows beyond 2013 of 2.5%;
- Pre tax discount rate applied to the cash flow projections of 10.6%; and
- Terminal value at the end of the modelled period based on a multiple of 12.7 times free cash flow beyond 2013.

The growth rate is a conservative estimate of forecast long-term industry growth. The discount rate reflects the market determined risk adjusted discount rate adjusted for specific risks relating to the Consolidated Entity and the industry in which it operates. The terminal value represents the growth rate applied to extrapolated cash flows beyond the 5 year forecast period.

Management determined other budget and forecast information such as subscriber numbers and margins based on past performance and its expectations of the future.

Management performed sensitivities on the key assumptions outlined above and noted no impairment of assets under any reasonable scenario considered.

The recoverable amount of the Parent Entity's cash generating unit, being the 2G spectrum licence, is assessed at fair value less costs to sell. This is based on the estimated value of proceeds consistent with an external assessment from the sale of the 2G spectrum licence.

The recoverable amount of the Parent Entity's investment in controlled entities (refer note 13) has been determined based on value in use calculations. The cash flows underlying the value in use calculations are mainly derived from the 3G business. The key assumptions used for the value in use calculation are consistent with those outlined above for the Consolidated Entity's cash generating unit.

Corporate assets have been allocated on a reasonable and consistent basis to the cash generating unit to which the corporate asset belongs.

(b) Critical judgements in applying the Consolidated Entity's accounting policies

There are no judgements made in applying the Consolidated Entity's accounting policies that have a significant effect on the amounts recognised in the financial report.

Note 39. Events occurring after the balance sheet date

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.

Other than the matters discussed above, there has been no other matter or circumstance that has arisen subsequent to balance date that has significantly affected, or may significantly affect:

(i) the operations of the Company and Consolidated Entity's in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Company and Consolidated Entity's in future financial years.

Note 40. Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity cautiously uses derivatives, principally forward foreign exchange contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Consolidated Entity's policy not to enter into derivative transactions for speculative purposes. it is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Treasury operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Consolidated Entity's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

For the presentation of market risks (including interest rate risk, exchange rate risk and market price risk), AASB 7 "Financial instruments: disclosures" requires disclosure of a sensitivity analysis for each type of market risks that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the balance sheet date on profit or loss and total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the balance sheet date and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risks does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

Note 40. Financial risk management continued

The preparation and presentation of the sensitivity analysis on market risk is solely for compliance with AASB 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/ or cash flows of the Group's financial instruments from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are what-if forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Foreign exchange risk

The Consolidated Entity purchases handsets from its suppliers on invoices denominated in US dollars and also pays Hutchison 3 Global Services Pvt. Ltd, which is a call centre in India owned by HWL, on invoices denominated in US dollars. In order to protect against exchange rate movements, the Consolidated Entity enters into foreign exchange contracts to purchase US dollars.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is monitored using sensitivity analysis and cash flow forecasting.

Management has set up a policy requiring operating units to manage their foreign exchange risk against their functional currency. Operating units review individual requirements with the central treasury department to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts transacted with financial institutions.

For reporting purposes, the entity designates contracts as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

At 31 December 2008, had the Australian Dollar weakened/strengthened by 10% against all other currencies with all other variables held constant, post-tax loss for the year would have been $2,185,000 lower/$2,185,000 higher (2007: $903,000 lower/$903,000 higher), mainly as a result of higher foreign exchange losses/gains on translation of US dollar denominated trade receivables against lower foreign exchange gains/ losses on translation of US Dollar denominated trade payables. Loss is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2008 than 2007 because of the higher amount of foreign currency denominated accounts receivable. Equity would have been $2,615,000 lower/$341,000 higher (2007: nil lower/nil higher) as a consequence of foreign currency hedging that have taken place in 2008 but not in 2007.

(ii) Interest rate risk

The Consolidated Entity's main interest rate risk arises from cash balances. All long-term borrowings have been fully repaid during the year.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Consolidated Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

		Interest rate risk				Foreign exchange risk			
		−1%		+1%		−10%		+10%	
31−Dec−08	Carrying amount $'000	Loss $'000	Other equity $'000	Loss $'000	Other equity $'000	Loss $'000	Other equity $'000	Loss $'000	Other equity $'000
Financial assets									
Cash and cash equivalents	134,685	(1,347)	–	1,347	–	–	–	–	–
Trade receivables	376,595	–	–	–	–	2,609	–	(2,609)	–
Derivative financial instruments	990	–	–	–	–	–	2,615	–	(341)
Financial liabilities									
Trade payables	(196,996)	–	–	–	–	(424)	–	424	–
Borrowings	(2,103)	–	–	–	–	–	–	–	–
Other financial liabilities	(1,000,000)	–	–	–	–	–	–	–	–
Total increase/(decrease)	(686,829)	(1,347)	–	1,347	–	2,185	2,615	(2,185)	(341)

Note 40. Financial risk management continued

31–Dec–07	Carrying amount $'000	Interest rate risk –1% Loss $'000	Interest rate risk –1% Other equity $'000	Interest rate risk –10% Loss $'000	Interest rate risk –10% Other equity $'000	Foreign exchange risk –10% Loss $'000	Foreign exchange risk –10% Other equity $'000	Foreign exchange risk +10% Loss $'000	Foreign exchange risk +10% Other equity $'000
Financial assets									
Cash and cash equivalents	34,894	(349)	–	349	–	–	–	–	–
Trade receivables	337,624	–	–	–	–	1,825	–	(1,825)	–
Financial liabilities									
Trade payables	(182,458)	–	–	–	–	(922)	–	922	–
Borrowings	(1,101,812)	10,979	–	(10,979)	–	–	–	–	–
Total increase/(decrease)	(911,752)	10,630	–	(10,630)	–	903	–	(903)	–

(b) Credit risk

Credit risk is managed on an entity basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Credit Department following a credit risk assessment. The utilisation of credit limits by wholesale customers is regularly monitored by line management. The entity uses automated payment facilities such as direct deposit of customers bank account or credit card to settle amounts due by retail customers, mitigating credit risk.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 28 for details). Such guarantees are only provided in exceptional circumstances and are subject to board approval.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the support from related parties.

The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Consolidated Entity's financial liabilities relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 31 December 2008	Effective interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Payables	–	839,781	–	–	–	839,781
Bank loans	–	–	–	–	–	–
Other financial liabilities	–	1,000,000	–	–	–	1,000,000
Finance lease liabilities	6.99%	2,156	–	–	–	2,156
Total ($'000)		1,841,937	–	–	–	1,841,937

At 31 December 2007	Effective interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Payables	–	474,776	–	–	–	474,776
Bank loans	9.10%	299,964	698,133	99,794	–	1,097,891
Finance lease liabilities	6.99%	2,042	2,156	–	–	4,198
Total ($'000)		776,782	700,289	99,794	–	1,576,865

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 34 to 71 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and

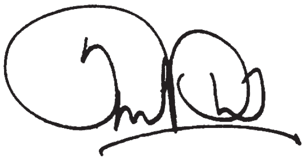
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 31.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

FOK Kin-ning, Canning
Chairman



Frank Sixt
Director

19 February 2009

Independent Auditor's Report

to the members of Hutchison Telecommunications (Australia) Limited

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Report on the financial report

We have audited the accompanying financial report of Hutchison Telecommunications (Australia) Limited (the company), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Hutchison Telecommunications (Australia) Limited and the Hutchison Telecommunications (Australia) Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Hutchison Telecommunications (Australia) Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 31 of the directors' report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2008, complies with section 300A of the Corporations Act 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

RL Wilkie
Partner

Sydney
19 February 2009

Shareholder Information

The shareholder information set out below was applicable as at 16 March 2009.

Substantial shareholders

Substantial shareholders in the Company are:

	Shareholding	Percentage
Hutchison Communications (Australia) Pty Limited #	476,267,155	63.16%
Vodafone Group Plc *	476,267,155	63.16%
Leanrose Pty Limited	83,913,797	11.13%
Telecom 3G (Australia) Limited and Telecom Corporation of New Zealand Limited	75,402,826	10.00%

Notes:

\# Substantial shareholding includes relevant interest arising from an equitable mortgage of shares between Leanrose Pty Limited and Hutchison Communications (Australia) Pty Limited.

* Vodafone Group Plc has a substantial shareholding in the Company by virtue of an agreement under which Hutchison Whampoa Limited has given certain commitments to Vodafone Group Plc with respect to the holding of shares in the Company by Hutchison Communications (Australia) Pty Limited. As a result of such commitments, Vodafone has (but for the operation of section 609(7) of the Corporations Act 2001) a relevant interest in the shares in which Hutchison Communications (Australia) Pty Limited has a relevant interest. This agreement was entered into as part of the proposal announced on 9 February 2009 to combine the Australian telecommunications operations of the Company and Vodafone. The proposal is subject to certain conditions, including shareholder approval which will be sought at an Extraordinary General Meeting of the Company to be held on 2 April 2009. However, so far as the Company is aware, Vodafone does not have any direct or indirect holding of shares in the Company.

Distribution of equity securities

Range	Ordinary Shares	Convertible Preference Shares	Options
1 - 1000	1,606	4	0
1,001 - 5,000	3,204	28	0
5,001 – 10,000	1,239	11	0
10,001 – 100,000	1,815	35	11
100,001 - OVER	273	9	47
Total	8,137	87	58

Twenty largest shareholders

There were 5,042 holders of less than a marketable parcel of ordinary shares. The names of the 20 largest holders of quoted ordinary shares as at 16 March 2009 are as follows:

Shareholder	Shareholding	% Issued Capital	Rank
Hutchison Communications (Australia) Pty Limited	392,353,358	52.03	1
Leanrose Pty Limited	83,913,797	11.13	2
Telecom 3G (Australia) Limited	75,402,826	10.00	3
Citicorp Nominees Pty Limited	12,282,692	1.63	4
J P Morgan Nominees Australia	6,894,512	.91	5
HSBC Custody Nominees (Australia) Limited	5,633,551	.75	6
HSBC Custody Nominees (Australia) Limited – GSI ECSA	4,000,000	.53	7
National Nominees Limited	3,526,122	.47	8
Arjee Pty Limited	3,231,624	.43	9
Yet Kwong Chiang & Ho Yuk Lin Chiang	2,700,138	.36	10
George Thomson	2,536,094	.34	11
Song Song Zhang	2,076,000	.28	12
Yim Fong Leung	1,849,000	.25	13
Jason Boua Hong Lo	1,400,000	.19	14
Hung Fong Chong	1,310,000	.17	15
Yee Man Tang	1,250,000	.17	16
Man Fai Lin	1,078,888	.14	17
Bin Liu	1,000,000	.13	18
Dimitrios Piliouras & Konstantina Piliouras	1,000,000	.13	18
Frank John Sixt	1,000,000	.13	18

Twenty largest convertible preference shareholders

The names of the 20 largest holders quoted convertible notes as at 16 March 2009 are as follows:

Convertible Preference Shareholder	Convertible Preference Shareholding	Rank
Hutchison Communications (Australia) Pty Limited	13,568,383,554	1
Telecom 3G (Australia) Limited	1,508,056,509	2
Share Direct Nominees Pty	1,400,000	3
Kew Chai Chong & Yook Yan Chang	300,000	4
Bond Street Custodians Limited	250,000	5
Custodial Services Limited	210,000	6
Prabha Chandra & Shubha Chandra	200,000	7
Real-Time Images Pty Ltd	160,000	8
Justin Herbert Gardener & Anne Louise Gardener	150,000	9
Patrick Lik-Tung Lui & Eva Man-Ching Law	100,000	10
National Nominees Limited	100,000	10
Myron Leibowitz	80,000	11
Veredi Pty Ltd	70,000	12
Saul Benedict Freedman & Alexandra Francesca Sharland	60,000	13
Kevin J Finegan Pty Ltd	60,000	13
Melpa Company Pty Ltd	57,160	14
Patville Pty Ltd	57,160	14
Kok Liang Chen	50,000	15
Michael John Crandon & Pauline Mary Crandon	50,000	15
Alex Hoang Huynh	50,000	15

Unquoted Equity Securities

Options issued under the Employee Option Plan

Number of Options on issue	28,000,000
Number of holders	58

Voting rights

The voting rights attaching to each class of equity securities are:

(a) Ordinary shares

On a show of hands, every member present, in person or by proxy, attorney or representative, has one vote.

On a poll every member has one vote for each share.

(b) Convertible preference shares

Only in the limited circumstances specified in the Company's Constitution and the terms and conditions of issue of the convertible preference shares, on a show of hands, every holder of convertible preference shares present, in person or by proxy, attorney or representative, has one vote and on a poll every holder of convertible preference shares has one vote in respect of each ordinary share as if immediately before the meeting the convertible preference shares had converted into the number of ordinary shares provided for in terms and conditions of issue of the convertible preference shares.

(c) Options

No voting rights

Corporate Directory

Directors
Fok Kin-ning, Canning
Barry Roberts-Thomson
Chow Woo Mo Fong, Susan
Justin Herbert Gardener
Lai Kai Ming, Dominic
Kevin Steven Russell
John Michael Scanlon
Frank John Sixt
Roderick James Snodgrass

Company Secretaries
Edith Shih
Louise Sexton

Investor Relations
Tel: (02) 9964 5157
Fax: (02) 9964 4649
Email: investors@hutchison.com.au
Web: www.hutchison.com.au

Registered Office
Building A, 207 Pacific Highway
St Leonards NSW 2065

Tel: (02) 9964 4646
Fax: (02) 9964 4668

Share Registry
Link Market Services

Level 12, 680 George Street
Sydney NSW 2000

(02) 8280 7111
www.linkmarketservices.com.au

Auditor
PricewaterhouseCoopers
Chartered Accountants

201 Sussex Street
Sydney NSW 2000

Securities Exchange Listing
Hutchison shares are listed on the Australian Securities Exchange Limited ASX Code: HTA

Notice of Annual General Meeting
The Annual General Meeting of Hutchison will be held at:

The Conference Centre
Building A, 207 Pacific Highway
St Leonards NSW 2065

Date: Tuesday, 19 May 2009
Time: 10.00am

Designed and produced by
Designate Reporting

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED

www.hutchison.com.au