Hutchison Telecoms

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Companies Announcements Office
Australian Securities Exchange

Date: 30 March 2011

Subject: Annual Report 2010

The Company's 2010 Annual Report incorporating the full year accounts for the period ended 31 December 2010 is attached.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecoms

PROFITABLE GROWTH

ANNUAL REPORT **2010**

HUTCHISON TELECOMS **2010**

ANNUAL REPORT

Contents

AGM Details

The Annual General Meeting of Hutchison will be held at:
40 Mount Street, North Sydney NSW 2060
Date: Wednesday 4 May 2011
Time: 10.00 am

Hutchison Telecommunications (Australia) Limited (ASX: HTA) is a listed company which has a 50% interest in Vodafone Hutchison Australia Pty Limited (VHA). VHA offers mobile telecommunications under the Vodafone, 3 and Crazy John's brands.

Hutchison Telecoms was listed on the ASX in 1999 and in 2003 launched Australia's first 3G service, under the 3 brand.

VHA awarded 2010 Frost & Sullivan Australian Wireless Service Provider of the Year

FROST & SULLIVAN
2010 BEST PRACTICES AWARD
Australia Best Practices Award
Mobile Service Provider of the Year

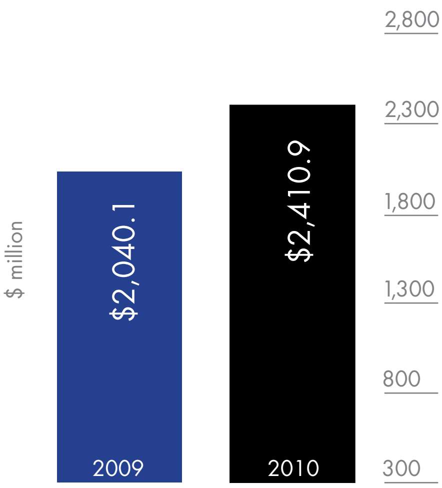
VHA awarded 2010 Syndicated Loan of the Year by Insto Magazine

insto
Australian Financial Markets

Hutchison Telecoms

Chairman's Report

HTAL's Share of VHA's Total Revenue



18.2%

Total revenue

Hutchison achieved a full year profit of $73.4 million in 2010, the first full year of financial results for VHA since the merger of 3 and Vodafone in 2009. This was a $193.0 million improvement year-on-year, excluding Hutchison's gain on disposal arising from the merger in 2009. Hutchison accounts for its investment in VHA as an equity investment, therefore revenue from VHA's ordinary activities is not included in Hutchison's consolidated revenues from ordinary activities.

In a competitive market, improvements in VHA's key financial results were driven by customer growth, strong revenue generation, margin improvement and the realisation of integration savings.

Total VHA revenue attributable to Hutchison was $2,410.9 million, an increase of 18.2% for the year. Operating margin and EBITDA grew strongly reflecting growth in postpaid customers and the benefits of scale and cost reduction delivered through the integration of the Vodafone and 3 businesses.

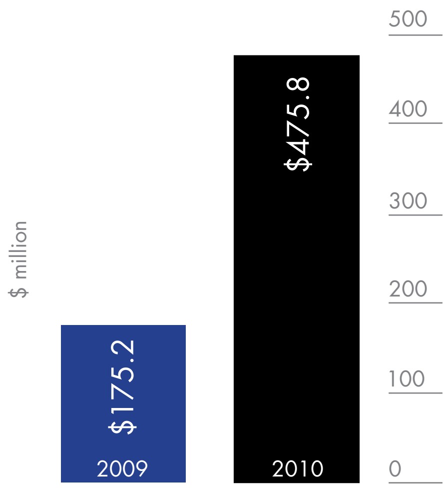
EBITDA attributable to Hutchison improved 171.6% year-on-year to $475.8 million, reflecting this good performance. Hutchison remained free cash flow positive for the year.

Many merger integration milestones were reached during 2010, and the benefits of scale from combining the two businesses are now apparent in the financial results. Integration will continue into 2011 and beyond, delivering further financial benefits.

Hutchison has confidence in the prospects for its investment in VHA, and expects VHA to remain profitable in 2011, and to continue to generate positive free cash flows while remaining on track to achieve merger synergies with a net present value of $2 billion. Hutchison is supportive of the work underway with the National Broadband Network (NBN), in particular the potential mutual benefits created by a significant backhaul relationship. Hutchison also welcomes the opportunity for VHA to be amongst the first to trial NBN services and is optimistic that VHA will be in a position to expand the scope of its communication products and services to customers in Australia.

Fok Kin-ning, Canning
Chairman

HTAL's Share of VHA EBITDA

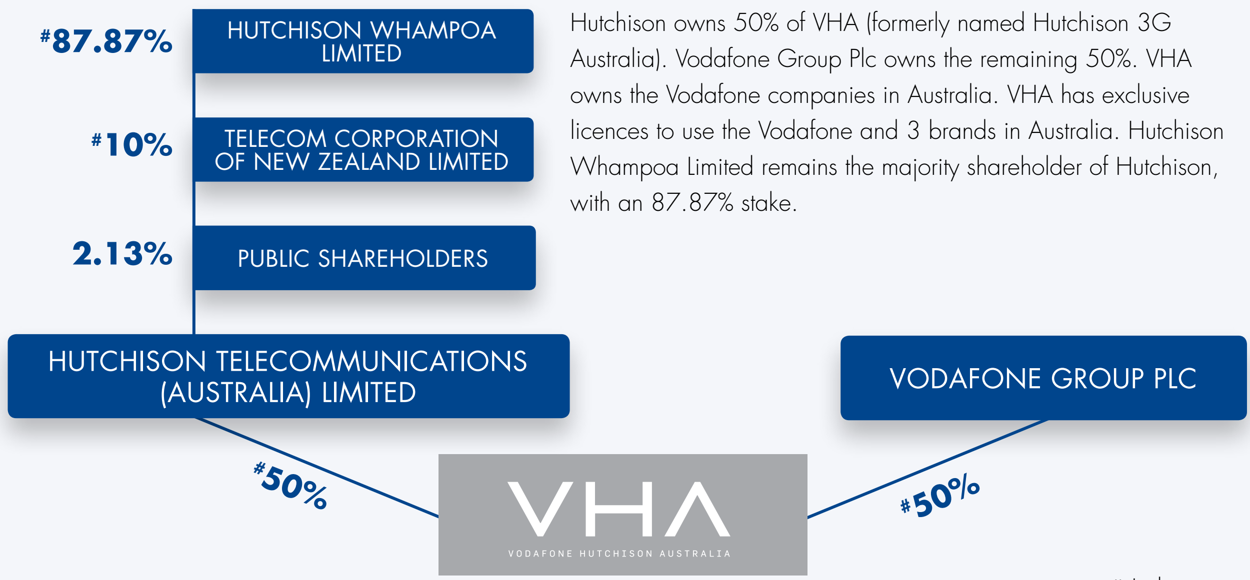


Strengthening profitability with EBITDA attributable to Hutchison improving

171.6%

Ownership Structure

Hutchison owns 50% of VHA (formerly named Hutchison 3G Australia). Vodafone Group Plc owns the remaining 50%. VHA owns the Vodafone companies in Australia. VHA has exclusive licences to use the Vodafone and 3 brands in Australia. Hutchison Whampoa Limited remains the majority shareholder of Hutchison, with an 87.87% stake.



Indirect ownership

Vodafone Hutchison Australia

CEO's Review

Growing profitability with EBITDA 21.6% of service revenue, up from 9.3% in 2009.

Operating expenditure per customer $371, down by 16.3%.

Strong postpaid customer growth. Postpaid customer base now 59.4%, up from 56.8%.

Customer acquisition cost per connection $145, down by 12%.

Profitable Growth

VHA delivered good growth in customer numbers, revenue and profitability in 2010. Growth in customer numbers, particularly postpaid customers, improved revenues while the benefits of our integration activities clearly increased the profitability of the business. Capital spending increased as planned throughout the year, and VHA delivered positive operating free cash flow.

Total revenue attributable to Hutchison was $2,410.9 million, an increase of 18.2% for the year. Service revenue grew by 16.8% to $2,201.4 million, with operating margin up 22.0% reflecting lower domestic roaming costs through the utilisation of VHA's network assets and growth in non-voice revenue.

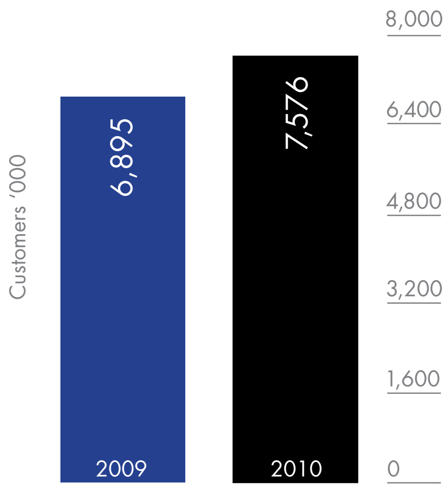
Average Revenue Per User (ARPU) for the year was stable at $54 despite extremely competitive market conditions, while acquisition costs reduced to $145 per new customer. Operating expenditure per customer has also fallen to $371 for 2010. The reduction was largely driven by the realisation of integration savings including the rationalisation of the retail store footprint, consolidation of customer service centres, renegotiation of supplier agreements and the full year benefit of corporate restructuring.

EBITDA as a percentage of service revenue was up 12.3 percentage points, from 9.3% to 21.6%, and Hutchison's share of EBITDA increased by 171.6% to $475.8 million.

In June 2010, we completed a $3 billion refinancing through a syndicate of 12 domestic and international banks. The refinancing package is for a three year period and has been used to repay shareholder loans.

This first step in externally financing the business illustrated our strength and performance within just 12 months, and has subsequently allowed the business to establish a good credit position that will help us in the future.

VHA Mobile Customer Base



7.576 MILLION CUSTOMERS

681,000 customers added during the year

Customer Growth

Our customer base grew strongly in 2010 with 681,000 customers added during the year, bringing our total customer base to 7.576 million customers. Importantly we continued to attract postpaid customers which, excluding wholesale customers, grew in double digits at 11.5% year-on-year. Customers on postpaid plans at 31 December 2010 were 59.4% of the customer base, up from 56.8% last year.

During the year, handset customers grew from 6.22 million to 6.72 million customers, with the number of customers using data on their handsets tripling to 2.1 million, largely driven by the strong take up of smartphones. Mobile broadband customers also increased 27% from 2009. Over 3 million customers were using 3G services at the end of the year and, with growing usage, 40.3% of ARPU now comes from non-voice services, up from 36.7% at 31 December 2009.

Strong growth in the number of customers using 3G services to over 3 million customers, up 116%.

VHA CEO's Review
continued

vodafone

3

CRAZY JOHN'S

Value Leadership and Focus on Integration

With innovation a strong part of our heritage, throughout the year a number of product, pricing, sales and service initiatives were brought to market.

Our value leadership was recognised in the prestigious *Money magazine's* 2011 Best of the Best awards, where two products were chosen as offering great value. Vodafone's month-to-month Mobile Broadband $29/4GB plan was awarded Best Broadband Plan and Vodafone's $79 Cap was awarded Cheapest Mobile Plan – High Usage (Postpaid).

Other key highlights throughout the year included introducing free on-net calling between 3 and Vodafone customers; launching Vodafone Infinite, our new set of postpaid mobile phone plans; and continuing our successful sponsorships with Team Vodafone and the Australian Test Cricket Team.

In 2010, we completed a number of important initiatives to begin realising the benefits of the merger. We consolidated our contact centre operations to two major centres in Hobart and Mumbai and made substantial progress in the consolidation of our retail footprint and advancement on a multi-million dollar refit of our retail stores. All company-owned retail outlets that were 3 stores are now multibranded, with Vodafone products sold across all stores. Service Centres now provide service and support for devices from all three VHA brands (Vodafone, 3 and Crazy John's). From a network perspective, we also made significant progress in the appointment of new Core Network, Managed Services and Transmission suppliers, and a major new contract with Huawei Technologies (Australia) Pty Ltd as our radio access network (RAN) supplier. Our head and state offices are also now consolidated.

Our value leadership was recognised in the prestigious *Money magazine's* 2011 Best of the Best awards, where two products were chosen as offering great value.

BEST BROADBAND PLAN - MOBILE · Money MAGAZINE WINNER 2011 · BEST OF THE BEST 2011

CHEAPEST MOBILE PLAN - HIGH USAGE - POSTPAID · Money MAGAZINE WINNER 2011 · BEST OF THE BEST 2011

Investing in the Network

The network remained a high priority in 2010, and over 50% of 2010 capital expenditure was invested in a number of initiatives. In the second half of 2010 we commenced a number of initiatives, including the rollout of a new 3G 850 MHz network, consolidating and upgrading the core voice and data network and an ongoing programme to upgrade transmission services including the migration to IP-enabled transmission.

In October 2010, we announced the conclusion of the radio access network sharing joint venture agreement with Telstra Corporation Limited (known as the 3GIS network). Since the date of the agreement, we have commenced incorporating our share of the 3GIS network assets to further strengthen the Vodafone network.

The network is critical to ensuring we continue to grow strongly and support our customers, particularly as data volumes continue to increase significantly. The action we have taken to restore current network performance and increase customer service capabilities following issues affecting some of our customers towards the end of 2010 is beginning to take effect.

Customer Service

Customer Service was a major operational focus in 2010. A number of new measures to improve the ease, quality and resolution of our customer service were introduced following the successful consolidation to two major call centres in Hobart and Mumbai. Initiatives such as a call back service for customers to 'save' their place in the queue without needing to hold on the line, extended call centre operation hours to 24/7, an express mobile phone repair and replacement service and a new mobile and online self-service application were all launched in 2010. Our accelerated network plan and addition of 300 customer service staff means customers are seeing improvements and we are confident that we will continue to deliver a significantly improved experience. We have also recently extended our 24 month device warranty to all devices including the Apple® iPhone®.

People and Culture

In 2010 we continued on our journey of building a new and dynamic culture. While it is still early days and there is more to do to create an even better place where staff can achieve their aspirations, VHA was ranked number 12 in Australia's 2010 Dream Employers Survey and was the only communications company to appear in the top 20.

We are proud of the energetic, talented and dedicated people who work here. They remain the cornerstone of our operation and ongoing success.

VHA CEO's Review
continued

2011 and Beyond

In the year ahead, we will continue to grow revenue and profitability through strengthening network and customer experience while continuing to focus on integration. In the face of sustained market pressure on ARPU, we will continue to innovate in the prepaid and postpaid markets, managing costs to ensure the benefits of the merger are maintained for customers through affordable handsets, devices and plans.

After experiencing network and service difficulties towards the end of 2010, we have accelerated plans for the network build and upgrades to the current network, and plan to spend over $450 million in 2011 on capital expenditure to further improve network performance. These major investments include completion of the new 850MHz 3G network with 1,500 sites to provide more in-building coverage and additional capacity where data demand from smartphones and mobile broadband is high and growing. We will also add 1,400 new sites into the existing Vodafone network, including sites that are already available to VHA following the agreement to conclude the 3GIS network joint venture. We will continue to upgrade transmission with the rollout of dark fibre, microwave radio upgrades and migration to IP-enabled transmission services. We are replacing all 2G and 3G equipment at all network sites as part of a plan to improve mobile coverage and download speeds. This also provides a very straightforward and flexible upgrade path to Long Term Evolution (LTE) network technology.

A number of significant government policy issues will be resolved or progressed in 2011. The progress on establishing the NBN is encouraging and we are looking forward to confirmation of access to transmission services from the NBN to our network base stations. The NBN also presents an opportunity, under the right conditions, for VHA to provide fixed line services and we intend to participate in upcoming trials with the NBN. Renewal of existing spectrum licenses is a significant unknown cost and completing the renewal process is a key focus. We will be actively engaged in the review of terminating access rates by the Australian Competition & Consumer Commission during 2011 and have also been participating in the Australian Communications & Media Authority's 'Reconnecting the Customer' initiative. We look forward to this enquiry producing constructive outcomes for customer service.

In summary, VHA will improve network performance and customer experience and continue integration activities, gaining further benefits of scale as we continue to grow profitability in 2011.

Nigel Dews

Chief Executive Officer
Vodafone Hutchison Australia

Vodafone Hutchison Australia

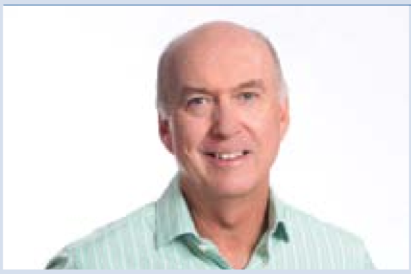
Executive Team

Nigel Dews

Chief Executive Officer

Dave Boorman

Chief Financial Officer



Greg Bourke

Director of Human Resources

Tanya Bowes

Director of Communications and Corporate Affairs

John Casey

Director of Marketing

Noel Hamill

Director of Sales and Distribution

Cormac Hodgkinson

Director of Customer Service and Experience

Louise Sexton

Group General Counsel and Company Secretary

Grant Stevenson

Director of Integration & Strategy and Deputy CFO

Michael Young

Chief Technology Officer

Community Investment
at VHA

Vodafone Foundation Australia

In 2010 the Vodafone Foundation Australia contributed to 19 projects with various partners across Australia.

The Vodafone Foundation Australia is a charitable trust that supports our community investment program in Australia. The Foundation and VHA are committed to supporting people and charitable organisations to help them reach their full potential making social investments and forming partnerships with partner charities and creating unique and exciting opportunities for our staff to connect with and make a difference to the charities that they are passionate about.

In 2010 over $1million was given in grants by the Foundation, contributing to 19 projects with various partners across Australia. Throughout the year, the Foundation supported a range of charities and not-for-profit organisations including Australian Red Cross, McGrath Foundation, Red Dust, Oxfam, SchoolAid, Youth Off the Streets, Mission Australia, Barnardos, Variety and Conservation Volunteers Australia.

Now in its seventh year, the World of Difference program had another successful year in 2010. The program is unique in terms of community investment, and in 2010 gave five Australians the opportunity to work for their nominated charity, fully funded and supported for a year.

The CuretheBullies campaign was launched in conjunction with the Foundation partner SchoolAid and was designed to educate and empower children to recognise and take a stand against Cyberbullying, which affects 1 in 4 Australian children. CuretheBullies has been developed by kids, for kids and is a fun, interactive awareness-raising campaign that focuses on a new approach to the issue – by targeting the 'bystander' (kids who may witness bullying behaviour, or even act as an accomplice).

There was also plenty of action throughout the summer of cricket with VHA employees volunteering at the Vodafone Ashes Series across the country to support the McGrath Foundation. VHA and the Foundation donated over $150,000 to the McGrath Foundation for various initiatives and more than 150 employees gave up their time and helped raise an additional $75,000 by volunteering at the cricket events.

In addition to supporting major partners and events, the Foundation also matches funds raised by VHA employees for charities and provides all staff with the opportunity to volunteer for a day – called Passion Days. In 2010, 500 Passion Days were taken by staff across VHA and $375,000 was donated by the Foundation to charities that our staff are passionate about.

Sustainability and Corporate Responsibility
at VHA

In 2010 we collected over
46 TONNES
of handsets, batteries and accessories at MobileMuster collection points.
An increase of 39%.

mobilemuster
Official recycling program of the mobile phone industry
www.mobilemuster.com.au

6 star rating
green star
Office As Built

Sustainability

Our Planet
Our Communities
Our Wellbeing
Our Products

In 2010 we launched our new sustainability strategy, an approach that supports the way we do business, make decisions and drive business initiatives that not only focus on today but on the future.

This strategy was shaped by understanding the key social and environmental issues that our customers care about. Being able to make a positive impact on the communities we work with, our customers and the environment that surrounds us, is something that we have a great opportunity to do through our daily operations. The actions we are taking centre around the key areas of our external environment, our products, our communities and our wellbeing.

As an example, we are focused on doing more for customers with a better use of resources contributing to a more sustainable future. This means an increase in recycling across all areas of our business, including handsets and network equipment, in addition to new ways of becoming more energy-efficient to reduce our carbon footprint.

As integration continues we are finding new ways of building our business sustainably, such as recycling or reusing telecommunications equipment, moving head office operations to a six Star Green Star Rating building and participating in expanded handset recycling schemes, collecting over 46 tonnes of handsets, batteries and accessories in 2010 at MobileMuster collection points, an increase of 39% from 2009.

Hutchison Telecoms

Board of Directors

Fok Kin-ning, Canning

Chairman

Barry Roberts-Thomson

Deputy Chairman

Chow Woo Mo Fong, Susan

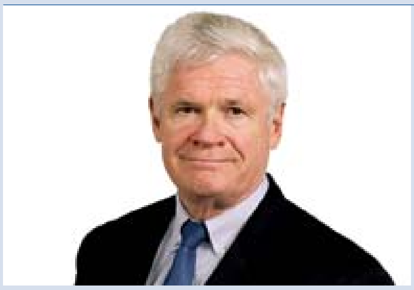
Director

Justin Herbert Gardener

Director

Lai Kai Ming, Dominic

Director



John Michael Scanlon

Director

Frank John Sixt

Director

Ronald Joseph Spithill

Director

Fok Kin-ning, Canning

(Chairman) BA, DFM, CA (Aus)

Fok Kin-ning, Canning, aged 59, 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), non-executive chairman of Hutchison Telecommunications Hong Kong Holdings Limited (HTHKH) since 2009, executive director since 1985 and chairman since 2005 of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) (Power Assets), co-chairman of Husky Energy Inc. (Husky) since 2000, executive director and 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 the chairman of Partner Communications Company Ltd. (Partner) from 1998 to 2009 and the non-executive chairman of Hutchison Telecommunications International Limited (HTIL) (which ceased to be a public listed company in May 2010) from 2004 to 2010. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia. Mr Fok was appointed as a Director on 8 February 1999.

Barry Roberts-Thomson

(Deputy Chairman)

Barry Roberts-Thomson, aged 61, was the Managing Director of Hutchison from its inception in 1989 until September 2001. In his capacity as Deputy Chairman, 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 57, 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 Power Assets since 1996 (re-designated as executive director since 2006), TOM Group Limited (TOM) since 1999 and HTHKH since 2009. She was previously a director of Partner from 1998 to 2009 and a non-executive director of HTIL (which ceased to be a public listed company in May 2010) from 2008 to 2010. 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 Herbert Gardener, aged 74, has been a director of a number of private and publicly listed companies including Austar United Communications Limited (appointed in 1999 and retired in 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 57, has been an executive director of HWL since 2000, director since 1994 and deputy chairman since 2001 of HHR, and non-executive director of HTHKH since 2009. He has over 27 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.

John Michael Scanlon

(Director)

John Michael Scanlon, aged 68, 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 59, has been an executive director since 1991 and group finance director since 1998 of HWL, non-executive chairman of TOM since 1999, executive director of CKIH since 1996, Power Assets since 1998, non-executive director of CKH since 1991, HTHKH since 2009, and director of Husky since 2000. He was previously a director of Partner from 1998 to 2009 and a non-executive director of HTIL (which ceased to be a public listed company in May 2010) from 2004 to 2010. He holds a Bachelor's degree in Civil Law and a Master's degree in Arts, 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.

Ronald Joseph Spithill

(Director) BScTech

Ronald Joseph Spithill, aged 69, is a director of Telecom Corporation of New Zealand Limited (appointed in 2006) and serves on a number of NGO Boards and the New Zealand Independent Industry Oversight Group. He was previously President of Alcatel Asia Pacific responsible for operations in 16 countries, Executive Vice President and Chief Marketing Officer of the Paris-Based Alcatel group and Vice-Chairman of Alcatel Shanghai Bell. He has been CEO and Chairman of Alcatel Australia. He is past President of the Telecommunications Industry Association of Australia and served with the AEEMA Board, the Australian Business Council, the Malaysian Government Industry Advisory Panel, the NSW Government IT Advisory Board, and the Australian Government "Goldsworthy" Committee. Mr Spithill is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Distinguished Fellow of the Telecommunications Society of Australia.

Corporate Governance

Hutchison 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 Corporate Governance 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. Some aspects of the day-to-day management of Hutchison are undertaken with the assistance of the Chief Executive Officer and senior management team of VHA, which is 50% owned by HTAL.

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 chief executive, 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 chief executive 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.

The nature of these responsibilities has changed substantially since VHA ceased to be a subsidiary of the Company in June 2009 and there are no longer any executives employed by the Company.

Composition of the Board

The Board comprises eight 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. 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 officers of a significant shareholder or have not been employed as an executive of Hutchison, are considered by the Board to be independent Directors. In light of the majority ownership by 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 13.

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's 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 page 13 and page 20.

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 securities exchange requirements;
- Review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- 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.

The range of matters requiring consideration by the Audit Committee including the internal controls and risk management practices and systems has changed since VHA ceased to be a subsidiary of the Company and the Company no longer controls any operating entities.

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. Deloitte Touche Tohmatsu were appointed as the external auditors in May 2010. It is Deloitte Touche Tohmatsu 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 2010.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 18 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. In light of the majority ownership by HWL, the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of members of this committee be independent. Details of the committee members' qualifications, expertise, experience and attendance at compensation committee meetings are set out on page 13 and page 20.

Corporate Governance
continued

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 21 to 24. This committee also reviews and makes recommendations to the Board on remuneration policies and other terms of employment applicable to the chief executive, 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, has been 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.

The nature of these responsibilities has changed substantially since VHA ceased to be a subsidiary of the Company and there are no longer any executives employed by the Company.

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

Diversity

The Company recognises the corporate benefit of diversity as that term is defined in the ASX best practice recommendations (Diversity) and has recently put in place a Diversity Policy. The Company's practices are documented in a policy, details of which are available on the Company's website.

The Company is committed to encouraging and promoting a mix of skills and diversity in the membership of its Board which achieves the Company's corporate goals and which is evidenced in gender diversity through having one female Director and two female joint Company Secretaries; and cultural diversity through having Directors and Company Secretaries residing in Hong Kong, Australia and North America.

Measurable objectives have been set by the Board for this purpose, namely that in assessing candidates the Governance, Nomination and Compensation Committee will have regard to the Diversity and skills of each candidate and the Diversity of the membership of the Board, and the Board will give due consideration to ensuring that the Diversity of the Board increases. Since the implementation of the policy and the measurable objectives no Board positions have become vacant.

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. Details of the Company's risk management policy and internal compliance and control system are available on the Company's website. 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. As all former operational activities of the Company are now undertaken in VHA, the associated risks are now in that entity. The Audit Committee receives and considers reports prepared by the risk management function of VHA, which provides independent reports to the VHA 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 VHA corporate performance is reviewed across a broad range of issues. As the Company no longer has executives performing the function of chief executive officer or chief financial officer, the Board has not received a declaration provided in accordance with section 295A of the Corporations Act. However, a declaration of this nature has been provided in respect of the VHA financial statements.

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 has adopted an updated share trading policy to reflect amendments to the ASX Listing Rules. The Company has the following policy in place regarding trading in its shares (which currently only applies to Directors and Company Secretaries as the Company does not employ any senior executives):

- the Chairman discusses any proposed trade in HTAL shares with an independent Director prior to any trade;
- Directors discuss any proposed trade in HTAL shares with the Chairman prior to any trade; and
- Senior executives discuss any proposed trade in HTAL 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 lodgment 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 directors and managers within Hutchison have 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 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 21 to the financial statements.

Directors' Report

The Directors are pleased to present their report on the consolidated entity consisting of HTAL and the entities it controlled at the end of or during the year ended 31 December 2010.

Principal activities

During the year, Hutchison's principal activities included the ownership of a 50% interest in VHA which provides mobile telecommunications services in Australia.

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 2 to 8 of this report. Details of the financial position of the Company are contained in page 29 of this report.

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

No other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

- Hutchison's operations in future financial years;
- the 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 above, 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*. Hutchison has adopted an environmental policy which includes clearly defined accountability and responsibility for compliance with legislation and for achieving specific environmental management objectives. Hutchison's risk review and audit program is designed to ensure that Hutchison meets its obligations under current legislation.

VHA'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.

Policies are in place to clearly define 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 by Hutchison or by VHA.

Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2010 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
John Michael SCANLON
Frank John SIXT

Mr Roderick James SNODGRASS resigned as a Director with effect from 16 November 2010.
Mr Ronald Joseph SPITHILL was appointed as a Director with effect from 16 November 2010 and continues in office at the date of this report.

Director	**Other Responsibilities**	**Particulars of Directors' Interests in ordinary shares of HTAL**
Fok Kin-ning, Canning	Non-executive Chairman Chairman of Governance, Nomination and Compensation Committee	5,100,000*
Barry Roberts-Thomson	Deputy Chairman	83,918,337**
Chow Woo Mo Fong, Susan	Member of Governance, Nomination and Compensation Committee	—
Justin Herbert Gardener	Chairman of Audit Committee Member of Governance, Nomination and Compensation Committee	1,630,358
Lai Kai Ming, Dominic	—	—
John Michael Scanlon	Member of Audit Committee	—
Frank John Sixt	Member of Audit Committee	1,000,000
Ronald Joseph Spithill	—	—

* Direct holding of 100,000 shares.

** Direct holding of 4,540 shares.

Note: Fok Kin-ning, Canning, holds a relevant interest in (i) 6,010,875 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 USD1,216,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited, a related body corporate of HTAL; (iv) 1,202,380 ordinary shares of HTHKH, a related body corporate of HTAL; (v) a nominal amount of USD4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited, a related body corporate of HTAL; and (vi) a nominal amount of USD5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited, a related body corporate of HTAL.

Chow Woo Mo Fong, Susan holds a relevant interest in (i) 150,000 ordinary shares of HWL; and (ii) 250,000 ordinary shares of HTHKH.

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

Frank John Sixt holds a relevant interest in (i) 200,000 ordinary shares of HWL; (ii) one ordinary share of Colonial Nominees Limited, a related body corporate of HTAL, on behalf of Hutchison International Limited; (iii) 17,000 American Depositary Shares (each representing 15 ordinary shares) of HTHKH; and (iv) a nominal amount of USD1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited.

Directors’ Report
continued

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 2010 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	12	12	N/A	N/A	1	1
Barry Roberts-Thomson	12	12	N/A	N/A	N/A	N/A
Chow Woo Mo Fong, Susan	12	12	N/A	N/A	1	1
Lai Kai Ming, Dominic	12	12	N/A	N/A	N/A	N/A
Justin Herbert Gardener	12	12	5	5	1	1
John Michael Scanlon	12	12	5	5	N/A	N/A
Frank John Sixt	12	12	5	5	N/A	N/A
Roderick James Snodgrass^	10	8	N/A	N/A	N/A	N/A
Ronald Joseph Spithill^^	1	1	N/A	N/A	N/A	N/A

^ Resigned as a Director on 16 November 2010.

^^ Appointed as a Director on 16 November 2010.

Retirement, election and continuation in office of Directors
Mr Barry Roberts-Thomson is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Lai Kai Ming, Dominic is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Ronald Joseph Spithill having been appointed since the last Annual General Meeting, in accordance with the Company’s Constitution, retires as a Director at the Annual General Meeting and offers himself for re-election.

Company secretaries
Edith SHIH BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)
Ms Shih has over 13 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 England and Wales, Hong Kong 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 17 years’ experience as company secretary in listed companies and has been a Company Secretary of the Company since 1999. Ms Sexton has practised as a solicitor since 1983 with experience in government, private practice and in-house corporate practice, and is Group General Counsel and Company Secretary of VHA.

Remuneration report

Following the merger of H3GA and Vodafone Australia in June 2009, the Company's employees, including all executives, working in the VHA business ceased to be employees of the Company and became employees of VHA during 2009. VHA is not a subsidiary of the Company and accordingly this report does not include any information relating to the employees or employment practices of VHA. As at 31 December 2010, the Company had 62 employees who are providing transition services to VHA. The Company no longer has any employees who are 'key management personnel'.

This report applies to employees of the Company only, and prior year comparisons include those who were key management personnel during the period to 9 June 2009. The compensation philosophy and policies referred to remain in place notwithstanding their currently limited application.

Compensation philosophy and practice

The Governance, Nomination and Compensation Committee has been responsible for making recommendations to the Board on compensation policies and packages for all staff, including Board members. The Company's compensation policy has been 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, and key management personnel's remuneration packages would be directly linked to these measures. Hutchison has been committed to ensuring it has compensation arrangements which would reflect individual performance, overall contribution to the company performance and developments in the external market. Written service agreements setting out remuneration and other terms of employment would be required for key management personnel.

Principles used to determine the nature and amount of remuneration

The Company's compensation policy was designed to ensure that remuneration strategies are competitive, innovative and support the business objectives while reflecting individual performance, overall contribution to the business and developments in the external market. Remuneration packages will 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 directly relate to the key management's contribution to meeting or exceeding the company's statement of comprehensive income and statement of financial position targets. At the non-financial level the measures reflected the contribution to achieving a range of key performance indicators as well as building a high performance company culture. These performance conditions were chosen to reflect an appropriate balance between achieving financial targets and building a business and organisation to be sustainable for the long term.

Directors' fees

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

Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

Company Secretaries fees

The Joint Company Secretaries, E Shih and L Sexton, did not receive any remuneration for their services as Company Secretaries.

Key management personnel

There were no key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company for the period from 1 January 2010 to 31 December 2010.

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

2010	**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	–	–	–	–	–	–
S Chow	–	–	–	–	–	–
J Gardener	50,000	–	–	4,500	–	54,500
D Lai	–	–	–	–	–	–
J Scanlon	50,000	–	–	4,500	–	54,500
F Sixt	–	–	–	–	–	–
R Snodgrass*	–	–	–	–	–	–
R Spithill**	–	–	–	–	–	–
Total	100,000	–	–	9,000	–	109,000

* Mr Snodgrass resigned as a Director on 16 November 2010.

** Mr Spithill was appointed as a Director on 16 November 2010.

2009	**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^	533,988	–	3,369	10,488	–	547,845
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	633,988	–	3,369	19,488	–	656,845

^ Mr Roberts–Thomson ceased to receive remuneration from HTAL on 31 August 2009.

* Mr Russell resigned as a Director on 9 June 2009.

Key management personnel and other executives of the Company

2010 – Nil

2009*	**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^	341,250	350,000	33,355	6,872	10,554	68,056	810,087
M Young^	315,000	191,750	31,272	6,872	1,796	25,384	572,074
T Finlayson^	181,250	182,344	2,105	6,872	7,454	20,307	400,332
G Bourke^	164,167	50,000	2,105	6,872	3,149	15,231	241,524
N Hamill^	175,000	50,000	2,105	6,872	475	20,307	254,759
Total	1,176,667	824,094	70,942	34,360	23,428	149,285	2,278,776

* All key management personnel ceased to be employed by the Company on 9 June 2009.

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

Share-based compensation

Options were granted to executives under the HTAL Employee Option Plan which was approved by the Board on 4 June 2007. Options were 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.

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

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. The Board has resolved to allow the options held by any employees who have taken up employment with VHA to remain on their existing terms and conditions.

Share holdings

The number of shares in the Company held during the financial year by each Director, 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**	**Changes during the year**	**Balance at the end of the year**
C Fok	5,100,000	–	–	5,100,000*
B Roberts-Thomson	83,918,337	–	–	83,918,337**
S Chow	–	–	–	–
J Gardener	1,030,358	–	600,000	1,630,358
D Lai	–	–	–	–
J Scanlon	–	–	–	–
F Sixt	1,000,000	–	–	1,000,000
R Snodgrass	–	–	–	–
R Spithill	–	–	–	–

* Direct holding of 100,000 shares.

** Direct holding of 4,540 shares.

Directors' Report

continued

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	22,850,000
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:

- ⅓rd on or after 1 July 2008
- ⅓rd on or after 1 January 2009
- ⅓rd 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 2010 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 2010 and 31 December 2009.

Other transactions with Directors and key management personnel

There were no other transactions with Directors for the year ended 31 December 2010 or with Directors and the former key management personnel for the year ended 31 December 2009.

Non-audit services

HTAL may decide to employ the auditor, Deloitte Touche Tohmatsu, 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 Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are set out in note 18, Remuneration of auditors, on pages 48 to 49 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 26.

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 or cent.

Auditor

Deloitte Touche Tohmatsu 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.

Susan Chow
Director
24 February 2011

Dominic Lai
Director
24 February 2011

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Hutchison Telecommunications (Australia) Limited
40 Mount St
North Sydney, NSW 2060

24 February 2011

Dear Board Members

Hutchison Telecommunications (Australia) Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Hutchison Telecommunications (Australia) Limited and the entities it controlled during the period ("HTAL").

As lead audit partner for the audit of the financial statements of HTAL for the financial year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Partner

Chartered Accountants

Financial Report
for the year ended 31 December 2010

Contents

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010 $'000	2009* $'000
Revenue	2	22,343	799,410
Gain on disposal arising from merger	3	—	587,285
Other income	4	—	1,866
Cost of interconnection and variable content costs		—	(216,863)
Other direct costs of provision of telecommunication services and goods		—	(150,071)
Cost of handsets sold		—	(185,510)
Employee benefits expense		(480)	(57,252)
Advertising and promotion expenses		(121)	(22,870)
Other operating expenses		(872)	(56,261)
Capitalisation of customer acquisition and retention costs		—	20,055
Depreciation and amortisation expense		—	(110,317)
Finance costs	5	(111)	(393)
Share of net profits/(losses) of joint ventures accounted for using the equity method	11	43,103	(141,355)
Profit before income tax		63,862	467,724
Income tax credit	6	9,580	—
Profit for the year	16	73,442	467,724
Other comprehensive income			
Changes in the fair value of cash flow hedges (share of joint venture), net of tax	16	4,207	(990)
Other comprehensive income for the year, net of tax		4,207	(990)
Total comprehensive income for the year attributable to members of Hutchison Telecommunications (Australia) Limited		77,649	466,734
		Cents	**Cents**
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	25	0.54	6.27
Diluted earnings per share	25	0.54	5.85

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

* The results to 31 December 2009 include the consolidated results of VHA (previously known as H3GA) for 5 months until merger date and 7 months equity accounting results for VHA post merger.

Consolidated Statement of Financial Position
as at 31 December 2010

	Notes	2010 $'000	2009 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,317	2,858
Trade and other receivables	8	3,693	64,233
Other	9	163	163
Total Current Assets		9,173	67,254
Non-Current Assets			
Receivables	10	74,870	50,332
Investment accounted for using the equity method	11	1,600,961	1,553,651
Deferred tax assets	6	9,580	–
Total Non-Current Assets		1,685,411	1,603,983
Total Assets		1,694,584	1,671,237
LIABILITIES			
Current Liabilities			
Payables	13	23,677	8,805
Other financial liabilities	14	217,838	286,954
Total Current Liabilities		241,515	295,759
Total Liabilities		241,515	295,759
Net Assets		1,453,069	1,375,478
EQUITY			
Contributed equity	15	4,204,488	4,204,488
Reserves	16	74,990	70,841
Accumulated losses	16	(2,826,409)	(2,899,851)
Total Equity		1,453,069	1,375,478

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	Contributed equity $'000	Reserves: Capital Redemption $'000	Reserves: Cash flow hedges $'000	Reserves: Share options $'000	Retained profits/ (losses) $'000	Total equity $'000
			ATTRIBUTABLE TO MEMBERS OF HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED				
Balance at 1 January 2009		**4,204,488**	**54,887**	**990**	**15,683**	**(3,367,575)**	**908,473**
Profit for the year		–	–	–	–	467,724	467,724
Changes in the fair value of cash flow hedges, net of tax	16	–	–	(990)	–	–	(990)
Total comprehensive income/ (loss) for the year		**–**	**–**	**(990)**	**–**	**467,724**	**466,734**
Transactions with members in their capacity as members:							
Employee share options – value of employee services	16	–	–	–	271	–	271
Subtotal		–	–	–	271	–	271
Balance at 31 December 2009 and 1 January 2010		**4,204,488**	**54,887**	**–**	**15,954**	**(2,899,851)**	**1,375,478**
Profit for the year		–	–	–	–	73,442	73,442
Share of joint venture's changes in the fair value of cash flow hedges, net of tax	16	–	–	4,207	–	–	4,207
Total comprehensive income for the year		**–**	**–**	**4,207**	**–**	**73,442**	**77,649**
Transactions with members in their capacity as members:							
Employee share options – value of employee services	16	–	–	–	(58)	–	(58)
Subtotal		–	–	–	(58)	–	(58)
Balance at 31 December 2010		**4,204,488**	**54,887**	**4,207**	**15,896**	**(2,826,409)**	**1,453,069**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	Notes	2010 $'000	2009* $'000
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		–	894,146
Payments to suppliers and employees (inclusive of GST)		(496)	(1,383,481)
		(496)	(489,335)
Interest received		861	56,031
Rental income		15	66
Finance costs paid		(126)	(393)
Net cash inflows/(outflows) from operating activities	24	254	(433,631)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		–	(74,525)
Proceeds from sale of other non-current assets		–	105
Proceeds from sale of intangible assets		–	86,000
Loans to jointly controlled entities		–	(69,186)
Repayment of loans from jointly controlled entities		71,321	1,113,667
Payments for intangible assets		–	(19,666)
Net cash inflows from investing activities		71,321	1,036,395
Cash Flows from Financing Activities			
Proceeds from borrowings – subsidiary		–	124,513
Proceeds from borrowings – related parties		–	55,000
Repayment of borrowings – related parties	14	(69,116)	(768,046)
Repayment of finance lease		–	(1,327)
Net cash outflows from financing activities		(69,116)	(589,860)
Net increase in cash and cash equivalents		2,459	12,904
Cash and cash equivalents at 1 January		2,858	134,685
Cash disposed of with H3GA merger		–	(144,731)
Cash and cash equivalents at 31 December 2010		5,317	2,858

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

* The cash flows to 31 December 2009 represent 5 months consolidated results of VHA (previously known as H3GA) until merger date and 7 months HTAL parent only cash flows from merger date.

Notes to Financial Statements

Note 1. Summary of significant accounting policies

Hutchison Telecommunications (Australia) Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company and its subsidiaries (the Group or Consolidated Entity or HTAL) are described in the Directors' Report.

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

Statement of compliance

Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS).

As a consequence of the financial reporting relief provided by ASIC Class Orders 10/654 and 10/655 the consolidated financial statements are presented without parent entity financial statements. Disclosures in relation to the parent entity required under paragraph 259(3)(a) of the *Corporations Act 2001* have been included in note 30.

Going concern disclosures

As at 31 December 2010, the Consolidated Entity has a deficiency of net current assets of $232 million (2009: $229 million). Included in the Consolidated Entity's current liabilities is an amount of $218 million (2009: $287 million) which relates to an interest free financing facility provided from the ultimate parent entity, Hutchison Whampoa Limited (HWL), which is repayable on demand. HWL has confirmed its current intention to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from 24 February 2011. Consequently, the directors have prepared the financial statements on a going concern basis.

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 27.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of Hutchison Telecommunications (Australia) Limited and its subsidiaries made up to 31 December 2010.

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. If a member of the Consolidated Entity uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Investments in controlled entities in the Company are accounted for at cost. 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.

Note 1. Summary of significant accounting policies (continued)

(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 profit or loss, 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

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, which is limited to one year from date of acquisition, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Refer to note 1(n) for the accounting policy on goodwill arising from a business combination.

Note 1. Summary of significant accounting policies (continued)

(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 profit or loss, and the share of the movements in reserves is recognised in reserves in the statement of financial position.

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 statement of financial position.

(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 profit or loss.

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 profit or loss 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 expenses in the profit or loss.

(k) 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 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 profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Note 1. Summary of significant accounting policies (continued)

(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 profit or loss within other income or other expense.

Amounts accumulated in equity are recycled in the profit or loss 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 profit or loss. 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 profit or loss.

(l) 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 statement of financial position 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.

(m) Leases

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.

(n) Goodwill and intangible assets

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill on acquisitions of subsidiaries 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

(o) 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.

(p) 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 profit or loss over the period of the liability using the effective interest method.

(q) 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; and
– certain exchange differences arising from foreign currency borrowings.

Note 1. Summary of significant accounting policies (continued)

(r) 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 26.

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 statement of financial position 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. This fund is a defined contribution fund and is based on employer and employee contributions made to the fund.

Contributions are recognised as an expense as they become payable.

(s) Contributed equity

Ordinary shares and convertible preference shares are classified as equity. Refer to note 15 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.

Note 1. Summary of significant accounting policies (continued)

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

– the profit attributable to ordinary equity holders of the Consolidated Entity;

– by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

– the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

– the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) 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 statement of financial position.

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.

(v) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. Refer to note 23 for details of the Consolidated Entity's operating segment, being investment in telecommunication services.

(w) Rounding of amounts to nearest thousand dollars

The Consolidated Entity 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.

(x) New accounting standards and interpretations

The Consolidated Entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements.

AASB 3 Business combinations

Costs incurred to effect a business combination are expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

The revised AASB 3 changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical costs, is to be recognised in the statement of comprehensive income.

Notes to the Financial Statements
continued

Note 1. Summary of significant accounting policies (continued)

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 9	*AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards*	1 January 2013	1 January 2013
AASB 124	*Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards*	1 January 2011	1 January 2011
AASB 2009-5	*Further amendments to Australian Accounting Standards arising from the Annual Improvements Process*	1 January 2010	1 January 2011
AASB 2009-10	*Amendments to Australian Accounting Standards – Classification of Right Issues*	1 February 2010	1 January 2011
AASB 2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	1 January 2013	1 January 2013
AASB 2009-12	*Amendments to Australian Accounting Standards*	1 January 2011	1 January 2011
AASB 2009-14	*Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*	1 January 2011	1 January 2011
AASB 2010-4	*Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2011	1 January 2011
AASB 2010-5	*Amendments to Australian Accounting Standards*	1 January 2011	1 January 2011
AASB 2010-6	*Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*	1 July 2011	1 January 2012
AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9*	1 January 2013	1 January 2013
Intepretation 19	*IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010	1 January 2011

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

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

	2010 $'000	2009 $'000
From continuing operations		
Services	–	711,896
Sale of handsets	–	28,520
	–	740,416
Other revenue		
Interest	22,343	58,929
Rental income	–	65
	22,343	58,994
	22,343	799,410

Note 3. Gain on disposal arising from merger

	2010 $'000	2009 $'000
Gain on disposal arising from merger	–	587,285

On 10 June 2009, the Company announced that the merger of its operating subsidiary, Hutchison 3G Australia Pty Ltd (H3GA), and Vodafone Australia Limited (VAL) was completed. As a result of the merger H3GA acquired 100% of VAL and issued shares to subsidiaries of Vodafone Group Plc resulting in the Vodafone entities holding 50% of the H3GA shares. H3GA has been renamed Vodafone Hutchison Australia Pty Limited (VHA). The Group's interest in VHA is accounted for in the consolidated financial statements using the equity method.

The gain on disposal arising from the merger for the consolidated entity of $587,285,000 represents the disposal of 50% of the group's interest in H3GA following the merger of H3GA with VAL.

As a result of the completion of the transaction, HTAL has ceased to consolidate the results and net assets of H3GA and equity accounts for its interest in the Jointly Controlled Entity, VHA.

The consolidated statement of comprehensive income presented for the year ended 31 December 2009 therefore represents 5 months of the former '3' business (H3GA) and 7 months of an equity accounted result of VHA.

The consolidated statement of comprehensive income presented for the year ended 31 December 2010 represents the equity accounted result for VHA.

The consolidated statement of financial position presented as at 31 December 2010 includes the HTAL group's equity investment in VHA together with current and non-current loans from the group to VHA.

Note 4. Other income

	2010 $'000	2009 $'000
Net foreign exchange gains	–	1,790
Net gain on sale of property	–	76
	–	1,866

Note 5. Expenses

	2010 $'000	2009 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable	111	393
Depreciation		
Fixtures, fittings and office equipment	–	1,609
Computer equipment	–	14,888
Computer equipment under finance lease	–	482
Network equipment	–	9,328
Network equipment – jointly controlled asset	–	8,149
Assets under construction	–	25,045
Total depreciation	–	59,501
Amortisation		
Spectrum licence	–	29,032
Capitalised development costs	–	248
Customer acquisition and retention costs	–	16,594
Customer acquisition costs written off	–	3,512
Transmission capacity	–	1,430
Total amortisation	–	50,816
Total amortisation and depreciation	–	110,317
Rental expense relating to operating leases		
Lease payments (included in "Other operating expenses")	–	14,964
Provision for (write back of)/impairment loss of		
Current assets – Trade receivables (included in "Other operating expenses")	–	13,843
Non-current assets – Receivables (included in "Other operating expenses")	–	(3,503)
	–	10,340

Note 6. Income tax expense

	2010 $'000	2009 $'000
(a) Income tax credit		
Deferred tax	(9,580)	–
Income tax credit	(9,580)	–
(b) Numerical reconciliation of income tax credit to prima facie tax payable		
Profit from operations before income tax credit	63,862	467,724
Tax at the Australian tax rate of 30% (2009: 30%)	19,159	140,317
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment and other non-deductible expenses	–	1,293
Stamp duty on shares – merger	–	3,668
Profit/(loss) on disposal of H3GA shares	–	(159,610)
Share of net (profit)/loss of jointly controlled entity	(12,931)	42,406
Deferred tax on timing differences previously not recognised	(11,389)	–
Deferred tax/unrecognised tax losses	–	(28,074)
	(5,161)	–
Previously unrecognised tax losses now recouped to reduce current tax expense	(4,419)	–
Income tax credit	(9,580)	–
(c) Unrecognised tax losses		
Unused tax losses for which no deferred tax assets have been recognised	217,830	232,561
Potential tax benefit @ 30%	65,349	69,768

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) Recognised deferred tax assets and liabilities

(i) Deferred tax asset

	2010 $'000	2009 $'000
There are temporary differences attributable to:		
Provisions	2,199	1,841
Business related costs	7,381	7,262
	9,580	9,103
Utilisation of tax losses	–	(9,103)
Net deferred tax asset	9,580	–
(ii) Deferred tax liability		
There are temporary differences attributable to:		
Interest in jointly controlled entity	–	43,254
	–	43,254
Utilisation of tax losses	–	(52,357)
Set-off of deferred tax asset pursuant to set-off provisions	–	9,103
Net deferred tax liability	–	–

Note 7. Current assets – Cash and cash equivalents

	2010 $'000	2009 $'000
Cash at bank and in hand	5,317	2,858
	5,317	2,858

Note 8. Current assets – Trade and other receivables

	2010 $'000	2009 $'000
Receivable from jointly controlled entities (note 21)	1,394	61,934
Receivable from related entity (note 21)	2,299	2,299
	3,693	64,233

Receivable from related and jointly controlled entities

Further information relating to receivable from related entity and jointly controlled entities is set out in note 21.

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

There were no current trade receivables past due but not impaired as at 31 December 2010 and 31 December 2009.

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

	2010 $'000	2009 $'000
At 1 January	–	25,817
Allowance for impairment recognised during the year	–	13,843
Receivables disposed of/written off during the year as uncollectible	–	(39,660)
	–	–

There was no allowance for impairment recognised in the statement of comprehensive income for the year ended 31 December 2010. In 2009, the creation and release of the allowance for impaired receivables has been included in 'other operating expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(c) Credit risk

The Consolidated Entity has no significant concentrations of credit risk.

(d) Foreign exchange and interest rate risk

Refer to note 10 for an analysis of the Consolidated Entity's non-current receivables denominated in various currencies.

Refer to note 29 for an analysis of the Consolidated Entity's exposure to foreign exchange 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 29.

(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 29 for more information on the risk management policy of the Consolidated Entity.

Note 9. Current assets – Other

	2010 $'000	2009 $'000
Other	163	163
	163	163

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Note 10. Non-current assets – Receivables

	2010 $'000	2009 $'000
Receivable from jointly controlled entities (note 21)	74,870	50,332
	74,870	50,332

Receivable from jointly controlled entities

Weighted average interest on the receivable from jointly controlled entities is charged at a rate of 8% p.a. (2009: 8% p.a.).

Further information relating to the receivable from jointly controlled entities is set out in note 21.

(a) Movements in the allowance for impairment of non-current trade receivables

As at 31 December 2010 non-current trade receivables of the Consolidated Entity with a nominal value of $nil (2009: $nil) were impaired. The amount of the allowance was $nil (2009: $nil).

	2010 $'000	2009 $'000
At 1 January	–	3,503
Receivables disposed of/written off during the year	–	(3,503)
	–	–

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

(b) Fair values

The carrying values of non-current receivables at amortised cost approximated to fair value.

(c) Foreign currency and interest rate risk

The carrying amounts of the Consolidated Entity's current and non-current receivables are denominated in the following currencies:

	2010 $'000	2009 $'000
Australian dollars	78,563	114,565
	78,563	114,565
Current receivables (note 8)	3,693	64,233
Non-current receivables	74,870	50,332
	78,563	114,565

For an analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk refer to note 29.

(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 29 for more information on the risk management policy of the Consolidated Entity.

Note 11. Non-current assets – Investment accounted for using the equity method

	2010 $'000	2009 $'000
Interest in a jointly controlled entity	1,600,961	1,553,651

Jointly controlled entities

(a) Vodafone Hutchison Australia Pty Limited

On 9 June 2009 a subsidiary, H3GA, merged with VAL and H3GA was renamed VHA. The Company's interests in VHA is accounted for in the consolidated financial statements using the equity method.

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

	2010 $'000	2009 $'000
Share of the jointly controlled entity's assets and liabilities		
Current assets	557,543	554,437
Non-current assets	3,108,599	3,180,941
Total assets	3,666,142	3,735,378
Current liabilities	607,978	1,557,664
Non-current liabilities	1,659,751	765,013
Total liabilities	2,267,729	2,322,677
Net assets	1,398,413	1,412,701
Share of the jointly controlled entity's revenue, expenses and results		
Revenues	2,410,901	1,302,373
Expenses	(2,367,798)	(1,446,553)
Profit/(Loss) for the period	43,103	(144,180)
Reconciliation of interest in a jointly controlled entity		
Investment brought forward	1,553,651	1,556,881
Profit/(Loss) for the period	43,103	(144,180)
Share of changes in fair value of cash flow heges, net of tax	4,207	–
	1,600,961	1,412,701
Goodwill	–	165,321
Gain on disposal of spectrum licence from HTAL to VHA, net of amortisation	–	(24,371)
Interest in a jointly controlled entity at 31 December	1,600,961	1,553,651
Share of the jointly controlled entity's commitments		
Lease commitments	456,377	478,327
Capital commitments	246,661	123,770
	703,038	602,097
Contingent liabilities relating to the jointly controlled entity	22,468	–

Notes to the Financial Statements
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Note 11. Non-current assets – Investment accounted for using the equity method (continued)

Shares in jointly controlled entity

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

(b) 3GIS Partnership ("3GIS")

In December 2004 a controlled entity, VHA (formerly known as H3GA), established a 50% interest in a joint venture with Telstra OnAir Holdings Pty Limited named 3GIS. 3GIS's principal activity is the operation and construction of 3G radio access network infrastructure. The interest in 3GIS was accounted for in the consolidated financial statements using the equity method until 9 June 2009. Following the merger between H3GA and VAL, from 10 June 2009 the 3GIS partnership is accounted for using the equity method in VHA's consolidated financial statements.

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

	2010 $'000	2009 $'000
Share of the jointly controlled entity's revenue, expenses and results		
Revenues	–	34,868
Expenses	–	(32,043)
Profit for the year	–	2,825

(c) Total share of the jointly controlled entities' revenue, expenses and results	43,103	(141,355)

Note 12. Non-current assets – Controlled and jointly controlled entities

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

				EQUITY HOLDING*	
Name of Entity	**Notes**	**Country of Incorporation**	**Class of Shares**	**2010 %**	**2009 %**
Controlled entities					
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	(a)	Australia	Ordinary	100	100
Jointly controlled entity					
Vodafone Hutchison Australia Pty Limited (formerly Hutchison 3G Australia Pty Limited)	(b)	Australia	Ordinary	50	50

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

(a) This entity 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.

(b) This entity is accounted for in the consolidated financial statements using equity accounting.

Note 13. Current liabilities – Payables

	2010 $'000	2009 $'000
Trade creditors	518	105
Other creditors	7,184	8,700
Payables to jointly controlled entities (note 21)	15,975	–
	23,677	8,805

Payables to jointly controlled entity

Further information relating to payables to jointly controlled entity is set out in note 21.

(a) Foreign currency and interest rate risk

The carrying amounts of the Consolidated Entity's trade and other payables are predominantly denominated in Australian Dollars:

	2010 $'000	2009 $'000
Australian Dollars	23,677	8,805
	23,677	8,805

Refer to note 29 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 29.

Note 14. Current liabilities – Other financial liabilities

	2010 $'000	2009 $'000
Loan from a related entity (note 21)	217,838	286,954

Loan from a related entity

Further information relating to the loan from a related entity is set out in note 21.

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

Financing arrangements

	2010 $'000	2009 $'000
Unrestricted access was available at the statement of financial position date to the following lines of credit:		
Other financial liabilities		
Total facilities – related entity	1,600,000	1,100,000
Used at the statement of financial position date	(217,838)	(286,954)
Unused at the statement of financial position date	1,382,162	813,046

Notes to the Financial Statements

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Note 15. Contributed equity

	2010 Shares	2009 Shares	2010 $'000	2009 $'000
(a) Share capital				
Ordinary shares (fully paid)	13,572,508,577	13,572,508,577	4,204,488	4,204,488

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) Movement in ordinary shares:

Date	Detail	Number of shares	$'000
01 January 2009	Opening balance	754,028,255	1,045,194
24 June 2009	Conversion of CPS into ordinary shares	12,818,480,322	3,159,294
31 December 2009	Closing balance	13,572,508,577	4,204,488
01 January 2010	Opening balance	13,572,508,577	4,204,488
31 December 2010	Closing balance	13,572,508,577	4,204,488

On 24 June 2009, the Convertible Preference Share (CPS) were converted into Ordinary Shares. On 10 June 2009, HTAL announced the completion of a merger between its subsidiary H3GA and Vodafone Australia Limited, pursuant to an arrangement between the Company and Vodafone Group Plc. Under the arrangement H3GAH entered into a joint venture with subsidiaries of Vodafone to own H3GA on a 50/50 basis. The joint venture was implemented on 9 June 2009 and resulted in the occurence of a change of control event.

(c) Movement in convertible preference shares:

Date	Detail	Number of shares	Issue price	$'000
01 January 2009	Opening balance	15,080,565,089	0.21	3,159,294
24 June 2009	Conversion of CPS into ordinary shares	(15,080,565,089)	0.21	(3,159,294)
31 December 2009	Closing balance	–		–

(d) 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 26.

(e) Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern so that it 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 monitors 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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

The gearing ratios at 31 December 2010 and 31 December 2009 were as follows:

	2010 $'000	2009 $'000
Total payables, borrowings and other financial liabilities	241,515	295,759
Less: cash and cash equivalents (note 7)	(5,317)	(2,858)
Net debt	236,198	292,901
Total equity	1,453,069	1,375,478
Total capital	1,689,267	1,668,379
Gearing ratio	14%	18%

Note 16. Reserves and accumulated losses

	2010 $'000	2009 $'000
(a) Reserves		
Capital reserve	54,887	54,887
Share of hedging reserve – cash flow hedges	4,207	–
Share-based payments reserve	15,896	15,954
	74,990	70,841
Movements:		
Capital reserve		
There has been no movement in the capital reserve during the year.		
Share of hedging reserve – cash flow hedges		
Balance at 1 January	–	990
Hedging movements	4,207	(990)
Balance at 31 December	4,207	–
Share-based payments reserve		
Balance at 1 January	15,954	15,683
Option (lapsed)/expense	(58)	271
Balance at 31 December	15,896	15,954
(b) Accumulated losses		
Accumulated losses at 1 January	(2,899,851)	(3,367,575)
Profit attributable to the members of Hutchison Telecommunications (Australia) Limited	73,442	467,724
Accumulated losses at 31 December	(2,826,409)	(2,899,851)

(c) Nature and purpose of reserves

Capital reserve

The capital reserve relates to the surplus arising on initial consolidation of 19.9% stake in H3GAH.

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains and losses on a hedging instrument in a jointly controlled entity cash flow hedge that are recognised directly in equity, as described in note 1(g)(i).

Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects profit or loss.

Share-based payments reserve

(i) The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

(ii) 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.

Note 17. Director and key management personnel disclosures

(a) Director and key management personnel compensation

	2010 $	2009 $
Short term employee benefits	109,000	1,855,432
Post employment benefits	–	27,490
Long term benefits	–	20,279
Share based payments	–	134,055
	109,000	2,037,256

The key management personnel have been transferred to VHA.

(b) Loans to key management personnel

There were no loans made to Directors of the Company, including their personally related entities, during the years ended 31 December 2010 and 31 December 2009.

(c) Other transactions with key management personnel

There were no other transactions with the Directors of the Company for the years ended 31 December 2010 and 31 December 2009.

Note 18. Remuneration of auditors

	2010 $	2009 $
During the year fees paid to the auditor of the Consolidated Entity, its related practices and non-related audit firms for the following services:		
(a) Deloitte Touche Tohmatsu – 2010		
Assurance services		
– Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	78,275	–
Total remuneration for assurance services	78,275	–
Taxation services		
Tax compliance services, including review of company tax returns	35,620	–
Total remuneration for taxation services	35,620	–
(b) PricewaterhouseCoopers – 2009		
Assurance services		
– Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	–	343,066
– Other assurance services		
IT audit	–	110,000
Accounting services	–	85,000
Other assurance services		
Audit of regulatory returns	–	10,500
Due diligence services	–	424,499
Total remuneration for assurance services	–	973,065
Taxation services		
Tax compliance services, including review of company tax returns	–	56,190
Tax advice on merger	–	634,595
Total remuneration for taxation services	–	690,785
Total auditors remuneration	113,895	1,663,850

Note 18. Remuneration of auditors (continued)

It is the Consolidated Entity's policy to employ the auditors on assignments additional to their statutory audit duties where the auditor's 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. The auditor of the Consolidated Entity is Deloitte Touche Tohmatsu for 2010 (2009: PricewaterhouseCoopers).

Note 19. Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2010 are as follows:

	2010 $'000	2009 $'000
Guarantees		
Unsecured guarantees in respect of leases of controlled entities	8,156	7,858
	8,156	7,858

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 20. Commitments

	2010 $'000	2009 $'000
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	128	136
Later than 1 year but not later than 5 years	231	220
Later than 5 years	65	–
	424	356
Representing:		
Non-cancellable operating leases	424	356

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.

Note 21. Related party transactions

(a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which at 31 December 2010 owns approximately 88% of the issued Ordinary Shares of Hutchison Telecommunications (Australia) Limited. (2009 : the holding company and parent entity was Hutchison Communications (Australia) Pty Limited which owned approximately 88%). On 23 December 2010, Hutchison Telecommunications (Amsterdam) B.V. completed the acquisition of interests in Hutchison Telecommunications (Australia) Limited from Hutchison Communications (Australia) Pty Limited.

The ultimate parent entity is Hutchison Whampoa Limited (incorporated in Hong Kong).

(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; Justin Herbert GARDENER; LAI Kai Ming, Dominic; John Michael SCANLON; Frank John SIXT; Roderick James SNODGRASS and Ronald Joseph SPITHILL. Roderick James SNODGRASS resigned as a Director on 16 November 2010. Ronald Joseph SPITHILL was appointed as a Director on 16 November 2010 and continues in office at the date of this report.

(c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in note 17.

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continued

Note 21. Related party transactions (continued)

(d) Transactions with related parties

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

	2010 $'000	2009 $'000
Sales of goods and services		
Sale of telecommunications related goods and services to joint venture	–	1,937
Purchases of goods		
Purchase of goods and services from commonly controlled entities	–	13,412
Purchase of telecommunications related goods and services from joint venture	–	78,362
Receivables		
Advance to:		
Jointly controlled entity	10,781	–
Payables		
Advanced from:		
Jointly controlled entity	15,975	–
Repayments to:		
Related entity	–	591,468
Loans to related parties		
Loans advanced to:		
Jointly controlled entity	–	1,320,000
Loans repayments from:		
Jointly controlled entity	71,321	–
Loans from related parties		
Loans advanced from:		
Related entity	–	55,000
Loans repayments to:		
Related entity	69,116	768,046
Loans repayments from:		
Related entity	–	1,250,000
Interest revenue		
Jointly controlled entity	21,481	56,347
Interest expense		
Ultimate parent entity	126	358
Advances to jointly controlled entity	–	50,332

Advances to the jointly controlled entity represent funds advanced under the terms of the agreement with the jointly controlled entity. The funds advanced under the agreement are interest free.

(e) Outstanding balances

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

	2010 $'000	2009 $'000
Current receivables		
Jointly controlled entity (note 8)	1,394	61,934
Related entity (note 8)	2,299	2,299
Non current receivables		
Jointly controlled entity (note 10)	74,870	50,332
Payables		
Jointly controlled entity (note 13)	15,975	–
Current liabilities – Other financial liabilities		
Related entity (note 14)	217,838	286,954

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.

Note 21. Related party transactions (continued)

(f) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except interest on some loans between the parties that are interest free.

Note 22. Deed of Cross Guarantee

During the year ended 31 December 2007, Hutchison Telecommunications (Australia) Limited, H3GAH and H3GA entered into 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.

On 10 June 2009, the Company announced that the merger of its subsidiary H3GA with VAL had completed. H3GA has been renamed VHA. As a result the parties to the Deed of Cross Guarantee are now HTAL and H3GAH.

(a) Closed Group consolidated statement of comprehensive income and a summary of movements in the Closed Group consolidated retained earnings

HTAL, H3GAH and H3GA represented a 'Closed Group' for the purposes of the Class Order for the period from 1 January to 9 June 2009. After 10 June 2009, H3GAH and HTAL represent the 'Closed Group' for the purposes of the Class Order. As there are no other parties to the Deed of Cross Guarantee that are controlled by HTAL, H3GAH also represents the 'Extended Closed Group'.

Set out below is the Closed Group consolidated statement of comprehensive income and a summary of movements in the Closed Group consolidated accumulated losses for the year ended 31 December 2010.

	2010 $'000	2009 $'000
Statement of Comprehensive Income		
Revenue	22,343	799,410
Gain on disposal arising from merger	–	780,230
Other income	–	1,866
Cost of interconnection and variable content costs	–	(216,863)
Other direct costs of provision of telecommunication services and goods	–	(150,071)
Cost of handsets sold	–	(185,510)
Employee benefits expense	(480)	(57,252)
Advertising and promotion expenses	(121)	(22,870)
Other operating expenses	(872)	(56,261)
Capitalisation of customer acquisition and retention costs	–	20,055
Depreciation and amortisation expense	–	(110,317)
Finance costs	(111)	(393)
Profit before income tax	20,759	802,024
Income tax expense	9,580	–
Profit for the year	30,339	802,024
Summary of movements in consolidated retained losses		
Accumulated losses at the beginning of the financial year	(2,896,621)	(3,698,645)
Profit for the year	30,339	802,024
Accumulated losses at the end of the financial year	(2,866,282)	(2,896,621)

Notes to the Financial Statements

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Note 22. Deed of Cross Guarantee (continued)

(b) Statement of Financial Position

Set out below is a statement of financial position as at 31 December 2010 of the Closed Group consisting of H3GAH and HTAL.

	2010 $'000	2009 $'000
Current Assets		
Cash and cash equivalents	5,317	2,858
Trade and other receivables	3,693	64,233
Other	163	163
Total Current Assets	9,173	67,254
Non-Current Assets		
Receivables	74,870	50,332
Other financial assets	1,556,881	1,556,881
Other	9,580	–
Total Non-Current Assets	1,641,331	1,607,213
Total Assets	1,650,504	1,674,467
Current Liabilities		
Payables	23,677	8,805
Other financial liabilities	217,838	286,954
Total Current Liabilities	241,515	295,759
Total Liabilities	241,515	295,759
Net Assets	1,408,989	1,378,708
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	70,783	70,841
Accumulated losses	(2,866,282)	(2,896,621)
Total Equity	1,408,989	1,378,708

Note 23. Operating segment

The Consolidated Entity has identified its operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Consolidated Entity operated within the telecommunications industry until 9 June 2009. On 10 June 2009, the Company announced that the merger of its subsidiary H3GA with VAL had completed. H3GA has been renamed VHA. As a result, the Consolidated Entity now invests in an operator within the telecommunications industry. In 2010 the Consolidated Entity continued to invest in an operator within the telecommunications industry.

The chief operating decision maker of the Consolidated Entity receives information to manage its operations and investment based on one operating segment, an investor in an operator of telecommunication services. As such, the Consolidated Entity believes it is appropriate that there is one operating segment, investment in telecommunication services.

Key financial information used by the chief operating decision maker of the Consolidated Entity when evaluating the investment in telecommunication services operating segment includes:

HTAL's share of VHA	2010 $m	2009 $m
Operating Revenue	2,411	2,040
Operating Margin	1,691	1,386
EBITDA	476	175

Note 24. Reconciliation of profit after income tax to net cash inflows/(outflows) from operating activities

	Notes	2010 $'000	2009 $'000
Profit after income tax		73,442	467,724
Income tax benefit recognised in profit or loss		(9,580)	–
Depreciation	5	–	59,501
Amortisation	5	–	30,710
Amortisation – subscriber acquisition and retention costs	5	–	16,594
Customer acquisition costs written off	5	–	3,512
Non-cash employee benefits expense – share-based payments	16	(58)	271
Net gain on sale of property, plant and equipment		–	(76)
Gain on disposal arising from merger	3	–	(587,285)
Share of net (profits)/losses of joint venture partnership accounted for using equity method	11	(43,103)	141,355
Change in operating assets and liabilities			
Decrease in provision for doubtful debts		–	(6,265)
(Increase)/Decrease in receivables		(24,538)	37,427
Increase in inventories		–	(686)
Decrease in other assets		5,194	11,227
Decrease in payables		(1,103)	(603,241)
Increase in other current liabilities		–	1,016
Decrease in employee entitlements		–	(5,415)
Net cash inflows/(outflows) from operating activities		254	(433,631)

Note 25. Earnings per share

	2010 Cents	2009 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Consolidated Entity	0.54	6.27
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Consolidated Entity	0.54	5.85

(c) Earnings used in calculating earnings per share

	CONSOLIDATED 2010 $'000	CONSOLIDATED 2009 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	73,442	467,724
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	73,442	467,724

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

	CONSOLIDATED 2010 Number	CONSOLIDATED 2009 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	13,572,508,577	7,461,780,971
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	13,572,508,577	7,988,567,834

There were 23,450,000 (2009: 24,975,000) options outstanding at 31 December 2010 that are anti-dilutive and accordingly have no impact on the earnings per share calculation for the year ended 31 December 2010.

Notes to the Financial Statements

continued

Note 26. Share-based payments

Option Plans

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.

2010

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	24,375,000	–	–	1,525,000	22,850,000	22,850,000
14-Nov-07	13-Nov-12	$0.200	300,000	–	–	–	300,000	300,000
21-May-08	20-May-13	$0.165	–	–	–	–	–	–
4-Jun-08	3-Jun-13	$0.139	300,000	–	–	–	300,000	300,000
Total			24,975,000	–	–	1,525,000	23,450,000	23,450,000
Weighted average exercise price			$0.146	–	–	$0.145	$0.146	$0.146

2009

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	27,400,000	–	–	3,025,000	24,375,000	16,341,644
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			28,200,000	–	–	3,225,000	24,975,000	16,341,644
Weighted average exercise price			$0.146	–	–	$0.146	$0.146	$0.145

The number of options that were forfeited during the year were 1,525,000 (2009: 3,225,000). The weighted average remaining contractual life of share options outstanding at the end of the period was 1.5 years (2009: 2.5 years).

Fair value of options granted

The assessed fair value at grant date of options expensed during the year ended 31 December 2010 was 4 cents (2009: 4 cents).

Refer to note 1(r)(iv) for how the fair value of options were determined. The additional model inputs for options expensed during the year ended 31 December 2010 and 31 December 2009 not already outlined above include:

(a) weighted average share price at grant date: 14.9 cents;

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

(c) expected dividend yield: 0%; and

(d) weighted average risk-free interest rate: 6.4%.

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

Note 26. Share-based payments (continued)

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:

	2010 $'000	**2009 $'000**
Options issued under HTAL Employee Option Plan	(58)	271

Note 27. 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 investments in controlled and jointly controlled entities

In accordance with the Consolidated Entity's accounting policy stated in note 1(g), investments in controlled and jointly controlled entities have been tested for impairment. The recoverable amount of the Company's investment in controlled entities (note 12), and the recoverable amount of the Consolidated Entity's investment in jointly controlled entities (note 11) have been determined on the value in use methodology. The fair value underlying the calculations has been based on the approved business plan for VHA. These calculations require the use of estimates and assumptions.

A discounted cash flow calculation has been undertaken on the approved business plan. A terminal value has been calculated on the cash flows. The cash flows have then been discounted using a suitable discount rate consistent with recent external assessments of the Consolidated Entity's weighted average capital cost. The resulting net present value (NPV) has been compared to the net book value of the Consolidated Entity's non-current assets and working capital balances.

The Directors believe that the resulting NPV is appropriate to support the carrying values of both the parent entity's investment (as disclosed in note 30) and the Consolidated Entity's investments in jointly controlled entities as at 31 December 2010.

(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 28. Events occurring after the Reporting date

There has been no other matter or circumstance that has arisen subsequent to the reporting date that has significantly affected, or may significantly affect:

(i) the operations of Hutchison Telecommunications (Australia) Limited in future financial years, or

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

(iii) the state of affairs of Hutchison Telecommunications (Australia) Limited in future financial years.

Notes to the Financial Statements

continued

Note 29. 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 risk that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the reporting 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 reporting 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 risk 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.

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 major activities of the operations are denominated in Australian dollars. The foreign exchange risk is minimal.

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 2010, 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 $nil lower/$nil higher (2009: $nil lower/$nil higher). Equity would have been $nil lower/$nil higher (2009: $nil lower/$nil higher).

(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.

Note 29. Financial risk management (continued)

(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%	
31/12/2010	**Carrying amount $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**
Financial assets									
Cash and cash equivalents	5,317	(53)	–	53	–	–	–	–	–
Trade receivables	–	–	–	–	–	–	–	–	–
Financial liabilities									
Trade payables	(518)	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
Other financial liabilities	(217,838)	–	–	–	–	–	–	–	–
Total increase/(decrease)	(213,039)	(53)	–	53	–	–	–	–	–

		Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
31/12/2009	**Carrying amount $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**	**Post-tax loss $'000**	**Other equity $'000**
Financial assets									
Cash and cash equivalents	2,858	(29)	–	29	–	–	–	–	–
Trade receivables	–	–	–	–	–	–	–	–	–
Financial liabilities									
Trade payables	(105)	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
Other financial liabilities	(286,954)	–	–	–	–	–	–	–	–
Total increase/(decrease)	(284,201)	(29)	–	29	–	–	–	–	–

(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 related parties. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 19 for details). Such guarantees are only provided in exceptional circumstances and are subject to board approval.

Note 29. Financial risk management (continued)

(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 31/12/2010	**Effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payables	–	23,677	–	–	–	23,677
Other financial liabilities	–	217,838	–	–	–	217,838
Total ($'000)		241,515	–	–	–	241,515

At 31/12/2009	**Effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payables	–	8,805	–	–	–	8,805
Other financial liabilities	–	286,954	–	–	–	286,954
Total ($'000)		295,759	–	–	–	295,759

Note 30. Parent entity disclosures

Financial position

	2010 $'000	**2009 $'000**
ASSETS		
Current Assets	8,173	67,251
Non-Current Assets	3,749,099	3,714,988
Total Assets	3,757,272	3,782,239
LIABILITIES		
Current Liabilities	240,512	295,759
Non-Current Liabilities	–	–
Total Liabilities	240,512	295,759
Net Assets	3,516,760	3,486,480
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	15,895	15,954
Accumulated losses	(703,623)	(733,962)
Total Equity	3,516,760	3,486,480

Note 30. Parent entity disclosures (continued)

Financial performance

	2010 $'000	2009 $'000
Profit for the year	30,339	134,438
Total comprehensive income for the year	30,339	134,438

Contingencies

	2010 $'000	2009 $'000
Guarantees		
Unsecured guarantees in respect of leases of controlled entities	8,156	7,858
	8,156	7,858

Commitments

	2010 $'000	2009 $'000
Operating leases		
Not later than 1 year	128	136
Later than 1 year but not later than 5 years	231	220
Later than 5 years	65	–
	424	356
Representing:		
Non-cancellable operating leases	424	356

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

As at 31 December 2010, the Parent Entity has a deficiency of net current assets of $232 million (2009: $229 million). Included in the Parent Entity's current liabilities is an amount of $218 million (2009: $287 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 Parent Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from 24 February 2011. Consequently, the Directors have prepared the financial statements on a going concern basis.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 28 to 59 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 Consolidated Entity's financial position as at 31 December 2010 and of its performance for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 22 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 22.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer of Vodafone Hutchison Australia Pty Limited required by section 295A of the *Corporations Act 2001*.

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

Susan Chow
Director
24 February 2011

Dominic Lai
Director
24 February 2011

Deloitte.

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Independent Auditor's Report

to the members of Hutchison Telecommunications (Australia) Limited

We have audited the accompanying consolidated financial report of Hutchison Telecommunications (Australia) Limited ("HTAL" and "the company"), which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position as at 31 December 2010, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 60.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 of the financial report that gives a true and fair view, 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.

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

Auditor's independence declaration

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

Auditor's opinion

In our opinion:

(a) the consolidated 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 2010 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Independent Auditor's Report
continued

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 24 of the directors' report for the year ended 31 December 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Partner

Chartered Accountants

Sydney, 24 February 2011

Shareholder Information

The shareholder information set out below was applicable as at 24 February 2011.

Substantial shareholders

Substantial shareholders in the Company are:

	Shareholding	Percentage
Hutchison Whampoa Limited and its subsidiaries#	12,009,393,175	88.48%
Vodafone Group Plc and subsidiaries*	12,009,393,175	88.48%
Telecom 3G (Australia) Limited and Telecom Corporation of New Zealand Limited	1,357,250,858	10.00%

Notes:

\# Substantial shareholding includes relevant interest arising from an equitable mortgage of shares from Leanrose Pty Limited.

* Substantial shareholding arises solely as a result of the relevant interests which Vodafone Group Plc and its subsidiaries have in shares in the Company in which Hutchison Whampoa Limited and its subsidiaries have a relevant interest. Vodafone Group Plc's relevant interests arise under a Shareholders Agreement between Vodafone Group Plc, Hutchison Whampoa Limited and other parties in relation to Vodafone Hutchison Australia Pty Limited. The acquisitions of such relevant interests were approved by shareholders on 2 April 2009. None of Vodafone Group Plc or any of its subsidiaries holds any shares in the Company.

Distribution of equity securities

Range	Ordinary Shares	Options
1 – 1000	1,542	0
1,001 – 5,000	2,927	0
5,001 – 10,000	1,094	0
10,001 – 100,000	1,549	7
100,001 – OVER	270	36
TOTAL	7,382	43

Twenty largest shareholders

There were 4098 holders of less than a marketable parcel of ordinary shares. The names of the 20 largest holders of quoted ordinary shares as at 24 February 2011 are as follows:

Shareholder	Shareholding	% Issued Capital	Rank
Hutchison Telecommunications (Amsterdam) B.V.	11,925,479,378	87.87	1
Telecom 3G (Australia) Limited	1,357,250,858	10.00	2
Leanrose Pty Limited	83,913,797	0.62	3
JP Morgan Nominees Australia	17,475,590	0.13	4
Citicorp Nominees Pty Limited	11,966,586	0.09	5
HSBC Custody Nominees	8,591,416	0.06	6
Arjee Pty Ltd	4,068,851	0.03	7
George Thomson	2,765,587	0.02	8
Yet Kwong Chiang & Ho Yuk Lin Chiang	2,700,138	0.02	9
Yim Fong Leung	2,025,000	0.01	10
KKH Investments Pty Limited	1,850,000	0.01	11
Kenneth Kin Kau Heung & Rene Conrad Heung	1,830,000	0.01	12
Hung Fong Chong	1,779,000	0.01	13
Bin Liu	1,700,000	0.01	14
John Franciszek Chodorowski	1,652,456	0.01	15
Justin Herbert Gardener & Anne Louise Gardener	1,630,358	0.01	16
Kurt Ruegg & Ursula Ruegg	1,500,000	0.01	17
Jason Boua Hong Lo	1,400,000	0.01	18
Yee Man Tang	1,250,000	0.01	19
Xiaoyu Wang	1,197,031	0.01	20

Unquoted Equity Securities

Options issued under the Employee Option Plan

Number of Options on issue	23,450,000
Number of holders	43

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) 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
John Michael Scanlon
Frank John Sixt
Ronald Joseph Spithill

Company Secretaries
Edith Shih
Louise Sexton

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Registered Office
Level 7, 40 Mount Street
North Sydney NSW 2060
Tel: 133 121
Fax: (02) 8904 0457
www.hutchison.com.au

Share Registry
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Tel: (02) 8280 7111
www.linkmarketservices.com.au

Auditor
Deloitte Touche Tohmatsu
Grosvenor Place
225 George 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:
40 Mount Street
North Sydney NSW 2060
Date: Wednesday 4 May 2011
Time: 10.00 am

In this report, Hutchison Telecommunications (Australia) Limited is referred to as Hutchison, HTAL and the Company