Hutchison Telecommunications (Australia) Limited
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ASX Market Announcements
Australian Securities Exchange

Date: 30 March 2012

Subject: Annual Report 2011

The Company's 2011 Annual Report incorporating the full year accounts for the period ended 31 December 2011 is attached.

Yours faithfully

Louise Sexton
Company Secretary

ANNUAL REPORT 2011

Hutchison Telecoms

Contents

AGM Details

The Annual General Meeting of Hutchison will be held at:
40 Mount Street, North Sydney NSW 2060
Thursday 3 May 2012, 10.00 AM

ABN 15 003 677 227

Hutchison Telecommunications (Australia) Limited (ASX: HTA) 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.

Ownership Structure

HUTCHISON WHAMPOA LIMITED
87.87%#

TELECOM CORPORATION OF NEW ZEALAND LIMITED
10%#

PUBLIC SHAREHOLDERS
2.13%

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED
50%#

VODAFONE GROUP PLC
50%#

VHA
VODAFONE HUTCHISON AUSTRALIA

Hutchison owns 50% of VHA (formerly named Hutchison 3G Australia Pty Limited). 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

Financial Summary

($m)	FY11	FY10	$VAR	%
Total revenue	**2,296.8**	2,410.9	(114.1)	(4.7)
Service revenue[1]	**2,044.2**	2,201.4	(157.2)	(7.1)
Operating margin[2]	**1,510.2**	1,690.6	(180.4)	(10.7)
Operating expenses[3]	**1,184.1**	1,189.4	5.3	0.4
EBITDA[4]	**312.7**	475.8	(163.1)	(34.3)
Share of net (loss)/profit from VHA[5]	**(175.4)**	43.1	(218.5)	n/m
Capital expenditure	**373.8**	301.5	72.3	24.0

1 **Service revenue** excludes revenue related to the sale of handsets and mobile broadband devices.

2 **Operating margin** is service revenue less interconnect and variable content costs.

3 **Operating expenses** include other direct costs of the provision of telecommunication services, employee benefits expense, advertising and promotion expenses, net of other income and share of profits of jointly controlled entities and partnership accounted for using the equity method (3GIS) and excludes one-off restructuring costs associated with the merger.

4 **EBITDA** represents service revenue less interconnect cost and running operating expenditure plus capitalised incremental direct acquisition and retention costs in accordance with AIFRS. Interest income has been reclassified to finance cost.

5 **Share of net loss from VHA** represents the share of net loss attributable from jointly controlled entities and partnerships as reported in the financial statements of HTAL, measured under equity accounting rules prescribed by AASB 128.

VHA Operating Summary

Network

- Roll-out plan on schedule with 1,040 new 3G 850MHz sites live
- Equipment replacement completed in WA, the ACT, the NT and SA

Service

- Key metrics improving and self-service functionality enhanced
- Wait times down, self-care transactions up and complaints halved

Customer base

- Total postpaid base (incl. MVNO) grew 16,000 in 2H to 4.2 million
- Total customer base (incl. MVNO) declined 179,000 in 2H to 7.0 million

Data/smart phones

- 500,000 3G services added in year, total 3G services now 3.5 million
- 24.2% increase in customers using handset data services

Customer investment

- Tight control over costs
- Customer acquisition cost declined 6.9% to $135 in year

Integration

- Exceed synergy savings target of NPV $2 billion
- 3 major initiatives still to complete

Fok Kin Ning, Canning
Chairman

Chairman's Message

We have provided and will continue to provide extensive financial support for VHA in order to accelerate the work needed to ensure all of our customers in Australia enjoy state-of-the-art mobile network services.

Hutchison's investment in Vodafone Hutchison Australia (VHA) was negatively impacted by network and customer service issues in late 2010 and early 2011.

As a result of the decisive action of VHA management, these issues were stabilised and the network investment plans accelerated, resulting in significant improvement in the network performance.

Confident in VHA strategy

We are confident that the continued network investment will see VHA deliver stronger results in 2012

Fok Kin Ning, Canning

The full year impact of the issues and VHA's recovery program, combined with the intensely competitive mobile market in Australia, flowed through to Hutchison's financial results for the year.

Hutchison reported a $167.7 million loss in 2011 compared with a profit of $73.4 million last year. Hutchison's share of VHA's net loss included in Hutchison's results for the year was $175.4 million compared with a net profit of $43.1 million last year.

Hutchison's revenue from ordinary activities represents interest income received on loans to VHA. The external refinancing that VHA secured in June 2010 resulted in a reduction in its loan from Hutchison and, as a result, Hutchison's revenue from ordinary activities in 2011 declined 51.9% to $10.8 million.

Hutchison's share of VHA's service revenue was $2,044.2 million, down 7.1%; operating margin was $1,510.2 million, down 10.7% and EBITDA was $312.7 million, down 34.3%.

The program to fully integrate 3 and Vodafone is progressing well, with the merger synergy savings already exceeding the net present value (NPV) target of $2 billion announced at the time of the merger in 2009.

VHA's accelerated investment in the network and new service initiatives are our highest priority. Together with our partners at Vodafone, we have provided and will continue to provide extensive financial support for VHA in order to accelerate the work needed to ensure all of VHA's customers in Australia enjoy state-of-the-art mobile network services. We are confident that the continued network investment will see VHA deliver stronger results in 2012.

Fok Kin Ning, Canning
Chairman

$ONE BILLION

BETTER FASTER STRONGER NETWORK

We're rolling out our new 850MHz network as part of our **$1 BILLION** network investment plan.

Our new 850MHz network is designed to deliver better call quality and fewer dropped calls, plus better data speeds, both for compatible smartphones and mobile broadband devices.

Nigel Dews
CEO

Vodafone Hutchison Australia

CEO's Message

Strategy and focus for 2012

1. **Network initiatives** to more confidently connect our customers
2. **Service initiatives** to provide an unmatched customer experience
3. **Value initiatives** to ensure that we remain competitive

2011 was a challenging year for Vodafone Hutchison Australia (VHA).

We have made good progress in many areas, and while we still have more work ahead of us in others, we have operationally turned the corner.

The network performance continues to improve and the new network roll-out remains on schedule. Service levels have also improved, with wait times and complaints down since the start of 2011.

Our financial results reflect the net impact of our operating challenges in 2011, but the actions we have taken to address these challenges are beginning to show improvements.

Operationally turned the corner

We have made good progress in many areas, and while we still have more work ahead of us in others, we have operationally turned the corner.

Nigel Dews

Operational

Our second half performance for 2011 was better than the first half as the improvements to our network began to have an impact.

The decline in our customer base slowed in the second half and we finished the year with 7 million customers. Importantly, we added 16,000 postpaid customers in the second half to take our total postpaid customer base to 4.2 million.

Our monthly postpaid handset churn remained high at around 2.0% in the second half, which contributed to the slower growth in the customer base. However, within the total churn we have seen good improvements in Vodafone brand churn.

Average Revenue Per User (ARPU) declined 5.0% year-on-year to $51.34 reflecting the competitive pricing pressures and higher level of customer credits in the first half. Our total ARPU still remains the highest in the industry[1].

The shift to smartphones continued, with more than half of VHA's total handset base now using a smartphone. The number of customers using data on their handset increased 24.2% in the year to 2.7 million. The total number of customers using 3G services (including mobile broadband) increased by half a million in the year to 3.5 million.

Financials

Service revenue attributable to Hutchison declined 7.1% year-on-year to $2,044.2 million, reflecting the decline in the total customer base and ongoing ARPU challenges.

Operating margin decreased 10.7% year-on-year as the increase in usage across all products pushed interconnection costs higher.

Hutchison's share of VHA's operating expenditure of $1,184.1 million declined marginally year-on-year, with operating expenses reducing despite the increased network operating expenditure associated with our increased network investment.

The improvement in operating expenses was greater in the second half reflecting the continued control over customer investment costs and delivery of the merger cost synergies.

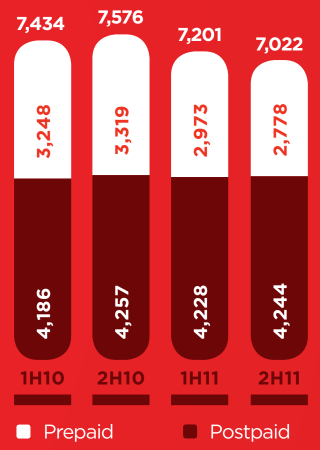
The decline in operating costs pushed EBITDA higher in the second half, but EBITDA was down 34.3% year-on-year.

With the accelerated investment in the Vodafone network in the year, VHA's capital expenditure increased 24.0% year-on-year.

[1] Based on reported ARPUs.

- **Network performance** continued to improve and the network roll-out remains on schedule
- **More than two-thirds** through the initial 3G 850MHz network roll-out
- **Added 16,000 postpaid** customers in the second half
- **Operating expenditure declined** and acquisition cost per customer improved 6.9%

Total 'active' customer base Including MVNO ('000)



Network

The network performance and experience was our highest priority in 2011, as we accelerated our network investment plans.

We are more than two-thirds through the initial 3G 850MHz network roll-out and we continue to add new sites. A total of 1,500 3G 850MHz sites are expected to be live across the Vodafone network by the middle of 2012.

The equipment replacement program is more than half complete and has been completed in Western Australia, the Australian Capital Territory, the Northern Territory and South Australia. By the end of quarter three 2012, all required sites are expected to have been replaced with the new single radio access network equipment. This new equipment is improving the coverage and performance of the network.

Refer to page 8 for more information on Vodafone's network progress.

Service

Over the year the service metrics have improved, with wait times down to normal levels and complaints halved.

We are enhancing our self-care and social media environments making it easier for our customers to get service from us however and whenever they want.

Refer to page 10 for more information on our service progress.

Innovation

We recently introduced new pricing and plans – both prepaid and postpaid – to make things better, simpler and reduce bill shock for our customers in this increasingly data oriented world.

We have commenced trial activity to develop fixed-line services on the National Broadband Network (NBN) and will consider options for commercial launch, with NBN Co's network and operational capability expected to grow significantly over 2012.

Service metrics improved

Over the year the service metrics have improved, and while there is still more work to do, we are making good progress.

Nigel Dews

Integration

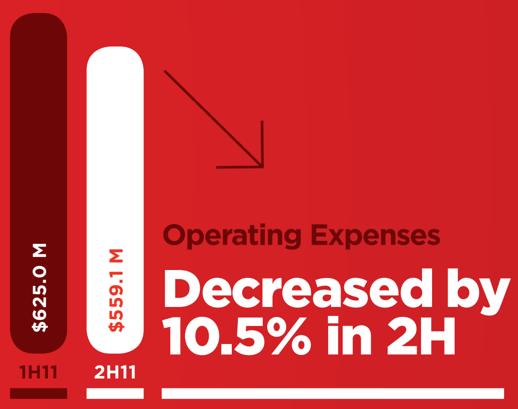
The 3 and Vodafone integration is tracking well with 90% of the integration projects complete and 85% of the integration savings delivered.

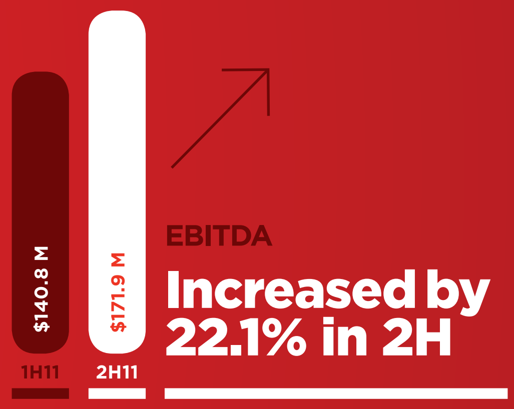
A number of milestones were achieved during the year including the completion of the retail store consolidation and our program to refit the store footprint is now largely complete.

The consolidation of the radio access network, core network and transmission is well underway.

We also appointed a new single vendor for IT managed services.

The integration program is expected to deliver more savings in 2012, with three major initiatives still to complete: firstly, the migration of customers to the Vodafone network; secondly, the 3 and Vodafone network consolidation, and finally, the IT systems and data centre consolidation.





Financing

In December 2011, VHA finalised financing arrangements which included an extended loan facility of $1.7 billion.

The facility is for a period of 5 years and demonstrates the support VHA has from its banks and shareholders. Some of the facility has already been used to repay part of the $3 billion debt, which reduces the amount requiring refinancing during 2013.

Importantly, we still have a significant amount of the facility undrawn and will be using this and other facilities to fund the investment in spectrum licence renewal and continued working capital and capital expenditure requirements.

Outlook

We expect the operational turnaround to continue with further improvements anticipated during 2012.

We expect the mobile market to remain highly competitive with significant pressure on ARPU as customers take up new plans.

We will focus on steadily growing our customer base and investing in and retaining our existing customers.

We are moving quickly to further reduce the cost base, by consolidating functions through the simplification of the organisation structure and creating a more efficient approach to communicating with our customers. All other costs have also been reviewed and are being tightened.

We will continue our focus on improving the quality, performance and perception of the Vodafone network with the completion of the current network roll-out and upgrade program.

Capital expenditure is expected to remain high as we complete the network upgrade, and continue with the integration and roll-out of the Vodafone network.

While results will improve, the benefits of the investment in the network are not expected to fully flow through to the financial results until after 2012.

We intend to renew our licences for 850MHz, 1800MHz and 2100MHz spectrum for a further period of 15 years each. We will also prepare to participate in the Digital Dividend spectrum auctions.

In summary, 2012 will be an important year for completing the network upgrade, introducing new service initiatives, attracting valuable customers and delivering the remaining integration program projects. It will be a year focused on strengthening confidence in the network, customer service and the Vodafone brand.

Nigel Dews
Chief Executive Officer
Vodafone Hutchison Australia

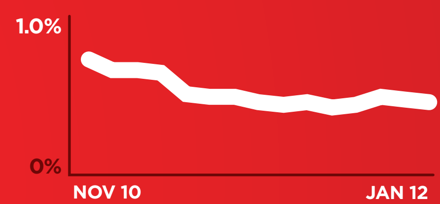
Network Improvement

Improving the network performance and experience was our highest priority in 2011, as we accelerated our current network investment plans and brought our new network to life for our customers.

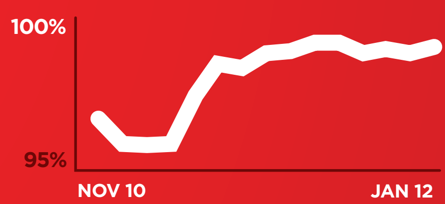
1000+ 3G 850MHz sites live

4000+ Sites upgraded

3G Call drop-out rate (%) – metro



Session setup success rate (%)



Network improvement

Improving the network performance and experience was our highest priority in 2011, as we accelerated our current network investment plans and brought our new network to life for our customers.

We have invested more than $1 billion in the Vodafone network since the merger of the 3 and Vodafone businesses in June 2009. As a result, our customers are enjoying a more reliable network experience, along with better indoor coverage and faster speeds than ever before.

The expansion of coverage is well underway with new sites being progressively added, the core network consolidation is three-quarters complete and we are making good progress on the upgrade of the transmission network.

Network plan

Our network plan involves improving both coverage and capacity, and upgrading our transmission network to allow more traffic to be carried over the Vodafone network.

The key elements of our current network improvement plans:

- → Roll-out a new 3G 850MHz network to improve in-building coverage and capacity;
- → Upgrade the existing 2G and 3G network to provide more coverage and capacity;
- → Replace network equipment across all sites and install equipment ready for 4G;
- → Build new sites to increase coverage; and
- → Upgrade the core and transmission network.

3G 850MHz network

The 850MHz frequency provides a number of advantages for customers. The lower band 850MHz frequency can better penetrate through obstacles - such as buildings. This improved signal strength means data can be transmitted to a compatible device faster. Adding 850MHz capability is part of our plan to increase the overall coverage capability of the Vodafone network.

Today, more than 1,000 sites are live on the new 3G 850MHz network and we continue to add more sites. We will have a total of 1,500 3G 850MHz sites live across the Vodafone network by the middle of 2012.

Equipment replacement

We are also replacing and upgrading our network equipment across all base stations throughout Australia with a single radio access network (RAN) as part of our plan to improve coverage, capacity and speeds.

This equipment replacement program is more than half-way through and has been completed in Western Australia, the Australian Capital Territory, the Northern Territory and South Australia. The remainder of the sites will be completed by the end of quarter three 2012.

This new equipment is improving the coverage and performance of the network.

Network performance

The combination of the benefits from utilisation of the 850MHz low band spectrum, the network upgrade project and the rapidly expanding equipment replacement program means the network performance has improved across a range of measures, including speed and coverage.

For example, our customers are now experiencing fewer dropped calls, quicker and more reliable call-set ups, easier internet connection when first attempting to get online and fewer dropped data sessions.

The tools we are deploying now allow us to manage the network in much smarter, capital efficient ways, while still improving customer experience.

2012 and beyond

In the second half of this year we will make another step up with our network, with higher speed HSPA+ available across the metropolitan areas, more new sites added, and our equipment swap program completed.

As part of our network equipment replacement program, we are taking the opportunity to make the network 4G-ready. We will launch this technology once mass market handsets are available and there is customer demand. 4G will allow customers to do more things, at quicker speeds.

In summary, the network will continue to be our key focus area for the year.

Service Improvement

During 2011 our service metrics improved, and while there is still more work to do, we are making good progress.

Self service – My Vodafone logins (millions)

Launching innovative initiatives

- My Vodafone app
- eCare
- One Connect
- Spend alerts
- 24/7 support and call back facility
- Coverage checkers
- Retail store 1st point resolution
- Enhanced self-service functionality
- Network satisfaction guarantee

During 2011 our service metrics improved, and while there is still more work to do, we are making good progress.

We launched a number of new service initiatives, allowing customers to interact with us in different ways, including a call-back service when wait times exceed three minutes. Customers can also book a call back at a time convenient for them.

An online interactive support channel (eCare) was introduced allowing customers to ask us questions on their PC, tablet or on their mobile, with 'how to' and troubleshooting guides. In late 2011 we launched an app, called My Vodafone, providing customers an easy way to access and change their account and billing information.

On the network side, we introduced an enhanced coverage checker allowing customers to check network coverage in their area or the places they travel most. We also introduced a network status page on our internet site informing customers of major network outages.

We have recently introduced a network satisfaction guarantee, giving our new customers an option to return their smartphone or modem within 30 days if they are not happy with our network.

We are also highly engaged in the use of social media in Australia, and continue to drive the uptake and usefulness of our self-service channels. We are building upon our existing growth in online channels by making sure customers can find the information they need via the channel of their choice, be it product information online, on-device troubleshooting guides, Facebook, Twitter or the Vodafone community.

We will continue to improve our customer service by enhancing our self-care and social media initiatives to make it easier for customers to interact with us at a time convenient for them.

With these initiatives in place, the experience for most customers has improved significantly, with faster response times, a greater range of service options that suit customers' preferences and improved visibility of network coverage and performance.

My Vodafone app launched

Providing customers an easy way to access and change their account and billing information.

Community Investment

The aims of the Vodafone Foundation Australia are to empower individuals, VHA employees and the community to make a sustainable difference through the use of technology, and provide funding, support and opportunities for employees to connect with communities and causes they are passionate about.

A cornerstone of the Vodafone Foundation is the World of Difference program. Now in its 8th year the Vodafone Foundation's World of Difference program provided the funding for five inspiring individuals to work for the charity of their choice for the year. Their programs covered a variety of causes from supporting children with limb loss to launching the first support service for the pets of people experiencing homelessness. These individuals won numerous national and international awards for their contribution to the community.

110 Australian charities

In 2011 the Vodafone Foundation made donations to more than 100 Australian charities through matching employees fundraising initiatives.

Finding ways for technology to make a difference is also key to the Vodafone Foundation, which expanded its long term Young People Connected (YPC) program with the addition of Whitelion. Whitelion works with young people in the youth (juvenile) justice system to provide opportunities, positive relationships and community connections. Making the most of mobile technology, YPC focuses on connecting 'at risk' and transient young people to services provided by charities, their families and the wider community using Vodafone technology and services. Whitelion joins Barnardos, Mission Australia and Youth Off the Streets as a YPC partner.

This year more than 1,000 VHA employees participated in paid volunteering days, providing hands on support. Activities included renovating out-reach support centres, animal shelters or cooking meals for homeless people. To ensure volunteering opportunities are well supported, the Vodafone Foundation also provides a donation to the charities involved in using our volunteers.

In 2011 the Vodafone Foundation made donations to more than 100 Australian charities through matching VHA employees fundraising initiatives and continued strong national partnerships with ten charities.

VHA's retail employees set themselves the goal of raising enough funds to purchase a Sunshine Coach for 'Variety – the children's charity'. The coach provides access for children with disabilities to participate in community activities. VHA employees have run a number of fundraising initiatives including donation boxes in stores with all funds raised matched by the Vodafone Foundation.

Passion Day, Barnardos

VHA Employees at Passion Day, Variety

Donation box

Sustainability & Corporate Responsibility

Our Planet

VHA's Energy Management Team (EMT) was established in January 2011, chaired by VHA's Deputy CFO and Director of Integration and Strategy. The EMT is responsible for measuring, setting targets, reporting and managing energy efficiency and carbon emissions across VHA and reporting progress to VHA's Executive Team. VHA reports carbon emissions from operations under the Federal Government's National Greenhouse and Energy Reporting Scheme annually.

Digital Parenting

Helping parents learn and get involved in their child's online world.

VHA is a voluntary member of the Australian Packaging Covenant, with a commitment to make packaging more sustainable. In 2011 VHA re-designed SIM card packaging to achieve greater environmental outcomes, and are expecting to recycle over 14 tonnes of plastic annually.

VHA is also a voluntary member of MobileMuster, the Australian telecommunications industry's official mobile phone recycling scheme. VHA provides drop bins in all retail outlets to collect old mobile handsets and accessories, so that they do not end up in landfill.

Our Wellbeing

In November 2011 VHA launched the Vodafone Digital Parenting magazine – a resource to help parents keep up to speed and get involved in their child's online world. It provides advice from Australian and international child safety and parenting experts, and practical 'how to' guides for child safety settings on Facebook, Google and Microsoft Windows. Digital Parenting is available in all retail stores.

Our Community

In 2011 VHA participated with the Australian Mobile Telecommunications Association to update the Mobile Phone Base Station Deployment Industry Code, which addresses public consultation on the placement of mobile phone base stations in local communities. The updated code supports councils and communities having greater participation in decisions when carriers deploy base stations and more time for them to comment on proposed new infrastructure. The new Deployment Code will take effect on 1 July 2012.

VHA Executive Team

Nigel Dews
Chief Executive Officer

Nigel became CEO of VHA at the time of the merger of the 3 and Vodafone businesses in June 2009. Prior to that he was CEO of 3 from January 2007, after joining 3 in November 2003 as Director, Sales, Marketing and Product where he was responsible for the sales, marketing, distribution and services.

Prior to joining 3, Nigel held senior management positions at Fairfax Media for more than seven years, focusing primarily on growing the digital side of the business. Before that he was also a Senior Consultant for leading management consultancy firm, McKinsey & Company and spent time as an economist at the Reserve Bank of Australia.

Dave Boorman
Chief Financial Officer

Dave became the CFO of VHA at the time of the merger in June 2009, after joining Vodafone Australia in June 2005 as CFO. Dave is responsible for the financial strategy of the company and guiding the business towards achievement of financial and strategic goals.

Dave started his career in publishing before joining Vodafone UK in 1997. During his time with Vodafone he has worked in a variety of positions and countries including Financial Controller for Vodafone Europe before becoming the CFO for Vodafone Ireland in 2002.

Grant Stevenson
Director of Integration and Strategy, and Deputy CFO

Grant became the Director of Integration at the time of the merger in June 2009. He has held senior commercial, financial and operational positions at 3 since February 2005. Grant is also Deputy CFO and is responsible for strategic planning, budgeting and forecasting and commercial.

Grant has held a senior financial management position with British Telecom Wholesale, responsible for product pricing and investment. He started his career with PwC in Auckland, moving to Sydney in 2001 as Mergers and Acquisitions Manager for Tyco.

Greg Bourke
Director of Human Resources

Greg became Director of Human Resources at the time of the merger in June 2009, having joined Hutchison in January 1999. He is responsible for leading VHA's people development strategies and driving its culture. Prior to VHA, Greg held a number of senior HR roles, including the HR Director position with America's Digital Equipment Corporation, where he was responsible for major restructuring and change programs as well as leading the merger planning team through a merger with Compaq in 1998.

Prior to his time with Digital Equipment Corporation, Greg held senior HR management positions with Mobil Oil and Trans Australian Airlines.

Louise Sexton
Group General Counsel and Company Secretary

Louise became the Group General Counsel and Company Secretary of VHA at the time of the merger in June 2009, after joining Hutchison in September 1998.

Louise has extensive legal and regulatory experience as General Counsel and Company Secretary in listed public companies across a number of high technology industries in Australia. She also brings experience from her time working for the Federal Attorney-General's Department and for one of Australia's largest law firms.

Michael Young
Chief Technology Officer

Michael became the CTO of VHA in October 2010. Prior to that he was Director of Customer Service and Experience at 3. He has held senior IT and operational roles within Hutchison since May 2001, having originally held the position of Director of IT and Billing.

Prior to joining VHA, Michael was Vice President of IT, Asia Pacific at Campbell Soup and Arnott's Biscuits. Michael brings more than 20 years experience in IT, telecommunications and customer operations to the role, covering a broad cross-section of industries including manufacturing, retail, telecommunications and broadcasting.

Cormac Hodgkinson
Director of Customer Operations

Cormac became Director of Customer Operations of VHA in October 2010. He brings 14 years of customer service and contact centre operations experience and expertise, with a proven track record in delivering improved customer satisfaction and some really innovative service strategies.

Prior to coming to Australia and joining VHA (initially with 3), Cormac was the Director of CRM Strategy and Change for 3 UK and was key to establishing the joint venture contact centre between 3 UK and 3 Australia. As a Principle Consultant at PwC, Cormac also delivered significant customer focused programs for clients including Vodafone UK.

Noel Hamill
Director of Marketing and Sales

Noel became the Director of Marketing and Sales of VHA in February 2012. Prior to that he was Director of Sales and Distribution. He has extensive telecommunications experience, having spent more than nine years at Optus in Australia before joining 3 in May 2007.

At Optus, Noel held several roles most notably focusing on marketing and strategy for Optus Business, including the company's entry into the high profile and strategically crucial 3G market in Australia. Prior to these roles, Noel held several senior roles at Cable & Wireless in Singapore and London as well as Hong Kong Telecom in Hong Kong.

Board of Directors

Fok Kin Ning, Canning

Chairman BA, DFM, CA (Aus)

Fok Kin Ning, Canning, aged 60, has been an executive director since 1984 and the group managing director since 1993 of Hutchison Whampoa Limited (HWL), a director since 1992 and the chairman since 2002 of Hutchison Harbour Ring Limited (HHR), a non-executive chairman of Hutchison Telecommunications Hong Kong Holdings Limited (HTHKH) since 2009, an executive director since 1985 and the chairman since 2005 of Power Assets Holdings Limited (Power Assets), the non-executive chairman since 2011 of Hutchison Port Holdings Management Pte. Limited (HPH Management) as the trustee-manager of Hutchison Port Holdings Trust, the co-chairman of Husky Energy Inc. (Husky) since 2000, an executive director and the deputy chairman of Cheung Kong Infrastructure Holdings Limited (CKIH) since 1997, and a non-executive director of Cheung Kong (Holdings) Limited (CKH) since 1985. He has also been a director of VHA since 2001. Mr Fok has been an alternate director of HTHKH since 2010. 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 62, 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 and has served as a director of VHA since 2001. 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 58, has been an executive director since 1993 and deputy group managing director since 1998 of HWL, an executive director of CKIH since 1997 and HHR since 2001, a non-executive director of Power Assets since 1996 (re-designated as an executive director since 2006), TOM Group Limited (TOM) since 1999 and HTHKH since 2009. Mrs Chow has been an alternate director of Power Assets since 1993 and CKIH since 2006. She has also been a director of VHA since 2004. Mrs Chow is an alternate director since 2011 of HPH Management as the trustee-manager of Hutchison Port Holdings Trust. 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 75, has been a director of a number of private and publicly listed companies including Austar United Communications Limited (appointed 1999 and retired 2008). From 1961, and until his retirement in 1998, Mr Gardener held a variety of positions with Arthur Andersen, becoming a partner in 1972 and for the last ten years in a management and supervisory role for Asia Pacific. Mr Gardener was appointed as a Director on 2 July 1999.

Lai Kai Ming, Dominic

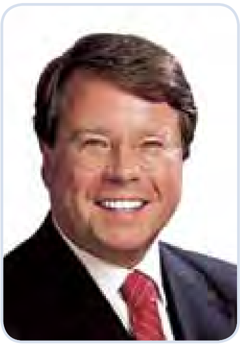
Director BSc, MBA

Lai Kai Ming, Dominic, aged 58, has been an executive director of HWL since 2000, a director since 1994 and the deputy chairman since 2001 of HHR, and a non-executive director of HTHKH since 2009. Mr Lai has been an alternate director of HHR since 2007 and HTHKH since 2010. He has over 28 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 70, 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 60, has been an executive director since 1991 and the group finance director since 1998 of HWL, a non-executive chairman of TOM since 1999, an executive director of CKIH since 1996 and Power Assets since 1998, a non-executive director of CKH since 1991 and HTHKH since 2009, HPH Management as the trustee manager of Hutchison Port Holdings Trust since 2011, and a director of Husky since 2000. Mr Sixt has also been a director of VHA since 2001. 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 70, was a director of Telecom Corporation of New Zealand Limited from 2006 until 2011 and serves on a number of NGO Boards. Mr Spithill has also been a director of VHA since 2010. 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 a 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 New Zealand Independent Industry Oversight Group, 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 Telecommunications (Australia) Limited (HTAL or the Company) and its Directors are committed to high standards of corporate governance. Set out below is a description of the Company's main corporate governance practices which have been in place for the full year unless otherwise stated.

Board of Directors and its Committees

The Board has responsibility for approving the strategy and monitoring the implementation of the strategy and the performance of HTAL and its subsidiaries (the group of companies is referred to as Hutchison in this report), protecting the rights and interests of shareholders and 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% indirectly 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 Hutchison Whampoa Limited (HWL), the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of Directors or the Chairman be independent.

Subject to the *Corporations Act 2001* requirements in relation to the retirement of Directors, the current Directors have not been appointed for a specified term. Details of the Directors' experience is set out on pages 16 and 17.

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, 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 pages 16, 17 and 24.

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 reviews 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 the tender of external audit services will be requested as deemed appropriate. Deloitte Touche Tomatsu was appointed as the external auditor in May 2010. It is Deloitte Touche Tomatsu 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 17 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 and that since VHA ceased to be a subsidiary of the Company there are no longer any executives employed by the Company, 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 pages 16 and 24.

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 25 to 27. 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.

Corporate Governance Continued

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.

The governance and nomination responsibilities related to Board performance and evaluation are:

→ 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.

The governance and nomination responsibilities related to the Board of Directors are:

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

The governance and nomination responsibilities related to Committees of the Board of Directors are:

→ 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 put in place a Diversity Policy. The Company's practices are documented in that 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. This 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 Diversity Policy and the measurable objectives no Board positions have become vacant.

No objectives have been set for achieving gender diversity among employees as the Company is not an employer.

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's 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 2001*. 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, assists 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 the following share trading policy regarding trading in its shares (which currently only applies to Directors and Company Secretaries as the Company does not employ any senior executives) and which was updated in 2010 to reflect amendments to the ASX Listing Rules:

- 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 practices are documented in a policy, 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 20 to the financial statements.

Directors' Report

The Directors are pleased to present their report on the consolidated entity (Hutchison) consisting of Hutchison Telecommunications (Australia) Limited (HTAL or the Company) and the entities it controlled at the end of or during the year ended 31 December 2011.

Principal activities

During the year, Hutchison's principal activities included the ownership of a 50% interest in Vodafone Hutchison Australia Pty Limited (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 the annual report. Details of the financial position of the Company are contained in page 32 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 2011 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 management structure 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;

→ reporting on carbon emissions from operations;

→ site contamination; and

→ waste management.

Management systems 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 2011 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
Ronald Joseph SPITHILL

Further information on the Directors are set out on pages 16 and 17.

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	1,957,358
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

Notes:

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) 190,000 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 2011 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 the 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	7	7	N/A	N/A	Nil	Nil
Barry Roberts-Thomson	7	7	N/A	N/A	N/A	N/A
Chow Woo Mo Fong, Susan	7	7	N/A	N/A	Nil	Nil
Lai Kai Ming, Dominic	7	7	N/A	N/A	N/A	N/A
Justin Herbert Gardener	7	7	3	3	Nil	Nil
John Michael Scanlon	7	7	3	3	N/A	N/A
Frank John Sixt	7	7	3	3	N/A	N/A
Ronald Joseph Spithill	7	7	N/A	N/A	N/A	N/A

Retirement, election and continuation in office of Directors

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

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

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

Company secretaries

Edith SHIH BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

Ms Shih has over 14 years of experience as a 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 18 years of experience as a 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 Hutchison 3G Australia Pty Limited and Vodafone Australia Limited 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 2011, the Company had three employees who are providing transition services to VHA. The Company no longer has any employees who are 'key management personnel'.

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's 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 (other than Directors) 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's 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, Mr Gardener and Mr Scanlon, comprised of a fixed amount only and was not performance based. The non-executive and non-independent Directors, Mr Fok, Mrs Chow, Mr Lai, Mr Roberts-Thomson, Mr Spithill and Mr 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, Ms Shih and Ms Sexton, did not receive any remuneration for their services as Company Secretaries as they were not employees of the Company.

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 2011 to 31 December 2011.

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' Report Continued

Directors of HTAL

2011	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 Spithill	–	–	–	–	–	–
Total	100,000	–	–	9,000	–	109,000

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.

Key management personnel and other executives of the Company

2011 – Nil

2010 – Nil

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	1,630,358	–	327,000	1,957,358
D Lai	–	–	–	–
J Scanlon	–	–	–	–
F Sixt	1,000,000	–	–	1,000,000
R Spithill	–	–	–	–

* Direct holding of 100,000 shares.
** Direct holding of 4,540 shares.

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	22,475,000
14 November 2007	13 November 2012	$0.200	$0.20	300,000
4 June 2008	3 June 2013	$0.139	$0.14	300,000

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

→ 1/3rd on or after 1 July 2008;
→ 1/3rd on or after 1 January 2009; and
→ 1/3rd on or after 1 January 2010.

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

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

Shares issued on the exercise of options

No ordinary shares of HTAL were issued during the year ended 31 December 2011 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 2011 and 31 December 2010.

Other transactions with Directors and key management personnel

There were no other transactions with Directors for the year ended 31 December 2011 or with Directors and the former key management personnel for the year ended 31 December 2010.

Directors' Report Continued

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 17, Remuneration of auditors, on page 51 of the financial report.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

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.

Director
24 February 2012

Director
24 February 2012

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 2012

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.

As lead audit partner for the audit of the financial statements of Hutchison Telecommunications (Australia) Limited for the financial year ended 31 December 2011, 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 2011

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	2011 $'000	2010 $'000
Revenue	2	10,753	22,343
Advertising and promotion expenses		(71)	(121)
Other operating expenses		(15)	(1,352)
Finance costs	3	(152)	(111)
Share of net (losses)/profits of joint ventures accounted for using the equity method	10	(175,415)	43,103
(Loss)/profit before income tax		(164,900)	63,862
Income tax (expense)/credit	4	(2,783)	9,580
(Loss)/profit for the year	15	(167,683)	73,442
Other comprehensive (loss)/income			
Changes in the fair value of cash flow hedges (share of joint venture)	15	(17,185)	6,010
Income tax credit/(expense) relating to components of other comprehensive income		5,184	(1,803)
Other comprehensive (loss)/income for the year, net of tax		(12,001)	4,207
Total comprehensive (loss)/income for the year attributable to members of Hutchison Telecommunications (Australia) Limited		(179,684)	77,649

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	24	(1.24)	0.54
Diluted earnings per share	24	(1.24)	0.54

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

Consolidated Statement of Financial Position

as at 31 December 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	11,578	5,317
Receivables	6	–	2,299
Other financial assets	7	–	1,394
Other	8	157	163
Total Current Assets		11,735	9,173
Non-Current Assets			
Other financial assets	9	232,342	74,870
Investment accounted for using the equity method	10	1,413,545	1,600,961
Deferred tax assets	4	6,797	9,580
Total Non-Current Assets		1,652,684	1,685,411
Total Assets		1,664,419	1,694,584
LIABILITIES			
Current Liabilities			
Payables	12	23,212	23,677
Other financial liabilities	13	367,838	217,838
Total Current Liabilities		391,050	241,515
Total Liabilities		391,050	241,515
Net Assets		1,273,369	1,453,069
EQUITY			
Contributed equity	14	4,204,488	4,204,488
Reserves	15	62,973	74,990
Accumulated losses	15	(2,994,092)	(2,826,409)
Total Equity		1,273,369	1,453,069

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 2011

	Notes	Attributable to members of Hutchison Telecommunications (Australia) Limited					
			Reserves				
		Contributed equity $'000	Capital Redemption $'000	Cash flow hedges $'000	Share-based payments $'000	Accumulated losses $'000	Total equity $'000
Balance at 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	15	–	–	6,010	–	–	6,010
Income tax expense relating to components of other comprehensive income		–	–	(1,803)	–	–	(1,803)
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	15	–	–	–	(58)	–	(58)
Subtotal		–	–	–	(58)	–	(58)
Balance at 31 December 2010 and 1 January 2011		4,204,488	54,887	4,207	15,896	(2,826,409)	1,453,069
Loss for the year		–	–	–	–	(167,683)	(167,683)
Share of joint venture's changes in the fair value of cash flow hedges	15	–	–	(17,185)	–	–	(17,185)
Income tax credit relating to components of other comprehensive income		–	–	5,184	–	–	5,184
Total comprehensive loss for the year		–	–	(12,001)	–	(167,683)	(179,684)
Transactions with members in their capacity as members:							
Employee share options – value of employee services	15	–	–	–	(16)	–	(16)
Subtotal		–	–	–	(16)	–	(16)
Balance at 31 December 2011		4,204,488	54,887	(7,794)	15,880	(2,994,092)	1,273,369

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 2011

	Notes	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(1,519)	(496)
Interest received		3,675	861
Rental income		–	15
Finance costs paid		(126)	(126)
Net cash inflows from operating activities	23	2,030	254
Cash Flows from Investing Activities			
Loans to jointly controlled entities		(149,000)	–
Proceeds of loans from jointly controlled entities		932	71,321
Proceeds of loans from an entity within the HWL Group		2,299	–
Net cash (outflows)/inflows from investing activities		(145,769)	71,321
Cash Flows from Financing Activities			
Proceeds from borrowings – entity within the HWL Group		150,000	–
Repayment of borrowings – entity within the HWL Group		–	(69,116)
Net cash inflows/(outflows) from financing activities		150,000	(69,116)
Net increase in cash and cash equivalents		6,261	2,459
Cash and cash equivalents at 1 January		5,317	2,858
Cash and cash equivalents at 31 December		11,578	5,317

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

Notes to the Financial Statements

Note 1. Summary of significant accounting policies

Hutchison Telecommunications (Australia) Limited (the Company or Parent Entity) 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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have 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 29.

Going concern disclosures

As at 31 December 2011, the Consolidated Entity has a deficiency of net current assets of $379 million (2010: $232 million). Included in the Consolidated Entity's current liabilities is an amount of $368 million (2010: $218 million) which relates to an interest free financing facility provided from the ultimate parent entity, Hutchison Whampoa Limited (HWL), which is repayable on demand. The Consolidated Entity has unused financing facilities of $1,232 million at 31 December 2011. 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 the date of signing these financial statements. 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 26.

(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 2011.

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)).

Notes to the Financial Statements Continued

Note 1. Summary of significant accounting policies (continued)

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.

(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 statement of comprehensive income, 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:

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.

Note 1. Summary of significant accounting policies (continued)

(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 statement of comprehensive income 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.

(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 statement of comprehensive income, 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.

Notes to the Financial Statements Continued

Note 1. Summary of significant accounting policies (continued)

(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 statement of comprehensive income.

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 statement of comprehensive income 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 operating expenses in the statement of comprehensive income.

(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 statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within other income or other expenses.

Amounts accumulated in equity are recycled in the statement of comprehensive income 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 statement of comprehensive income. 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 statement of comprehensive income.

Note 1. Summary of significant accounting policies (continued)

(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 statement of comprehensive income 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.

(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 statement of comprehensive income 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.

Notes to the Financial Statements Continued

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 statements; 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 HTAL Employee Option Plan. Information relating to the option plan is set out in note 25.

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.

Share options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the HTAL 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.

Note 1. Summary of significant accounting policies (continued)

(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 are classified as equity. Refer to note 14 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.

(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 22 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

Notes to the Financial Statements Continued

Note 1. Summary of significant accounting policies (continued)

(x) New accounting standards and interpretations

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 arising from AASB 9	1 January 2013	1 January 2013
AASB 10	Consolidated Financial Statements	1 January 2013	1 January 2013
AASB 11	Joint Arrangements	1 January 2013	1 January 2013
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	1 January 2013
AASB 13	Fair Value Measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	1 January 2013
AASB 119	Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 arising from Reduced Disclosure Requirements	1 January 2013	1 January 2013
AASB 127	Separate Financial Statements	1 January 2013	1 January 2013
AASB 128	Investments in Associates and Joint Ventures	1 January 2013	1 January 2013
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
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	1 January 2012	1 January 2012
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement standards	1 January 2013	1 January 2013
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 July 2012	1 January 2013

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

The adoption of the 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

	2011 $'000	2010 $'000
Other revenue		
Interest	10,753	22,343

Note 3. Expenses

	2011 $'000	2010 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable	152	111

Note 4. Income tax

	2011 $'000	2010 $'000
(a) Income tax expense/(credit)		
Deferred tax	2,783	(9,580)
Income tax expense/(credit)	2,783	(9,580)
(b) Numerical reconciliation of income tax expense/(credit) to prima facie tax payable		
(Loss)/profit from operations before income tax expense/(credit)	(164,900)	63,862
Tax at the Australian tax rate of 30% (2010: 30%)	(49,470)	19,159
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net loss/(profit) of jointly controlled entities	52,624	(12,931)
Deferred tax on temporary differences previously not recognised	55	(11,389)
	3,209	(5,161)
Previously unrecognised tax losses now recouped to reduce current tax expense	(426)	(4,419)
Income tax expense/(credit)	2,783	(9,580)
(c) Unrecognised tax losses		
Opening balance	217,830	232,560
Tax losses identified during completion of income tax return	3,347	–
Tax losses recouped to reduce current tax expense	(1,420)	(14,730)
Unused tax losses for which no deferred tax assets have been recognised	219,757	217,830
Potential tax benefit @ 30%	65,927	65,349

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.

	2011 $'000	2010 $'000
(d) Recognised deferred tax assets		
There are temporary differences attributable to:		
Provisions	1,893	2,199
Business related costs	4,904	7,381
Net deferred tax asset	6,797	9,580

Note 5. Current assets – Cash and cash equivalents

	2011 $'000	2010 $'000
Cash at bank and in hand	11,578	5,317

Notes to the Financial Statements Continued

Note 6. Current assets – Receivables

	2011 $'000	2010 $'000
Receivable from an entity within the HWL Group (note 20)	–	2,299

Receivable from an entity within the HWL Group

Further information relating to the receivable from an entity within the HWL Group is set out in note 20.

(a) Foreign exchange and interest rate risk

Refer to note 9 for an analysis of the Consolidated Entity's current and non-current receivables denominated in various currencies.

Refer to note 28 for an analysis of the Consolidated Entity's exposure to foreign exchange risk in relation to receivables.

(b) Fair value and credit risk

Due to the short-term nature of the receivable, their carrying value is 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 the receivable mentioned above. The Consolidated Entity does not generally hold any collateral as security. Refer to note 28 for more information on the risk management policy of the Consolidated Entity.

Note 7. Current assets – Other financial assets

	2011 $'000	2010 $'000
Receivable from a jointly controlled entity (note 20)	–	1,394

Receivable from a jointly controlled entity

Weighted average interest on the receivable from a jointly controlled entity was charged at a rate of 6.8% p.a. in 2010.

(a) Fair value

Due to the short term nature of the receivable, its carrying value is recognised initially at fair value and subsequently measured at amortised cost. This approximates to the fair value.

(b) Foreign exchange and interest rate risk

Refer to note 28 for an analysis of the Consolidated Entity's exposure to foreign exchange risk in relation to current other financial assets.

A summarised analysis of the sensitivity of current other financial assets to foreign exchange and interest rate risk can be found in note 28.

(c) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable mentioned above. The Consolidated Entity does not hold any collateral as security. Refer to note 28 for more information on the risk management policy of the Consolidated Entity.

Note 8. Current assets – Other

	2011 $'000	2010 $'000
Other	157	163

Note 9. Non-current assets – Other financial assets

	2011 $'000	2010 $'000
Receivable from a jointly controlled entity (note 20)	232,342	74,870

Receivable from a jointly controlled entity

Weighted average interest on the receivable from a jointly controlled entity of $151 million (2010: nil) is charged at a rate of 7.3% p.a. during the year of 2011. The interest on the remaining receivable from a jointly controlled entity of $81 million (2010: 75 million) is charged at a fixed rate of 8% p.a. (2010: 8% p.a.).

Further information relating to receivable from jointly controlled entity is set out in note 20.

(a) Fair values

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

(b) Foreign currency and interest rate risk

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

	2011 $'000	2010 $'000
Australian dollars	232,342	78,563
	232,342	78,563
Current receivables (note 6)	–	2,299
Current financial assets (note 7)	–	1,394
Non-current financial assets	232,342	74,870
	232,342	78,563

For an analysis of the sensitivity of other financial assets to foreign exchange and interest rate risk refer to note 28.

(c) 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 28 for more information on the risk management policy of the Consolidated Entity.

Notes to the Financial Statements Continued

Note 10. Non-current assets – Investment accounted for using the equity method

	2011 $'000	2010 $'000
Interest in a jointly controlled entity	1,413,545	1,600,961

Jointly controlled entity

(a) Vodafone Hutchison Australia Pty Limited (VHA)

The Company's interest 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.

	2011 $'000	2010 $'000
Share of the jointly controlled entity's assets and liabilities under jointly controlled entity's accounting policies		
Current assets	513,111	557,543
Non-current assets^	3,092,234	3,108,599
Total assets	3,605,345	3,666,142
Current liabilities	808,332	607,978
Non-current liabilities	1,632,948	1,659,751
Total liabilities	2,441,280	2,267,729
Net assets	1,164,065	1,398,413

^ HTAL's share of VHA's non-current assets under HTAL accounting policies is $3,228 million at 31 December 2011 (2010: $3,204 million). The differences in accounting policies are primarily related to difference in the economic useful lives of property, plant and equipment.

	2011 $'000	2010 $'000
Share of the jointly controlled entity's revenue, expenses and results		
Revenues	2,296,854	2,410,901
Expenses	(2,472,269)	(2,367,798)
(Loss)/profit for the year	(175,415)	43,103
Reconciliation of interest in a jointly controlled entity		
Investment brought forward	1,600,961	1,553,651
(Loss)/profit for the year	(175,415)	43,103
Share of changes in fair value of cash flow hedges, net of tax	(12,001)	4,207
Interest in a jointly controlled entity at 31 December	1,413,545	1,600,961
Share of the jointly controlled entity's commitments		
Lease commitments	540,880	417,054
Other commitments	383,863	39,323
Capital commitments	225,908	246,661
	1,150,651	703,038
Contingent liabilities relating to the jointly controlled entity	15,766	22,468

Note 11. 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 notes 1(b) and 1(g):

				Equity Holding*	
Name of Entity	Notes	Country of Incorporation	Class of Shares	2011 %	2010 %
Controlled entities					
Bell Organisation Pty Limited	(c)	Australia	Ordinary	100	100
Bell Paging Pty Limited	(c)	Australia	Ordinary	100	100
Bell Communications Pty Limited	(c)	Australia	Ordinary	100	100
Lindian Pty Limited		Australia	Ordinary	100	100
Erlington Pty Limited	(c)	Australia	Ordinary	100	100
Hutchison Telephone Pty Limited	(c)	Australia	Ordinary	100	100
HTAL Facilities Pty Limited	(c)	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 and its ownership is through Hutchison 3G Australia Holdings Pty Limited.
(c) Subsequent to the reporting date, these entities were deregistered on 11 January 2012.

Note 12. Current liabilities – Payables

	2011 $'000	2010 $'000
Trade creditors	–	518
Other creditors	6,305	7,184
Payables to a jointly controlled entity (note 20)	16,907	15,975
	23,212	23,677

Payables to a jointly controlled entity

Further information relating to payables to a jointly controlled entity is set out in note 20.

(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:

	2011 $'000	2010 $'000
Australian Dollars	23,212	23,677
	23,212	23,677

Refer to note 28 for an analysis of the Consolidated Entity's exposure to foreign currency risk in relation to trade and other payables.

A summarised analysis of the sensitivity of trade payables to foreign exchange and interest rate risk can be found in note 28.

Notes to the Financial Statements Continued

Note 13. Current liabilities – Other financial liabilities

	2011 $'000	2010 $'000
Loan from an entity within the HWL Group (note 20)	367,838	217,838

Loan from an entity within the HWL Group

Further information relating to a loan from an entity within the HWL Group is set out in note 20.

The loan from an entity within the HWL Group is an interest free financing facility and is repayable on demand.

a) Financing arrangements

	2011 $'000	2010 $'000
Unrestricted access was available at the statement of financial position date to the following lines of credit:		
Other financial liabilities		
Total facilities – entity within the HWL Group	1,600,000	1,600,000
Used at the statement of financial position date	(367,838)	(217,838)
Unused at the statement of financial position date	1,232,162	1,382,162

Note 14. Contributed equity

	2011 Shares	2010 Shares	2011 $'000	2010 $'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
1 January 2010	Opening balance	13,572,508,577	4,204,488
31 December 2010	Closing balance	13,572,508,577	4,204,488
1 January 2011	Opening balance	13,572,508,577	4,204,488
31 December 2011	Closing balance	13,572,508,577	4,204,488

(c) 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 25.

Note 14. Contributed equity (continued)

(d) Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern as discussed in note 1(a). Management also maintain an optimal capital structure to reduce the cost of capital.

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 less cash and cash equivalents. Total capital is calculated as 'contributed equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2011 and 31 December 2010 were as follows:

	2011 $'000	2010 $'000
Total payables, borrowings and other financial liabilities	391,050	241,515
Less: cash and cash equivalents (note 5)	(11,578)	(5,317)
Net debt	379,472	236,198
Total equity	1,273,369	1,453,069
Total capital	1,652,841	1,689,267
Gearing ratio	23%	14%

Note 15. Reserves and accumulated losses

	2011 $'000	2010 $'000
(a) Reserves		
Capital reserve	54,887	54,887
Share of hedging reserve – cash flow hedges	(7,794)	4,207
Share-based payments reserve	15,880	15,896
	62,973	74,990
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	4,207	–
Hedging movements, net of tax	(12,001)	4,207
Balance at 31 December	(7,794)	4,207
Share-based payments reserve		
Balance at 1 January	15,896	15,954
Options forteited	(16)	(58)
Balance at 31 December	15,880	15,896
(b) Accumulated losses		
Accumulated losses at 1 January	(2,826,409)	(2,899,851)
(Loss)/profit attributable to the members of Hutchison Telecommunications (Australia) Limited	(167,683)	73,442
Accumulated losses at 31 December	(2,994,092)	(2,826,409)

Notes to the Financial Statements Continued

Note 15. Reserves and accumulated losses (continued)

(c) Nature and purpose of reserves

Capital reserve

The capital reserve relates to the surplus arising on initial consolidation of a 19.9% stake in Hutchison 3G Australia Holdings Pty Limited.

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

The share-based payments reserve is used to:

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

(ii) recognise the fair value of the 850MHz spectrum licence assigned from TCNZ. The fair value was determined by reference to the fair value of the option granted to TCNZ.

Note 16. Director and key management personnel disclosures

(a) Director and key management personnel compensation

	2011 $	2010 $
Short term employee benefits	109,000	109,000

Other key management personnel (excluding Directors) were transferred to VHA on merger.

(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 2011 and 31 December 2010.

(c) Other transactions with key management personnel

There were no other transactions with the Directors of the Company for the years ended 31 December 2011 and 31 December 2010.

Note 17. Remuneration of auditors

	2011 $	2010 $
During the year fees paid to the auditor of the Consolidated Entity, its related practices and non-related audit firms for the following services:		
Deloitte Touche Tohmatsu		
Assurance services		
– Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	91,250	78,275
Total remuneration for assurance services	91,250	78,275
Taxation services		
Tax compliance services, including review of company tax returns	24,460	35,620
	24,460	35,620
Total auditors remuneration	115,710	113,895

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, compliance and advice. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects.

Note 18. Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2011 are as follows:

	2011 $'000	2010 $'000
Guarantees		
Unsecured guarantees in respect of leases held by jointly controlled entity	967	8,156
	967	8,156

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.

Notes to the Financial Statements Continued

Note 19. Commitments

	2011 $'000	2010 $'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
Later than 1 year but not later than 5 years	–	231
Later than 5 years	–	65
	–	424
Representing:		
Non-cancellable operating leases	–	424

Note 20. Related party transactions

(a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which, at 31 December 2011, owns 88% of the issued ordinary shares of Hutchison Telecommunications (Australia) Limited. 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 and Ronald Joseph SPITHILL.

(c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in note 16.

Note 20. Related party transactions (continued)

(d) Transactions with related parties

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

	2011 $'000	2010 $'000
Receivable		
Advance to:		
Jointly controlled entity	7,078	10,781
Payables		
Advanced from:		
Jointly controlled entity	932	15,975
Loans to related parties		
Loans advanced to:		
Jointly controlled entity	149,000	–
Loans repayments from:		
Entity within the HWL Group	2,299	–
Jointly controlled entity	–	71,321
Loans from related parties		
Loans advanced from:		
Entity within the HWL Group	150,000	–
Loans repayments to:		
Entity within the HWL Group	–	69,116
Interest revenue		
Jointly controlled entity	10,008	21,481
Interest expense		
Ultimate parent entity	126	126

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

Notes to the Financial Statements Continued

Note 20. Related party transactions (continued)

(e) Outstanding balances

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

	2011 $'000	2010 $'000
Current receivables and other financial assets		
Entity within the HWL Group (note 6)	–	2,299
Jointly controlled entity (note 7)	–	1,394
Non current financial assets		
Jointly controlled entity (note 9)	232,342	74,870
Payables		
Jointly controlled entity (note 12)	16,907	15,975
Current liabilities – Other financial liabilities		
Entity within the HWL Group (note 13)	367,838	217,838

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

(f) Terms and conditions

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

Note 21. Deed of Cross Guarantee

During the year ended 31 December 2007, the Company, Hutchison 3G Australia Holdings Pty Limited (H3GAH) and Hutchison 3G Australia Pty Limited (H3GA) entered into a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed of Cross Guarantee, 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 Vodafone Australia Limited had completed. H3GA has been renamed VHA. As a result the parties to the Deed of Cross Guarantee are now the Company and H3GAH.

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

HTAL and H3GAH represented a '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 2011 and 31 December 2010.

Note 21. Deed of Cross Guarantee (continued)

	2011 $'000	2010 $'000
Statement of Comprehensive Income		
Revenue	10,753	22,343
Advertising and promotion expenses	(71)	(121)
Other operating expenses	(15)	(1,352)
Finance costs	(152)	(111)
Profit before income tax	10,515	20,759
Income tax (expense)/credit	(2,783)	9,580
Profit for the year	7,732	30,339
Summary of movements in consolidated retained losses		
Accumulated losses at the beginning of the financial year	(2,866,282)	(2,896,621)
Profit for the year	7,732	30,339
Accumulated losses at the end of the financial year	(2,858,550)	(2,866,282)

(b) Statement of Financial Position

Set out below is a statement of financial position as at 31 December 2011 of the Closed Group consisting of H3GAH and HTAL.

	2011 $'000	2010 $'000
Current Assets		
Cash and cash equivalents	11,578	5,317
Receivables	–	2,299
Other financial assets	–	1,394
Other	157	163
Total Current Assets	11,735	9,173
Non-Current Assets		
Other financial assets	1,789,223	1,631,751
Deferred tax assets	6,797	9,580
Total Non-Current Assets	1,796,020	1,641,331
Total Assets	1,807,755	1,650,504
LIABILITIES		
Current Liabilities		
Payables	23,212	23,677
Other financial liabilities	367,838	217,838
Total Current Liabilities	391,050	241,515
Total Liabilities	391,050	241,515
Net Assets	1,416,705	1,408,989
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	70,767	70,783
Accumulated losses	(2,858,550)	(2,866,282)
Total Equity	1,416,705	1,408,989

Notes to the Financial Statements Continued

Note 22. 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.

In 2011 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:

	2011 $m	2010 $m
HTAL's share of VHA		
Total Revenue	2,297	2,411
Operating Margin	1,510	1,691
EBITDA	313	476

Note 23. Reconciliation of profit after income tax to net cash inflows/(outflows) from operating activities

	Notes	2011 $'000	2010 $'000
(Loss)/profit after income tax		(167,683)	73,442
Income tax expense/(credit) recognised in profit or loss	4	2,783	(9,580)
Non-cash employee benefits expense – share-based payments	15	(16)	(58)
Share of net losses/(profits) of joint venture partnership accounted for using equity method	10	175,415	(43,103)
Change in operating assets and liabilities			
Increase in other financial assets		(7,078)	(24,538)
Decrease in other assets		6	5,194
Decrease in payables		(1,397)	(1,103)
Net cash inflows from operating activities		2,030	254

Note 24. Earnings per share

	2011 Cents	2010 Cents
(a) Basic earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Consolidated Entity	(1.24)	0.54
(b) Diluted earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Consolidated Entity	(1.24)	0.54

(c) Earnings used in calculating earnings per share

	Consolidated	
	2011 $'000	2010 $'000
Basic earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	(167,683)	73,442
Diluted earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	(167,683)	73,442

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

	Consolidated	
	2011 Number	2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	13,572,508,577	13,572,508,577
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	13,572,508,577	13,572,508,577

There were 23,075,000 (2010: 23,450,000) options outstanding at 31 December 2011 that are anti-dilutive and accordingly have no impact on the earnings per share calculation for the year ended 31 December 2011.

Notes to the Financial Statements Continued

Note 25. 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.

2011	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	22,850,000	–	–	375,000	22,475,000	22,475,000
	14 Nov 07	13 Nov 12	$0.200	300,000	–	–	–	300,000	300,000
	4 Jun 08	3 Jun 13	$0.139	300,000	–	–	–	300,000	300,000
Total				23,450,000	–	–	375,000	23,075,000	23,075,000
Weighted average exercise price				$0.146	–	–	$0.145	$0.146	$0.146

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
	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

The number of options that were forfeited during the year were 375,000 (2010: 1,525,000). The weighted average remaining contractual life of share options outstanding at the end of the period was 0.5 years (2010: 1.5 years).

Fair value of options granted

The assessed fair value at grant date of options expensed during the year ended 31 December 2011 was 4 cents (2010: 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 2011 and 31 December 2010 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%.

(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 25. 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:

	2011 $'000	2010 $'000
Options issued under HTAL Employee Option Plan	(16)	(58)

Note 26. 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 entity have been tested for impairment. The recoverable amount of the Company's investment in controlled entities (note 11), and the recoverable amount of the Consolidated Entity's investment in jointly controlled entities (note 10) have been determined on the fair value less cost to sell 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. Management has also run sensitivity analysis on discount rates, long term growth rates and customer churn rates in the model.

The Directors believe that the resulting NPV is appropriate to support the carrying values of the Consolidated Entity's investments in jointly controlled entity as at 31 December 2011. Refer to note 29 for details of impairment in VHA in the parent entity separate financial statements.

(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.

Notes to the Financial Statements Continued

Note 27. 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 the 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 the Hutchison Telecommunications (Australia) Limited in future financial years.

Note 28. 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 at 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.

Note 28. Financial risk management (continued)

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 2011, 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 (2010: $nil lower/$nil higher). Equity would have been $nil lower/$nil higher (2010: $nil lower/$nil higher).

(ii) Interest rate risk

The Consolidated Entity's main interest rate risk arises from cash balances and other financial assets.

(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%	
31/12/2011	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	11,578	(116)	–	116	–	–	–	–	–
Other financial assets	232,342	(1,513)	–	1,513	–	–	–	–	–
Total increase/ (decrease)	243,920	(1,629)	–	1,629	–	–	–	–	–

		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	–	–	–	–	–
Other financial assets	76,264	(14)	–	763	–	–	–	–	–
Total increase/ (decrease)	81,581	(67)	–	816	–	–	–	–	–

(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 18 for details). Such guarantees are only provided in exceptional circumstances and are subject to board approval.

Notes to the Financial Statements Continued

Note 28. 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. 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 assets and 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 31/12/2011	Weighted average interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Cash and cash equivalents	5.0%	11,578	–	–	–	11,578
Other financial assets	7.5%	–	–	–	232,342	232,342
Payables	–	(23,212)	–	–	–	(23,212)
Other financial liabilities	–	(367,838)	–	–	–	(367,838)
Total ($'000)		(379,472)	–	–	232,342	(147,130)

At 31/12/2010	Weighted average interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Cash and cash equivalents	4.7%	5,317	–	–	–	5,317
Other financial assets	8.0%	1,394	–	–	74,870	76,264
Payables	–	(23,677)	–	–	–	(23,677)
Other financial liabilities	–	(217,838)	–	–	–	(217,838)
Total ($'000)		(234,804)	–	–	74,870	(159,934)

Note 29. Parent entity disclosures

Financial position

	2011 $'000	2010 $'000
ASSETS		
Current Assets	11,735	8,173
Non-Current Assets	2,021,329	3,749,099
Total Assets	2,033,064	3,757,272
LIABILITIES		
Current Liabilities	391,053	240,512
Total Liabilities	391,053	240,512
Net Assets	1,642,011	3,516,760
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	15,880	15,896
Accumulated losses	(2,578,357)	(703,624)
Total Equity	1,642,011	3,516,760

Note 29. Parent entity disclosures (continued)

Financial performance

	2011 $'000	2010 $'000
(Loss)/profit for the year	(1,874,733)	30,339
Total comprehensive (loss)/income for the year	(1,874,733)	30,339

Contingencies

	2011 $'000	2010 $'000
Guarantees		
Unsecured guarantees in respect of leases held by the jointly controlled entities	967	8,156
	967	8,156

Commitments

	2011 $'000	2010 $'000
Operating leases		
Not later than 1 year	–	128
Later than 1 year but not later than 5 years	–	231
Later than 5 years	–	65
	–	424
Representing:		
Non-cancellable operating leases	–	424

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

As at 31 December 2011, the Parent Entity has a deficiency of net current assets of $379 million (2010: $232 million). Included in the Parent Entity's current liabilities is an amount of $368 million (2010: $218 million) which relates to an interest free financing facility provided from the ultimate parent entity, HWL, which is repayable on demand. The Parent Entity has unused financing facilities of $1,232 million at 31 December 2011. 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 the date of signing these financial statements. Consequently, the directors have prepared the financial statements on a going concern basis.

Impairment in HTAL's investment in H3GAH

	2011 $'000	2010 $'000
Impairment loss		
Investment in H3GAH	1,882,465	–

HTAL has written down this investment to its recoverable amount in its separate parent entity financial statements.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 31 to 63 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 2011 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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 21 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 21.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board.

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.

Director
24 February 2012

Director
24 February 2012

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Hutchison Telecommunications (Australia) Limited

Report on the Financial Report

We have audited the accompanying financial report of Hutchison Telecommunications (Australia) Limited ("HTAL" and "the Company"), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of cash flows and the 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 31 to 64.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 Company'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 Company'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.

Independent Auditor's Report Continued

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hutchison Telecommunications (Australia) Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 27 of the Directors' report for the year ended 31 December 2011. 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.

Opinion

In our opinion the Remuneration Report of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 24 February 2012

Shareholder Information

The shareholder information set out below was applicable as at 24 February 2012.

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 Whampa 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	1,507	0
1,001-5,000	2,790	0
5,001 -10,000	1,036	0
10,001 – 100,000	1,436	7
100,001 - OVER	265	35
Total	7,034	42

Twenty largest shareholders

There were 5,443 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 2012 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	17,072,522	0.13	4
Citicorp Nominees Pty Limited	11,246,919	0.08	5
HSBC Custody Nominees (Australia) Limited	8,386,234	0.06	6
George Thomson	5,843,150	0.04	7
Arjee Pty Ltd	4,033,575	0.03	8
Yet Kwong Chiang & Ho Yuk Lin Chiang	2,700,138	0.02	9
KKH Investments Pty Limited	2,530,000	0.02	10
Dimitrios Piliouras & Konstantina Piliouras	2,180,000	0.02	11
Yim Fong Leung	2,145,000	0.02	12
Justin Herbert Gardener & Anne Louise Gardener	1,957,358	0.01	13
Kenneth Kin Kau Heung & Rene Conrad Heung	1,830,000	0.01	14
Hung Fong Chong	1,779,000	0.01	15
Bin Liu	1,700,000	0.01	16
John Fanciszek Chodorowski	1,652,456	0.01	17
Kurt Ruegg & Ursula Ruegg	1,500,000	0.01	18
Rene H Investments Pty Ltd	1,470,000	0.01	19
Jason Boua Hong Lo	1,400,000	0.01	20

Unquoted Equity Securities

Options issued under the Employee Option Plan:

Number of Options on issue	23,075,000
Number of holders	42

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

Investor Relations

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Registered Office

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www.hutchison.com.au

Share Registry

Link Market Services

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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 (ASX)

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: 3 May 2012
Time: 10.00 am

To view our Interactive online report visit:

hutchison2011.annual-report.com.au

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