

ASX Market Announcements
Australian Securities Exchange

Date: 27 March 2013

Subject: Annual Report 2012

The Company's 2012 Annual Report incorporating the full year accounts for the period ended 31 December 2012 is attached.

Yours faithfully



Louise Sexton
Company Secretary

ANNUAL REPORT

2012

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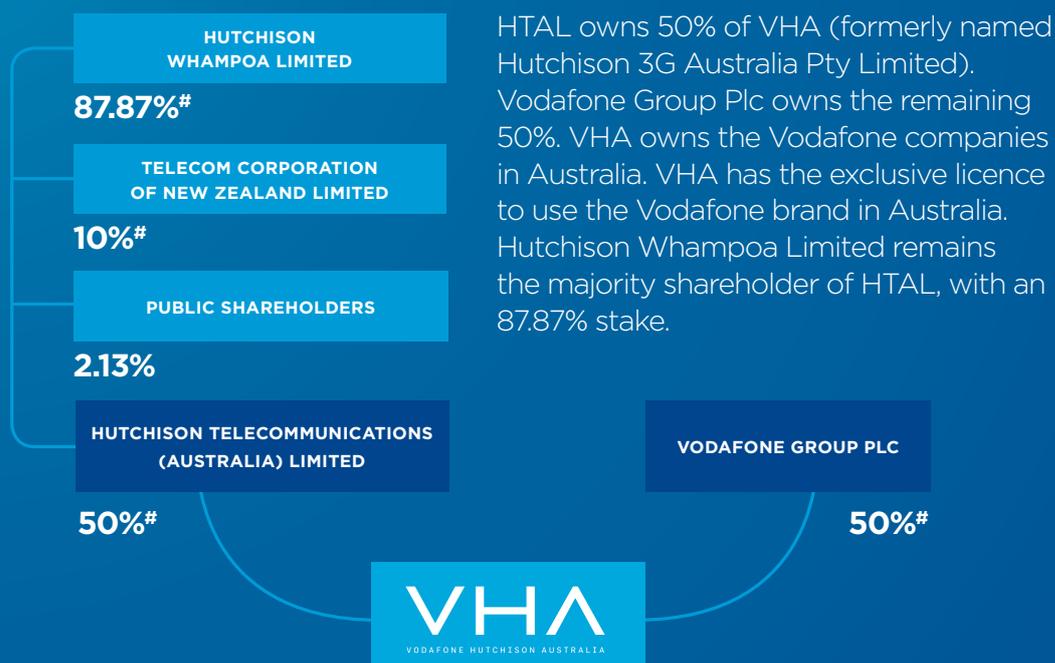
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AGM DETAILS

The Annual General Meeting
of HTAL will be held at:
40 Mount Street, North Sydney NSW 2060
Thursday 2 May 2013, 10:00 am

Hutchison Telecommunications (Australia) Limited (ASX: HTA) (HTAL) has a 50% interest in Vodafone Hutchison Australia Pty Limited (VHA). HTAL was listed on the ASX in 1999 and in 2003 launched Australia's first 3G service under the 3 brand. In 2009, HTAL's operations were merged with Vodafone Australia to form VHA. VHA offers mobile telecommunications under the Vodafone brand in Australia.

OWNERSHIP STRUCTURE



Indirect ownership

FINANCIAL SUMMARY

	2012	2011	\$VAR	%
HTAL Financials				
Revenue from ordinary activities (\$ m)	19.0	10.8	8.2	77.0%
Loss after tax (\$ m)	(393.5)	(167.7)	(225.8)	134.7%
The items below represent 50% share of VHA attributable to HTAL				
Total revenue (\$ m)	2,049.0	2,296.8	(247.8)	(10.8%)
Service revenue ¹ (\$ m)	1,701.4	2,044.2	(342.8)	(16.8%)
EBITDA ² (\$ m)	177.3	312.7	(135.4)	(43.3%)
Share of net loss of VHA (\$ m)	(408.8)	(175.4)	(233.4)	133.1%
The items below represent totals for VHA				
Mobile customers ³ ('000)	6,579	7,022	(443)	(6.3%)
Postpaid % ⁴ (excl MVNO)	62.9	63.1		(0.2pp)
Prepaid % ⁵ (excl MVNO)	37.1	36.9		0.2pp

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

2 **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. (Non-AIFRS disclosure under RG230)

3 **Customers** reflect VHA's active services in operation at the end of the reporting period – including wholesale customers (Mobile Virtual Network Operators or "MVNOs").

4 **Postpaid %** base exclude MVNO customers and pp represents percentage points.

5 **Prepaid %** base exclude MVNO customers and pp represents percentage points.

VHA OPERATIONAL IMPROVEMENT IN 2012

NETWORK

- **Increased download speeds** of up to 8 megabytes per second on 60% of the Vodafone Network;
- **Improved 3G data session and call set-up rates** that now reach Vodafone Group's benchmark levels; and
- **Dropped calls reduced** by one third in metro areas.

CUSTOMER SERVICE

- **Improved first-call customer care resolution rates** by almost one-third in the company's call centres; and
- **Reduced Telecommunication Industry Ombudsman complaints by 37%.**

INTEGRATION

- **One single network** for Vodafone, 3 & Crazy John customers.

WHILE THE FINANCIAL RESULTS OF VHA REFLECT THE NET IMPACT OF OPERATING CHALLENGES, THE TRANSFORMATION INITIATIVES THAT VHA HAS LAUNCHED, WITH SUPPORT FROM ITS SHAREHOLDERS, HAVE RESULTED IN SIGNIFICANT NETWORK AND SERVICE IMPROVEMENTS.

CHAIRMAN'S MESSAGE

Fok Kin Ning, Canning
Chairman



HTAL is committed to its investment in Vodafone Hutchison Australia ("VHA"). We are in full support of the turnaround strategy that VHA is implementing.

2012 Results

HTAL recorded revenue from operating activities of \$19.0 million in 2012, an increase of 77% on 2011 as a result of the increased shareholder's loans provided to VHA. This reflects HTAL's continued financial support for VHA and our confidence in VHA's turnaround strategy.

HTAL's share of VHA's net loss of \$408.8 million in 2012 compared to a loss of \$175.4 million in 2011 impacted HTAL's reported loss of \$393.5 million compared with a loss of \$167.7 million in the prior year.

During the past year, the mobile telecommunications industry in Australia has continued to see a shift from traditional voice and text services to the widespread take up of smartphones and a resulting increased use of data services. With this comes a change in subscriber behaviour as consumers become

IMPROVING NETWORK PERFORMANCE AND CUSTOMER SERVICE

more comfortable accessing online services via a mobile device. To address these needs and its weak brand perception, VHA continued its accelerated investment in building and upgrading the Vodafone network and introducing new customer service initiatives. The focus of the network investment has continued to be voice and data performance, resiliency and coverage.

While VHA continues to address the issues that underlie its brand perception in an intensely competitive mobile market, VHA's results for the year ended 31 December 2012 reflect the continued impact of these issues. For the 12 months ended 31 December 2012, VHA's customer base declined 443,000 to 6.6 million (including Mobile Virtual Network Operators or "MVNOs").

This resulted in the following movements in HTAL's share of VHA's key financial metrics for the year ended 31 December 2012:

- customer service revenue decreased 16.8% year-on-year to \$1,701.4 million; and
- earnings before interest, tax and depreciation ("EBITDA") decreased 43.3% year-on-year to \$177.3 million.

While the financial results of VHA reflect the net impact of the operating challenges, the transformation initiatives that VHA has launched, with the support from its shareholders, have resulted in significant network and service improvements.

In 2012, VHA increased network transmission speed and capacity with an internet ready IP architecture; launched Vodafone 3G+ (DC-HSPA+) protocols and replaced all radio equipment in the network with the latest technology on the market.

As a result of network and service improvements during 2012, VHA's network now provides customers:

- Increased download speeds of up to 8 megabytes per second ("mps") on 60% of the Vodafone Network;
- Improved 3G data session and call set-up rates that now reach Vodafone Group's benchmark levels; and
- Dropped calls reduced by one third in metro areas.

VHA has also improved first-call customer care resolution rates by almost one-third in the company's call centres and reduced Telecommunication Industry Ombudsman complaints by 37%.

Significant progress has been made to consolidate the business and brands in market. VHA has closed the **3** network and announced plans to close down the **3** and Crazy John's brands in 2013.

STRATEGY TO RETURN TO **GROWTH & PROFITABILITY** IN THE FUTURE

2013 Outlook

VHA has reviewed and restructured its operations in 2012 to establish a more efficient cost structure, resulting in a reduction in its retail footprint, moving to operate under one brand and reassessing appropriate staffing levels. However, the turnaround these changes are designed to support will take time to flow through to its financial results. The next 12 months are expected to remain challenging.

2013 will be a year of continued transformation for VHA, as the company focuses on the turnaround that aims to establish VHA as one of the most admired brands in Australia and a credible and profitable player in the Australian telecommunications market.

VHA will focus on delivering on a new network, a customer experience that provides differentiation and a marketing strategy aimed at transforming its brand and rebuilding trust.

Providing customers with consistency and reliability is critical for 2013 and is the driving force behind VHA's aggressive rollout plan that aims to improve network performance and customer perceptions. In an ever growing, data obsessed society, VHA will IP enable its entire network to give customers a consistent data experience of 2mbps to 8mbps when using a 3G+ (DC-HSPA+) device. In addition, VHA has performed successful tests on its 4G or Long Term Evolution ("LTE") network and will launch this in 2013 delivering improved data speed and easing capacity on the network.

The digital, face to face and care experiences for customers are also front of mind for 2013. Throughout the year VHA will transform the customer touch points into a simple, easy and distinctive customer experience.

Together with our joint VHA shareholders at Vodafone, we have provided and will continue to provide support as needed to enable implementation of the VHA turnaround strategy.

Conclusion

HTAL is committed to its investment in VHA. Despite the operating challenges that VHA is facing, HTAL continues to support the strategy to return VHA to growth and profitability in the future.

VHA is implementing a turnaround plan with the full support of both of its shareholders, and has made meaningful inroads in stabilizing customer numbers and financial performance. Although continuing losses are anticipated in 2013, HTAL expects improvements in VHA's performance through the year and into 2014.



Fok Kin Ning, Canning
Chairman

BOARD OF DIRECTORS



Fok Kin Ning, Canning

Chairman BA, DFM, CA (Aus)

Fok Kin Ning, Canning, aged 61, has been an executive director of Hutchison Whampoa Limited ("HWL") since 1984 and its group managing director since 1993, a director of Hutchison Harbour Ring Limited ("HHR") since 1992 and its chairman since 2002, non-executive chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") since 2009, an executive director of Power Assets Holdings Limited ("Power Assets") since 1985 and its chairman since 2005, non-executive chairman of Hutchison Port Holdings Management Pte. Limited ("HPH Management") as trustee-manager of Hutchison Port Holdings Trust since 2011, co-chairman of Husky Energy Inc. ("Husky") since 2000, an executive director and 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 (previously known as Hutchison 3G Australia Pty Limited from March 2001 to June 2009) since 2001. Mr Fok has been alternate director to a director of HTHKH since 2010. He was previously 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 has been a Director since 8 February 1999.



Barry Roberts-Thomson

Deputy Chairman

Barry Roberts-Thomson, aged 63, was 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 has been a Director since 14 February 1989.



Chow Woo Mo Fong, Susan

Director BSc

Chow Woo Mo Fong, Susan, aged 59, has been an executive director of HWL since 1993 and its deputy group managing director since 1998, an executive director of CKIH since 1997 and of HHR since 2001, a non-executive director of Power Assets since 1996 (re-designated as an executive director since 2006) and of HTHKH since 2009. She has also been a director of VHA since 2004. Mrs Chow has been alternate director to directors of each of Power Assets since 1993, CKIH since 2006 and TOM Group Limited ("TOM") since 2012. She was previously a non-executive director of HTIL (which ceased to be a public listed company in May 2010) from 2008 to 2010 and of TOM from 1999 to 2012 and alternate director to directors of HPH Management as trustee-manager of Hutchison Port Holdings Trust from 2011 to 2012. She is a solicitor and holds a Bachelor's degree in Business Administration. Mrs Chow has been a Director since 15 February 2006 and Alternate Director to Mr Fok, Mr Lai and Mr Sixt since 8 May 2006, 26 February 2007 and 4 May 2007 respectively.



Justin Herbert Gardener

Director BEc, FCA

Justin Herbert Gardener, aged 76, 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 has been a Director since 2 July 1999.



Lai Kai Ming, Dominic

Director BSc, MBA

Lai Kai Ming, Dominic, aged 59, has been an executive director of HWL since 2000, a director of HHR since 1994 and its deputy chairman since 2001 and a non-executive director of HTHKH since 2009. Mr Lai has been alternate director to directors of each of HHR since 2007 and HTHKH since 2010. He has over 29 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 has been a Director since 19 May 2004 and Alternate Director to Mrs Chow and Mr Sixt since 8 May 2006.



John Michael Scanlon

Director

John Michael Scanlon, aged 71, 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 has been a Director since 11 July 2005.



Frank John Sixt

Director MA, LLL

Frank John Sixt, aged 61, has been an executive director of HWL since 1991 and its group finance director since 1998. He has been non-executive chairman of TOM since 1999, an executive director of CKIH since 1996 and of Power Assets since 1998, a non-executive director of CKH since 1991, of HTHKH since 2009 and of HPH Management as trustee-manager of Hutchison Port Holdings Trust since 2011 and a director of Husky since 2000. He has also been a director of VHA since 2001. Mr Sixt was previously 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 has been a Director since 12 January 1998 and Alternate Director to Mrs Chow and Mr Lai since 25 February 2008.



Ronald Joseph Spithill

Director BScTech

Ronald Joseph Spithill, aged 71, 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 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. Mr Spithill has been a Director since 16 November 2010.

CORPORATE GOVERNANCE

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

Board of Directors and its Committees

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

The 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 changed substantially when 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 6 and 7.

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 6, 7 and 14.

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

The main responsibilities delegated to the Committee are to:

- consider and recommend to the Board the appointment and remuneration of the Company's external auditors and to determine with the external auditors the nature and scope of the audit or review and approve audit or review plans;
- assess the performance and independence of the external auditors, taking into account factors which may impair the auditor's judgement in audit matters related to the Company;
- review the interim and annual accounts of the Company before their submission to the Board;
- ensure Hutchison's practices and procedures with respect to related party transactions are adequate for compliance with the relevant legal and securities exchange requirements;
- review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- review with management and the external auditors the presentation and impact of significant risks and uncertainties associated with the business of Hutchison and their effects on the financial statements of Hutchison; and
- ensure corporate compliance with applicable legislation.

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

External auditor

The performance of the external auditor is reviewed annually and applications for the tender of external audit services will be requested as deemed appropriate. Deloitte Touche Tohmatsu was appointed as the external auditor in May 2010. It is Deloitte Touche Tohmatsu policy to rotate audit engagement partners on listed companies every five years, and in accordance with that policy the current audit engagement partner was appointed in May 2010.

An analysis of fees paid to the external auditor, including a break-down of fees for non-audit services, is provided in note 15 to the financial statements. The Company's policy in relation to awarding non-audit work to the external auditor 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 auditor after completion of a competitive tendering process which demonstrates that the external auditor is the preferred service provider on the basis of an objective assessment of price, capabilities and commitment. It is the policy of the external auditor 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 are set out on pages 6 and 14. No meetings of this Committee were required during the year to 31 December 2012.

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 15 to 17. This Committee also reviews and makes recommendations to the Board on remuneration policies and other terms of employment applicable to the chief executive, senior executives and the Directors themselves. The Committee will, where relevant, obtain independent advice from external consultants on the appropriateness of the remuneration policies of Hutchison.

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

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 a policy, details of which are available on the Company's website.

The Company is committed to encouraging and promoting a mix of skills and diversity in the membership of its Board which achieves the Company's corporate goals. 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 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 and Risk Committee. The risk management function ensures that adequate mechanisms are in place to identify, assess and manage strategic, financial, operational and regulatory risks and that VHA corporate performance is reviewed across a broad range of issues. As the Company no longer has executives performing the function of chief executive officer or chief financial officer, the Board has not received a declaration provided in accordance with section 295A of the *Corporations Act 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 led to greater emphasis on the development of a strong culture designed to ensure that all Directors, managers and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their Hutchison working life. The Corporate Code of Conduct, based upon the existing corporate values, has been updated to assist in maintaining this culture. This Code applies to all Directors and employees and compliance with the values underlying the Company's culture forms part of the performance appraisal of senior employees and sales managers. Details of this Code are available on the Company's website.

Directors' and senior executives' dealings in HTAL shares

The Company has 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 and management expertise. 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 18 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 2012.

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 22 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 2012 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'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 2012 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 is set out on pages 6 and 7.

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) 1,202,380 ordinary shares of HTHKH, a related body corporate of HTAL; (iv) 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 (v) 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.

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 2012 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	2	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

Mr Fok Kin Ning, Canning is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Frank John Sixt 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 15 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, LL.M, MBA (Exec)

Ms Sexton has over 19 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 2012, the Company had 3 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 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 2012 to 31 December 2012.

DIRECTORS' REPORT CONTINUED

Details of remuneration

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

Directors of HTAL

2012	Short-term benefits			Post-employment benefits	Share based payments	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	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

2011	Short-term benefits			Post-employment benefits	Share based payments	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	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

Key management personnel and other executives of the Company

2012 – Nil

2011 – 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:

- the closing price of HTAL shares on the Australian Securities Exchange on the day on which the options are granted; and
- 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	1,957,358	—	—	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
4 June 2008	3 June 2013	\$0.139	\$0.14	300,000

Options will expire five years after issue. 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 2012 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 of the Company, including their personally-related entities, during the years ended 31 December 2012 and 31 December 2011.

Other transactions with Directors and key management personnel

There were no other transactions with Directors for the years ended 31 December 2012 or ended 31 December 2011.

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 15, Remuneration of auditor, on page 38 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 19.

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

25 February 2013



Director

25 February 2013

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

25 February 2013

Dear Directors,

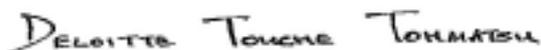
Hutchison Telecommunications (Australia) Limited

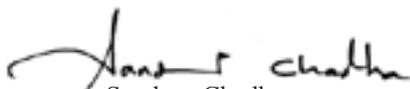
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Hutchison Telecommunications (Australia) Limited.

As lead audit partner for the audit of the financial statements of Hutchison Telecommunications (Australia) Limited for the financial year ended 31 December 2012, 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


Sandeep Chadha
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$'000	2011 \$'000
Revenue	2	19,030	10,753
Advertising and promotion expenses		(54)	(71)
Other operating expenses		(1,124)	(15)
Finance costs	3	(105)	(152)
Share of net losses of joint ventures accounted for using the equity method	8	(408,775)	(175,415)
Loss before income tax		(391,028)	(164,900)
Income tax expense	4	(2,479)	(2,783)
Loss for the year	13	(393,507)	(167,683)
Other comprehensive income / (loss)			
Changes in the fair value of cash flow hedges (share of joint venture)		4,493	(17,185)
Income tax credit relating to components of other comprehensive income		—	5,184
Other comprehensive income / (loss) for the year, net of tax	13	4,493	(12,001)
Total comprehensive loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited		(389,014)	(179,684)

		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share	22	(2.90)	(1.24)
Diluted earnings per share	22	(2.90)	(1.24)

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 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	10,891	11,578
Other	6	157	157
Total Current Assets		11,048	11,735
Non-current Assets			
Other financial assets	7	465,347	232,342
Investment accounted for using the equity method	8	1,009,263	1,413,545
Deferred tax assets	4	4,318	6,797
Total Non-current Assets		1,478,928	1,652,684
Total Assets		1,489,976	1,664,419
LIABILITIES			
Current Liabilities			
Payables	10	22,783	23,212
Other financial liabilities	11	582,838	367,838
Total Current Liabilities		605,621	391,050
Total Liabilities		605,621	391,050
Net Assets		884,355	1,273,369
EQUITY			
Contributed equity	12	4,204,488	4,204,488
Reserves	13	67,466	62,973
Accumulated losses	13	(3,387,599)	(2,994,092)
Total Equity		884,355	1,273,369

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 2012

	Attributable to members of Hutchison Telecommunications (Australia) Limited						
	Notes	Contributed equity \$'000	Reserves			Accumulated losses \$'000	Total equity \$'000
			Capital Redemption \$'000	Cash flow Hedging \$'000	Share-based payments \$'000		
Balance at 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		—	—	(17,185)	—	—	(17,185)
Income tax credit relating to components of other comprehensive income / (loss)		—	—	5,184	—	—	5,184
Total comprehensive loss for the year	13	—	—	(12,001)	—	(167,683)	(179,684)
Transactions with members in their capacity as members:							
Employee share options – value of employee services	13	—	—	—	(16)	—	(16)
Subtotal		—	—	—	(16)	—	(16)
Balance at 31 December 2011 and 1 January 2012		4,204,488	54,887	(7,794)	15,880	(2,994,092)	1,273,369
Loss for the year		—	—	—	—	(393,507)	(393,507)
Share of joint venture's changes in the fair value of cash flow hedges		—	—	4,493	—	—	4,493
Income tax credit relating to components of other comprehensive income / (loss)		—	—	—	—	—	—
Total comprehensive loss for the year	13	—	—	4,493	—	(393,507)	(389,014)
Transactions with members in their capacity as members:							
Employee share options – value of employee services	13	—	—	—	—	—	—
Subtotal		—	—	—	—	—	—
Balance at 31 December 2012		4,204,488	54,887	(3,301)	15,880	(3,387,599)	884,355

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 2012

	Notes	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(1,586)	(1,519)
Interest received		10,968	3,675
Finance costs paid		(69)	(126)
Net cash inflows from operating activities	21	9,313	2,030
Cash Flows from Investing Activities			
Loans to jointly controlled entities		(225,000)	(149,000)
Proceeds of loans from jointly controlled entities		—	932
Proceeds of loans from an entity within the HWL Group		—	2,299
Net cash outflows from investing activities		(225,000)	(145,769)
Cash Flows from Financing Activities			
Proceeds from borrowings — entities within the HWL Group		215,000	150,000
Net cash inflows from financing activities		215,000	150,000
Net (decrease)/increase in cash and cash equivalents		(687)	6,261
Cash and cash equivalents at 1 January		11,578	5,317
Cash and cash equivalents at 31 December		10,891	11,578

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 Stock 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 27.

Going concern disclosures

As at 31 December 2012, the Consolidated Entity has a deficiency of net current assets of \$595 million (2011: \$379 million). Included in the Consolidated Entity's current liabilities is an amount of \$583 million (2011: \$368 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 \$1,017 million at 31 December 2012. 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 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 judgment in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 24.

(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 2012.

Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

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

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

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

Investments in controlled entities in the Company are accounted for at cost. Investments in joint ventures are accounted for as set out in note 1(g).

Note 1 Summary of significant accounting policies continued

(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.

(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 the 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.

Note 1 Summary of significant accounting policies continued

(g) Joint ventures

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

(i) Jointly controlled entity

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

The parent entity recognises its investment in the joint venture at cost less accumulated impairment losses.

(ii) Jointly controlled assets

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

(h) Impairment of assets

Goodwill is not subject to amortisation and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within bank borrowings in current liabilities on the statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the 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.

Note 1 Summary of significant accounting policies continued

(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.

(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 the 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 entities is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Note 1 Summary of significant accounting policies continued

(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.

(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 23.

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 over the period during which 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 Employee 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.

Note 1 Summary of significant accounting policies continued

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.

(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 12 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 20 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.

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 2015	1 January 2015
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 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	1 January 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	1 January 2014
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
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	1 January 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 January 2014
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	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

	2012 \$'000	2011 \$'000
Other revenue		
Interest	18,973	10,753
Other Income	57	—
	19,030	10,753

Note 3 Expenses

	2012 \$'000	2011 \$'000
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid / payable	105	152

Note 4 Income tax

	2012 \$'000	2011 \$'000
(a) Income tax expense		
Deferred tax	2,479	2,783
Income tax expense	2,479	2,783
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from operations before income tax expense	(391,028)	(164,900)
Tax at the Australian tax rate of 30% (2011: 30%)	(117,308)	(49,470)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net loss of jointly controlled entities	122,633	52,624
Deferred tax on temporary differences previously not recognised	—	55
	5,325	3,209
Previously unrecognised tax losses now recouped to reduce current tax expense	(2,846)	(426)
Income tax expense	2,479	2,783
(c) Unrecognised tax losses		
Opening balance	219,757	217,830
Tax losses identified during completion of income tax return	7,525	3,347
Tax losses recouped to reduce current tax expense	(9,487)	(1,420)
Unused tax losses for which no deferred tax assets have been recognised	217,795	219,757
Potential tax benefit @ 30%	65,339	65,927

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. Deferred tax assets relating to the carried forward tax losses were not recognised as it was uncertain if future taxable profits would allow the deferred tax asset to be recovered.

(d) Recognised deferred tax assets

There are temporary differences attributable to:

	2012 \$'000	2011 \$'000
Provisions	1,865	1,893
Business related costs	2,453	4,904
Net deferred tax asset	4,318	6,797

Note 5 Current assets – Cash and cash equivalents

	2012 \$'000	2011 \$'000
Cash at bank and in hand	10,891	11,578

Note 6 Current assets – Other

	2012 \$'000	2011 \$'000
Other	157	157

Note 7 Non-current assets – Other financial assets

	2012 \$'000	2011 \$'000
Receivable from a jointly controlled entity (note 18)	465,347	232,342

Receivable from a jointly controlled entity

Weighted average interest on the receivable from a jointly controlled entity of \$377 million (2011: \$151 million) is charged at a rate of 6.3% p.a. (2011: 7.3%) during the year. The interest on the remaining receivable from a jointly controlled entity of \$88 million (2011: \$81 million) is charged at a fixed rate of 8% p.a. (2011: 8% p.a.).

Further information relating to a receivable from a jointly controlled entity is set out in note 18.

(a) Fair value

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:

	2012 \$'000	2011 \$'000
Australian dollars	465,347	232,342
	465,347	232,342
Non-current financial assets	465,347	232,342
	465,347	232,342

For an analysis of the sensitivity of other financial assets to foreign exchange and interest rate risks refer to note 26.

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

Note 8 Non-current assets — Investment accounted for using the equity method

	2012 \$'000	2011 \$'000
Interest in a jointly controlled entity	1,009,263	1,413,545

Jointly controlled entity

The Company's interest in Vodafone Hutchison Australia Pty Limited ("VHA") is accounted for in the consolidated financial statements using the equity method.

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

	2012 \$'000	2011 \$'000
Share of the jointly controlled entity's assets and liabilities under jointly controlled entity's accounting policies		
Current assets	648,420	513,111
Non-current assets [^]	3,050,966	3,092,234
Total assets	3,699,386	3,605,345
Current liabilities	1,963,940	808,332
Non-current liabilities	1,016,560	1,632,948
Total liabilities	2,980,500	2,441,280
Net assets	718,886	1,164,065

[^] HTAL's share of VHA's non-current assets under HTAL accounting policies is \$3,221 million at 31 December 2012 (2011: \$3,228 million). The differences in accounting policies are primarily related to differences in the economic useful lives of property, plant and equipment.

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's shareholders. At 31 December 2012, VHA has \$1,600 million in borrowings repayable in June 2013, which has been classified within current liabilities. This results in HTAL's share of VHA's net current asset deficiency being \$1,316 million (2011: \$295 million). One of VHA's ultimate shareholders, Hutchison Whampoa Limited, and one of its direct shareholders, Vodafone Oceania Limited, have confirmed their current intention to provide financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing the VHA financial statements.

	2012 \$'000	2011 \$'000
Share of the jointly controlled entity's revenue, expenses and results		
Revenues	2,048,998	2,296,854
Expenses	(2,457,773)	(2,472,269)
Loss for the year	(408,775)	(175,415)
Reconciliation of interest in a jointly controlled entity		
Investment brought forward	1,413,545	1,600,961
Loss for the year	(408,775)	(175,415)
Share of change in fair value of cash flow hedges, net of tax	4,493	(12,001)
Interest in a jointly controlled entity at 31 December	1,009,263	1,413,545
Share of the jointly controlled entity's commitments		
Lease commitments	642,937	540,880
Capital commitments	145,401	225,908
Other commitments	300,140	383,863
	1,088,478	1,150,651
Contingent liabilities relating to the jointly controlled entity	13,321	15,766

Note 9 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):

Name of Entity	Notes	Country of Incorporation	Class of Shares	Equity Holding *	
				2012 %	2011 %
Controlled entities					
Bell Organisation Pty Limited	(c)	Australia	Ordinary	—	100
Bell Paging Pty Limited	(c)	Australia	Ordinary	—	100
Bell Communications Pty Limited	(c)	Australia	Ordinary	—	100
Lindian Pty Limited		Australia	Ordinary	100	100
Erlington Pty Limited	(c)	Australia	Ordinary	—	100
Hutchison Telephone Pty Limited	(c)	Australia	Ordinary	—	100
HTAL Facilities Pty Limited	(c)	Australia	Ordinary	—	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) These entities were deregistered on 11 January 2012.

Note 10 Current liabilities — Payables

	2012 \$'000	2011 \$'000
Other creditors	6,258	6,305
Payables to a jointly controlled entity (note 18)	16,525	16,907
	22,783	23,212

Payables to a jointly controlled entity

Further information relating to payables to a jointly controlled entity is set out in note 18.

(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:

	2012 \$'000	2011 \$'000
Australian Dollars	22,783	23,212
	22,783	23,212

Refer to note 26 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 risks can be found in note 26.

Note 11 Current liabilities – Other financial liabilities

	2012 \$'000	2011 \$'000
Loan from an entity within the HWL Group (note 18)	582,838	367,838

Loan from an entity within the HWL Group

Further information relating to the loan from an entity within the HWL Group is set out in note 18. The loan from an entity within the HWL Group is an interest free financing facility and is repayable on demand.

(a) Financing arrangements

Unrestricted access was available at the statement of financial position date to the following lines of credit:

	2012 \$'000	2011 \$'000
Other financial liabilities		
Total facilities – entity within the HWL Group	1,600,000	1,600,000
Used at the statement of financial position date	(582,838)	(367,838)
Unused at the statement of financial position date	1,017,162	1,232,162

Note 12 Contributed equity

	2012 Shares	2011 Shares	2012 \$'000	2011 \$'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	Details	Number of shares	\$'000
1 January 2011	Opening balance	13,572,508,577	4,204,488
31 December 2011	Closing balance	13,572,508,577	4,204,488
1 January 2012	Opening balance	13,572,508,577	4,204,488
31 December 2012	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 23.

(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.

Note 12 Contributed equity continued

The gearing ratios at 31 December 2012 and 31 December 2011 were as follows:

	2012 \$'000	2011 \$'000
Total payables, borrowings and other financial liabilities	605,621	391,050
Less: cash and cash equivalents (note 5)	(10,891)	(11,578)
Net debt	594,730	379,472
Total equity	884,355	1,273,369
Total capital	1,479,085	1,652,841
Gearing ratio	40%	23%

Note 13 Reserves and accumulated losses

	2012 \$'000	2011 \$'000
(a) Reserves		
Capital reserve	54,887	54,887
Share of hedging reserve – cash flow hedges	(3,301)	(7,794)
Share-based payments reserve	15,880	15,880
	67,466	62,973
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	(7,794)	4,207
Hedging movement, net of tax	4,493	(12,001)
Balance at 31 December	(3,301)	(7,794)
Share-based payments reserve		
Balance at 1 January	15,880	15,896
Options forfeited	—	(16)
Balance at 31 December	15,880	15,880
(b) Accumulated losses		
Accumulated losses at 1 January	(2,994,092)	(2,826,409)
Loss attributable to the members of Hutchison Telecommunications (Australia) Limited	(393,507)	(167,683)
Accumulated losses at 31 December	(3,387,599)	(2,994,092)

(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.

Note 13 Reserves and accumulated losses continued

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 850 MHz spectrum licence assigned from Telecom Corporation Of New Zealand ("TCNZ"). The fair value was determined by reference to the fair value of the option granted to TCNZ in exchange for the spectrum licence.

Note 14 Director and key management personnel disclosure

(a) Director and key management personnel compensation

	2012 \$	2011 \$
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 2012 and 31 December 2011.

(c) Other transactions with key management personnel

There were no other transactions with the Directors of the Company for the years ended 31 December 2012 and 31 December 2011.

Note 15 Remuneration of auditor

	2012 \$	2011 \$
Deloitte Touche Tohmatsu		
Assurance services		
Audit services		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	90,250	91,250
Total remuneration for assurance services	90,250	91,250
Taxation services		
Tax compliance services, including review of company tax returns	11,500	24,460
Tax consultation services	35,000	—
	46,500	24,460
Total auditors remuneration	136,750	115,710

It is the Consolidated Entity's policy to employ the auditor 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 16 Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2012 are as follows:

	2012 \$'000	2011 \$'000
Guarantees		
Unsecured guarantees in respect of leases held by a jointly controlled entity	940	967

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

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

Note 17 Commitments

There were no commitments contracted for but not recognised as liabilities, payable at 31 December 2012 and 31 December 2011.

Note 18 Related party transactions

(a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which, at 31 December 2012, owns 88% of the issued ordinary shares of Hutchison Telecommunications (Australia) 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 14.

(d) Transactions with related parties

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

	2012 \$'000	2011 \$'000
Receivable		
Advance to:		
Jointly controlled entity	8,005	7,078
Payable		
Advance from:		
Jointly controlled entity	(382)	932
Loans to related parties		
Loans advanced to:		
Jointly controlled entity	225,000	149,000
Loans repayment from:		
Entity within the HWL Group	—	2,299
Loans from related parties		
Loans advanced from:		
Entity within the HWL Group	215,000	150,000
Interest revenue		
Jointly controlled entity	18,431	10,008
Interest expense		
Ultimate parent entity	69	126

Advances to the jointly controlled entity represent funds advanced under the terms of the agreement with the jointly controlled entity. Further information relating to interest rate under the agreement is set out in note 7.

Note 18 Related party transactions continued

(e) Outstanding balances

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

	2012 \$'000	2011 \$'000
Non-current financial assets		
Jointly controlled entity (note 7)	465,347	232,342
Payables		
Jointly controlled entity (note 10)	16,525	16,907
Current liabilities – Other financial liabilities		
Entity within the HWL Group (note 11)	582,838	367,838

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 19 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 years ended 31 December 2012 and 31 December 2011.

	2012 \$'000	2011 \$'000
Statement of Comprehensive Income		
Revenue	19,030	10,753
Advertising and promotion expenses	(54)	(71)
Other operating expenses	(1,124)	(15)
Impairment loss in investment held within the Closed Group	(547,618)	—
Finance costs	(105)	(152)
(Loss)/Profit before income tax	(529,871)	10,515
Income tax expense	(2,479)	(2,783)
(Loss)/Profit for the year	(532,350)	7,732
Share of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	(2,858,550)	(2,866,282)
(Loss)/Profit for the year	(532,350)	7,732
Accumulated losses at the end of the financial year	(3,390,900)	(2,858,550)

Note 19 Deed of Cross Guarantee continued

(b) Statement of Financial Position

Set out below is a statement of financial position as at 31 December 2012 of the Closed Group consisting of HTAL and H3GAH.

	2012 \$'000	2011 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	10,891	11,578
Other	157	157
Total Current Assets	11,048	11,735
Non-current Assets		
Other financial assets	1,474,610	1,789,223
Deferred tax assets	4,318	6,797
Total Non-current Assets	1,478,928	1,796,020
Total Assets	1,489,976	1,807,755
LIABILITIES		
Current Liabilities		
Payables	22,783	23,212
Other financial liabilities	582,838	367,838
Total Current Liabilities	605,621	391,050
Total Liabilities	605,621	391,050
Net Assets	884,355	1,416,705
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	70,767	70,767
Accumulated losses	(3,390,900)	(2,858,550)
Total Equity	884,355	1,416,705

Note 20 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 2012 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:

	2012 \$m	2011 \$m
HTAL's share of VHA		
Total Revenue	2,049	2,297
EBITDA	177	313

Note 21 Reconciliation of loss after income tax to net cash inflows from operating activities

	Notes	2012 \$'000	2011 \$'000
Loss after income tax		(393,507)	(167,683)
Income tax expense recognised in profit or loss	4	2,479	2,783
Non-cash employee benefits expense — share-based payments	13	—	(16)
Share of net losses of joint venture partnership accounted for using the equity method	8	408,775	175,415
Change in operating assets and liabilities			
Increase in other financial assets		(8,005)	(7,078)
Decrease in other assets		—	6
Decrease in payables		(429)	(1,397)
Net cash inflows from operating activities		9,313	2,030

Note 22 Earnings per share

	2012 Cents	2011 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	(2.90)	(1.24)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	(2.90)	(1.24)

	2012 \$'000	2011 \$'000
(c) Earnings used in calculating earnings per share		
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	(393,507)	(167,683)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	(393,507)	(167,683)

	2012 Number	2011 Number
(d) Weighted average number of shares used as the denominator		
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 300,000 (2011: 23,075,000) options outstanding at 31 December 2012 that are anti-dilutive and accordingly have no impact on the earnings per share calculation for the year ended 31 December 2012.

Note 23 Share-based payment

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:

- the closing price of HTAL shares on the Australian Securities Exchange on the day on which the options are granted;
- 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.

2012								
Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued during the year	Exercised during the year	Lapsed/ 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	22,475,000	—	—	22,475,000	—	—
14-Nov-07	13-Nov-12	\$0.200	300,000	—	—	300,000	—	—
4-Jun-08	3-Jun-13	\$0.139	300,000	—	—	—	300,000	300,000
Total			23,075,000	—	—	22,775,000	300,000	300,000
Weighted average exercise price			\$0.146	—	—	\$0.146	\$0.139	\$0.139

2011								
Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued during the year	Exercised during the year	Lapsed/ 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

The number of options that were lapsed / forfeited during the year was 22,775,000 (2011: 375,000). The weighted average remaining contractual life of share options outstanding at the end of the period was 0.4 years (2011: 0.5 years).

Fair value of options granted

The assessed fair value at grant date of options expensed during the year ended 31 December 2012 was 6 cents (2011: 4 cents).

Refer to note 1(r)(iv) for how the fair value of options was determined. The additional model inputs for options expensed during the year ended 31 December 2012 not already outlined above include:

- weighted average share price at grant date: 14.9 cents (2011: 14.9 cents).
- weighted average expected price volatility of the company's shares: 81% (2011: 34%).
- expected dividend yield: 0% (2011: 0%).
- weighted average risk-free interest rate: 7.3% (2011: 6.4%)

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

Note 23 Share-based payment 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. No shares were purchased during the year ended 31 December 2012, thus no expense arose.

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:

	2012 \$'000	2011 \$'000
Options issued under HTAL Employee Option Plan	—	(16)

Note 24 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

Impairment of investments in controlled and jointly controlled entities

In accordance with the Consolidated Entity's accounting policy stated in note 1(g), investments in controlled and jointly controlled entities have been tested for impairment. The recoverable amount of the Company's investment in a controlled entity (note 9), and the recoverable amount of the Consolidated Entity's investment in a jointly controlled entity (note 8) has 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 the jointly controlled entity as at 31 December 2012. Refer to note 27 for details of impairment of HTAL's investment in its wholly owned subsidiary, H3GAH, in the parent entity separate financial statements.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

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

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

Note 25 Events occurring after the Reporting date

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

- (i) the operations of Hutchison Telecommunications (Australia) Limited in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of Hutchison Telecommunications (Australia) Limited in future financial years.

Note 26 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 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) Interest rate risk

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

(ii) 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.

31/12/2012									
	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		Post-tax loss \$'000	Other equity \$'000						
Financial assets									
Cash and cash equivalents	10,891	(109)	—	109	—	—	—	—	—
Other financial assets	465,347	(3,776)	—	3,776	—	—	—	—	—
Total increase/ (decrease)	476,238	(3,885)	—	3,885	—	—	—	—	—

Note 26 Financial risk management continued

31/12/2011									
	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		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	—	—	—	—	—

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

(c) Liquidity risk

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

The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. 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.

31/12/2012						
	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	4.2%	10,891	—	—	—	10,891
Other financial assets	6.6%	—	—	—	465,347	465,347
Payables	—	(22,783)	—	—	—	(22,783)
Other financial liabilities	—	(582,838)	—	—	—	(582,838)
Total		(594,730)	—	—	465,347	(129,383)

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		(379,472)	—	—	232,342	(147,130)

Note 27 Parent entity disclosures

(a) Summary financial information

	2012 \$'000	2011 \$'000
Financial position		
ASSETS		
Current Assets	11,048	11,735
Non-current Assets	1,478,931	2,021,329
Total Assets	1,489,979	2,033,064
LIABILITIES		
Current Liabilities	605,626	391,053
Total Liabilities	605,626	391,053
Net Assets	884,353	1,642,011
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	15,880	15,880
Accumulated losses	(3,336,015)	(2,578,357)
Total Equity	884,353	1,642,011
Financial performance		
Loss for the year	(757,658)	(1,874,733)
Total comprehensive loss for the year	(757,658)	(1,874,733)

(b) Guarantees entered into by the parent entity

	2012 \$'000	2011 \$'000
Guarantees		
Unsecured guarantees in respect of leases held by a jointly controlled entity	940	967

(c) Commitments

Operating leases

There were no commitments contracted for but not recognised as liabilities, payable at 31 December 2012 and 31 December 2011.

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

As at 31 December 2012, the Parent Entity has a deficiency of net current assets of \$595 million (2011: \$379 million). Included in the Parent Entity's current liabilities is an amount of \$583 million (2011: \$368 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 \$1,017 million at 31 December 2012. 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 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.

(d) Impairment in HTAL's investment in H3GAH

	2012 \$'000	2011 \$'000
Impairment loss		
Investment in H3GAH	772,927	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 21 to 47 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 2012 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 19 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 19.

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

25 February 2013



Director

25 February 2013



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 2012, 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 21 to 48.

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.

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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 2012 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.

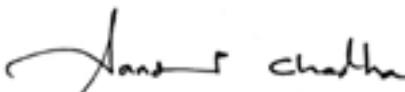
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 31 December 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.


DELOITTE TOUCHE TOHMATSU



Sandeep Chadha
Partner
Chartered Accountants
Sydney, 25 February 2013

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 25 February 2013.

Substantial shareholders

Substantial shareholders in the Company are:

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

Notes:

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

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

Distribution of equity securities

Range	Ordinary Shares	Options
1 – 1000	1,476	0
1,001 – 5,000	2,706	0
5,001 – 10,000	979	0
10,001 – 100,000	1,357	0
100,001 – OVER	279	1
Total	6,797	1

SHAREHOLDER INFORMATION CONTINUED

Twenty largest shareholders

There were 5,580 holders of less than a marketable parcel of ordinary shares. The names of the 20 largest holders of quoted ordinary shares as at 25 February 2013 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	10,075,816	0.07	4
HSBC Custody Nominees (Australia) Limited	8,450,551	0.06	5
George Thomson	8,111,886	0.06	6
Citicorp Nominees Pty Limited	5,801,621	0.04	7
Kenneth Kin Kau Heung & Rene Conrad Heung	4,830,000	0.04	8
Dimitrios Piliouras & Konstantina Piliouras	4,205,168	0.03	9
Arjee Pty Ltd	4,033,575	0.03	10
Yet Kwong Chiang & Ho Yuk Lin Chiang	2,700,138	0.02	11
KKH Investments Pty Limited	2,530,000	0.02	12
Oliver Ngo	2,367,369	0.02	13
Yim Fong Leung	2,145,000	0.02	14
Justin Herbert Gardener & Anne Louise Gardener	1,957,358	0.01	15
Hung Fong Chong	1,779,000	0.01	16
Bin Liu	1,700,000	0.01	17
John Franciszek Chodorowski	1,652,456	0.01	18
Custodial Services Limited	1,500,000	0.01	19
Kurt Ruegg & Ursula Ruegg	1,500,000	0.01	20

Unquoted Equity Securities

Options issued under the Employee Option Plan

Number of Options on issue	300,000
Number of holders	1

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

Tel: 133 121
Email: investors@hutchison.com.au
www.hutchison.com.au

Registered Office

Level 7, 40 Mount Street
North Sydney NSW 2060
Tel: 133 121
www.hutchison.com.au

Share Registry

Link Market Services

Level 12, 680 George Street
Sydney NSW 2000

Tel: 1800 629 116
www.linkmarketservices.com.au

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000

Securities Exchange Listing

HTAL shares are listed on the
Australian Securities Exchange (ASX)

ASX Code: HTA

Notice of Annual General Meeting

The Annual General Meeting of HTAL
will be held at:

40 Mount Street
North Sydney NSW 2060

Date: Thursday 2 May 2013
Time: 10:00 am

