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(Australia) Limited
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A member of the
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Companies Announcements Office

Australian Stock Exchange

Date 28 March 2007

Subject: Annual Report 2006

The Company's 2006 Annual Report incorporating the full year accounts for the period ended 31 December 2006 is attached.

The Annual Report will be despatched to shareholders this week together with the Notice of Annual General Meeting and Explanatory Memorandum incorporating an Independent Expert's Report and Proxy Form, which were lodged with the ASX on 19 March 2007.

Yours faithfully

Louise Sexton
Company Secretary

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED

Annual Report 2006

Setting the pace

AGM

**The Annual General Meeting of Hutchison will be held at:
The Conference Centre, Building A, 207 Pacific Highway,
St Leonards NSW 2065.
Date: Friday 4 May 2007 Time: 10.00am**

In 2003, Hutchison introduced Australia's first 3rd generation (3G) network. The 3G network uses the global Wideband CDMA (W-CDMA) standard. As well as being a multiple more efficient than 2G, 3G enables the delivery of more than just voice and text services, live mobile TV and broadband access through mobile handsets.

WINNER
BEST MOBILE OPERATOR
telecom
AWARDS 2006

It's good to be

2006 was a year in which Hutchison achieved a number of significant financial and operational goals.

As we continue to set the pace in 3G, we do so on the back of positive EBITDA, increases in service revenue and growth in our operating margins.

We maintain our commitment to offer our customers the best of 3G with leading handsets, innovative pricing, state of the art content services and the launch of high-speed mobile broadband.

This annual report offers a detailed account of our current key financial and operational indicators, an overview of many of our products and services, a description of our goals achieved in 2006 as well as future initiatives and market opportunities.

As predicted, the market is following our lead as we witness the rapid decline of 2G and a shift towards 3G and non-voice services.

Hutchison is very well placed to continue to lead in 3G.

About Hutchison

Hutchison is focused on delivering leading communications and 3G content services to Australian consumers.

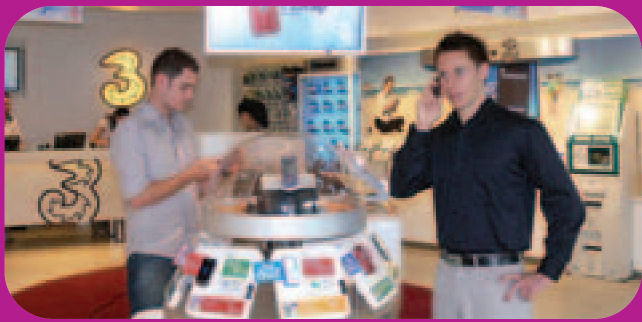
At Hutchison, we know the future is 3G and that customers today want more from their mobile service.

Hutchison launched Australia's first 3G service in April 2003 and today has over 1.2 million customers using the network for both voice calls and messaging services, mobile TV, downloading and listening to full length audio and music videos, videocalling friends and family, sending emails, surfing the internet as well as accessing a wide range of other 3G content services including news, information, sports, finance, weather and entertainment.

Over 1.2 million 3G customers

a 90.4% increase

from December 2005



3 has a retail presence of 80 company owned stores, 152 exclusive dealer stores, and a further 144 non-exclusive dealer stores. When combined with the mass market channel, 3 has over 680 points of distribution.

Our aspiration is:

- To challenge and change the way people use their mobiles forever by creating an experience that is more useful, more entertaining and more valuable than the one they know today
- To build a desirable brand and business that people, both customers and staff, want to be part of
- The ultimate measure of success will be how many people can't imagine life without **3**

Our approach – our three pillars:

1. Live our brand

- Reflect the brand values in everything we do
- Be a brave leader
- Be creative – think differently
- Keep things simple and relevant
- Question the status quo

2. See the world through our customer's eyes

- Deliver on our promises
- Listen to, understand and value the customer
- Be sensitive to our customer's unique needs
- Respect the customer's time
- Be patient and empathetic

3. Do the right thing

- Be open and honest
- Respect colleagues, customers and partners
- Take accountability for our actions
- Own the customer issue
- Celebrate success

Financial and Operational
Highlights

2006 saw Hutchison achieve a number of key financial milestones.

The Company achieved a positive EBITDA of $30.2 million, driven by a 22.0% increase in service revenue, 24.6% growth in operating margins and a 7.2% reduction in operating expenses. **3** grew service revenue by 75.8% to $848.9 million.

During 2006, the Company made the decision to close the 2G CDMA network and focus our attention on **3**. The closure of the network followed the upgrading of 287,000 customers to **3**. It has provided **3** with scale and also enabled the Company to save $112.5 million in the process.

While our 2006 financial focus was on reaching a positive EBITDA, our next goal is to exit 2007 with positive operating cashflow.

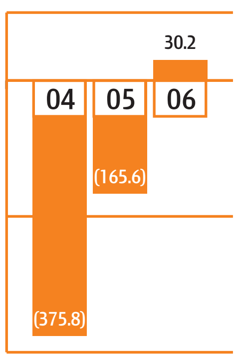
To achieve this, our priority still rests with continued growth in margin and control of operating expenses.

Tim Finlayson
Chief Financial Officer

$30.2m

EBITDA ($m)

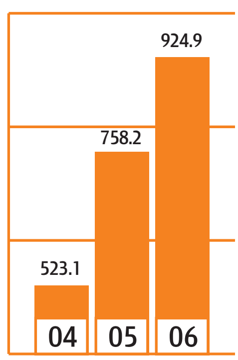
Achieved a positive EBITDA of $30.2 million, a turn around of $195.8 million on the prior corresponding period.



22% increase

in service revenue ($m)

Overall service revenue increased 22.0% to $924.9 million, from 2005.



Margin in 3 has grown from an average of $28.7 million per month in 2005 to $53.3 million in 2006, an increase of 85.7%

$ million	2004	2005	2006	Change % 2005 to 2006
Service revenue	523.1	758.2	**924.9**	22%
Accounting EBITDA	(375.8)	(165.6)	**30.2**	n/a
Underlying NPAT (loss)	(690.1)	(547.3)	**(451.5)**	18%
Capital expenditure	307.4	207.1	**203.8**	2%

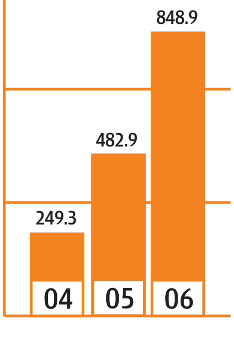
Service revenue excludes handset revenue, interest income and other income.

Accounting EBITDA represents service revenue less interconnect and running operating expenditure plus capitalised incremental direct acquisition and retention costs in accordance with AIFRS.

NPAT represents net loss after tax attributable to Hutchison.

Service revenue in 3 rose 75.8%

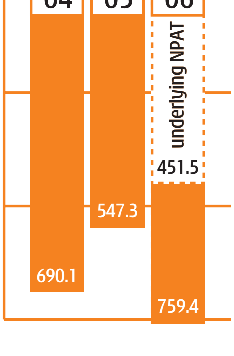
Service revenue in **3** rose 75.8% to $848.9 million on 2005. This represented a contribution of 91.8% of the total service revenue.



NPAT ($m)

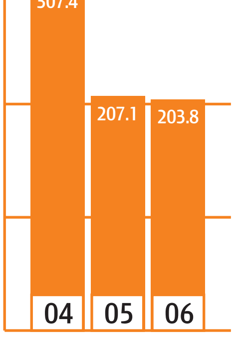
Reported NPAT loss of $759.4 million including a one off $307.9 million charge related to the closure of the 2G CDMA network.

Excluding this one off charge the underlying NPAT loss was $451.5 million, an improvement of $95.8 million on 2005.



CAPEX ($m)

CAPEX of $203.8 million is down slightly from 2005.



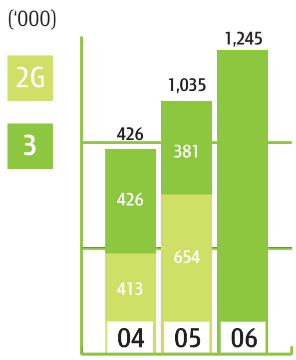
Financial and Operational Highlights continued

1,099,000 customers or 88.3% of 3's total customer base are contracted post-paid customers

83% of 3's customers accessed Planet 3, while 56% had a billable content event

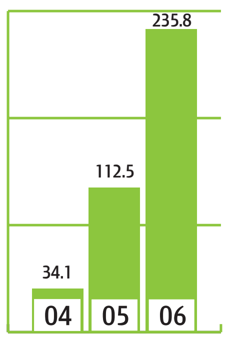
Total content events increased to 92.5 million from 49.4 million in 2005, an increase of 87.3%

90.4% increase
in 3 mobile customers on 2005



109.6% increase
in non-voice service revenue ($m)

on 2005 a function of increased usage of both SMS and 3G content services.

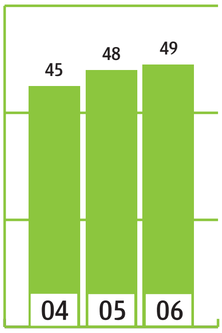


791.2 million SMS sent, a 131.1% increase, that's 53 SMS sent by each customer per month

Post-paid churn for 2006 was 1.1%, compared to 2.1% in 2005

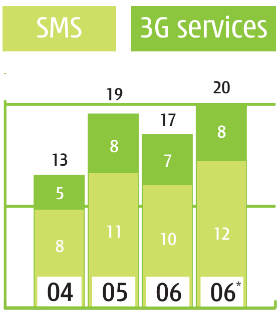
Average margin per customer ($)

Average blended margin per customer was $49. Average **3** margin per customer was $52 of which $12, or 23.1%, came from non-voice services.



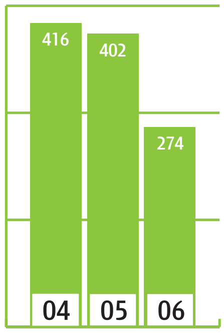
Non-Voice ARPU ($)

ARPU for all non-voice services increased from $19 to $20* from 2005.



Acquisition cost per customer ($)

Average cost of acquisition for each new **3** customer was $274, down from $402, a reduction of 32% on 2005.



* base excluding 2G CDMA migrated customers

	2004	2005	2006	Change % 2005 to 2006
3 Customer base ('000)	413	654	**1,245**	90.4
Average revenue per user (ARPU)($)	70	67	**67**	0.0
Margin ($)	45	48	**49**	2.1
3 Customer acquisition cost ($)	416	402	**274**	31.8

3 Customer base reflects active mobile services in operation at the end of the year.

ARPU represents rolling 12 months average revenue per user, per month at the end of the period across pre and post-paid customers.

Margin represents rolling 12 month average margin per customer, across pre and post-paid, per month at the end of the period. Margin represents service revenue less interconnect and variable content costs.

Customer acquisition cost represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new **3** customer for the period.

Chairman's Message

The financial year ending 31 December 2006 has produced some significant financial and operational breakthroughs for Hutchison.

I am pleased to report a positive EBITDA of $30.2 million for the year, following EBITDA losses of $165.6 million in 2005 and $375.8 million in 2004. A significant milestone for the Company was the achievement of more than $1 billion in revenue, when combining the sale of handsets, interest income and other income with service revenue.

Of significance and most pleasing was the growth in **3** which drove the overall improvement in the Company's financial performance. The number of customers on **3** now exceeds 1.2 million.

The Company recorded an NPAT loss of $759.4 million which included $307.9 million of costs associated with the closure of the 2G CDMA network. Our underlying NPAT loss of $451.5 million for the year is a $95.8 million improvement on the previous year and when taking into account the minority interest contribution to the loss in 2005 the operational improvement to the underlying NPAT was more than $200 million.

Capital structure

The Company has announced its intention to restructure the balance sheet by raising up to approximately $2.85 billion by way of a pro-rata renounceable Rights Issue of convertible preference shares subject to shareholder approval. The Rights Issue has the full support of Hutchison Whampoa Limited (**HWL**). Hutchison Communications (Australia) Pty Ltd (**HCAPL**) has agreed to take up all its entitlements in respect of the Rights Issue and the balance of the offer will be underwritten by HWL. The proceeds of the Rights Issue will be used to repay debt financing in order to reduce the Company's funding charges.

Confidence in leadership

It is an exciting time for the Company with the promotion of Nigel Dews to Chief Executive Officer.

As the former Director of Sales, Marketing and Product, Nigel has been instrumental in taking **3** from a small entrant in the market to the sound competitor and market leader it is today. With his strong media background, broad operational expertise and ability to drive positive change, Nigel is well placed to lead **3** confidently into the future.

Nigel replaces Kevin Russell who has headed to **3** UK as Deputy CEO.

With a $195.8 million turnaround

Hutchison achieved a positive EBITDA position of $30.2 million

Total annual revenue is now more than $1 billion

In October 2006, we welcomed Tim Finlayson to the role of Chief Financial Officer, replacing David Dyson. Having been with the Company for the past three years, Tim was responsible for the business' financial operations. I am confident his experience will continue to deliver cost control, solid financial management and growth for **3**.

Global backing

The Company continues to benefit from the strong financial backing and support of HWL. As one of the first operators in the world to introduce 3G services, HWL now has 3G networks in 10 countries and is recognised for its leading global position in 3G. The Company acknowledges HWL's ongoing support in providing **3** in Australia economies of scale in procurement of technology and handsets, cost sharing, joint development of systems and innovative content.

Leaders in 3G

In late 2006, **3** UK announced the global launch of the X-Series from **3**. The X-Series combines the very best that a mobile and the internet has to offer, packaging it together to deliver a unique mobile online experience to customers. **3** has partnered with leading internet companies and mobile manufacturers to enable customers fast, easy access to the internet from their mobile handsets in one simple package. This is an exciting, new phase for **3** and helps cement our position as the innovative leader in 3G.

Looking ahead

Our belief is that the future is 3G and, over the next few years, we will continue to see its rapid adoption in Australia, particularly as the incumbent operators increasingly seek to migrate their 2G customers to 3G. Our focus, therefore, is on leading the way in mobile broadband and innovative new services while offering highly competitive voice services combined with excellent customer service. This, together with improvements in financial performance, will see us continue to grow.

Fok Kin-ning, Canning
Chairman

CEO's Message

2006 was a successful year for Hutchison. With a clear focus now on one brand, 3, we continued to improve our financial performance, grow our customer base and further develop our 3G services.

A focus on 3

As we enter 2007, we do so with a focus solely on **3** and significant momentum in the business.

In August 2006, we closed the 2G CDMA network having upgraded 287,000 CDMA customers in seven months.

The decision to close the 2G network allows us to dedicate ourselves exclusively to delivering 3G services, ensuring we are well placed to remain the recognised 3G market leader.

Continued improvement in financial performance

The positive EBITDA of $30.2 million is a pleasing result. Contributing to this result was strong growth in operating margins, a decline in operating expenses and a consolidated service revenue of $924.9 million, a 22.0% increase from 2005.

Service revenue in **3** rose by 75.8% to $848.9 million, including a $235.8 million contribution from non-voice services, an increase of almost 110%.

Margin in **3** has grown from an average of $28.7 million per month in 2005 to $53.3 million in 2006, an increase of 85.7%.

Expansion of our customer base

The number of mobile customers on **3** is increasing rapidly.

In May 2006, **3**'s customer base passed the one million customer mark and by year-end reached 1,245,000 customers. This was a 90.4% increase from 2005.

Non-voice services represent 25%
of total services revenue compared to 15% in 2005

The Company passed
1 million 3G customers
in May, giving 3 scale and the momentum to grow

Upgraded 287,000
2G CDMA customers to 3

While a proportion of this increase can be attributed to the CDMA upgrade, a further 304,000 joined **3** who did not upgrade from 2G. In 2006 there have been continuous improvements in handset form factor, functionality and price. During the year, we introduced 19 new handsets giving us a total of 24 models of 3G handsets, well in excess of our competitors. 3G handsets are now clearly the leading handsets in the mobile market.

Strength in non-voice

We continued to grow our non-voice business. During 2006, 83% of customers accessed Planet **3** and 56% had a billable content event, an increase from 53% in 2005.

Customers enjoyed over 900,000 World Cup events during the FIFA World Cup, while across the **3** Mobile Ashes cricket series, Cricket TV was watched more than 1 million times.

3's strength in non-voice continues with the upgrade of our network to High Speed Downlink Packet Access (HSDPA). HSDPA enables users to experience high-speed broadband download speeds between 600kbps and 1.5Mbps, with theoretical maximum download speeds of 3.6Mbps.

Outlook

Looking ahead, our focus remains on continuing to grow our customer base, revenue and margin, while controlling our operating expenses.

We firmly believe the key to this growth lies in our potential to further develop innovative non-voice related services and attract new customers with latest handsets, value for money pricing and great customer service.

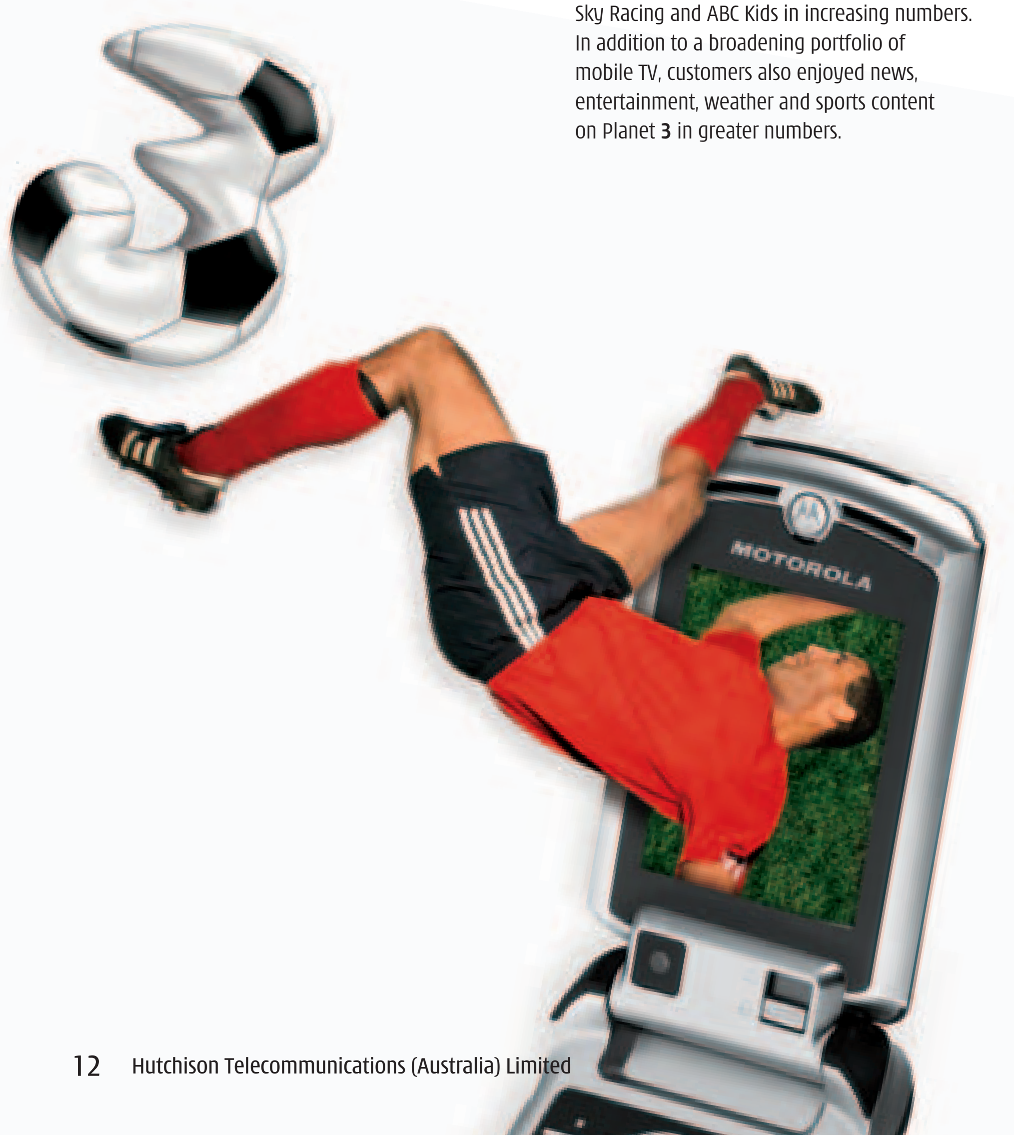
With one brand and one network our focus is absolutely 3G.

Nigel Dews
Chief Executive Officer

Review of Operations

During 2006, 3 has continued to lead innovation in 3G services provided to the customer base.

In 2006, customers have enjoyed exclusive live mobile Cricket TV across the **3** mobile Ashes cricket series, live mobile TV from Big Brother, live coverage from SBS of the World Cup as well as exclusive video highlights from FIFA. They also continued to watch other mobile TV channels including the Cartoon Network, Rage, Sky Racing and ABC Kids in increasing numbers. In addition to a broadening portfolio of mobile TV, customers also enjoyed news, entertainment, weather and sports content on Planet **3** in greater numbers.



3G Services Overview

Content - Planet 3

Planet **3** is a world of entertainment, information and personal communications where customers can access

- Music
- Mobile TV
- Sport
- Games and Entertainment
- News and Information
- Communities, Chat, Instant Messaging and Dating
- Premier
- My**3** Account Information

directly from their mobile phone.

We offer 12 TV channels through mobile TV as well as over 300,000 audio and video tracks through Planet **3**'s PC and Mobile Music Store.

Within Planet **3**, customers can also check emails, share photos, find a local restaurant, watch movie trailers and, through our partnership with Yahoo! Messenger and MSN Messenger, send instant messages.

During 2006 the number of customers accessing Planet **3** continued to rise. This resulted in an increase in usage of 3G services, which included the following highlights:

- News usage increased to 20.6 million events from 8.9 million in 2005
- Finance usage increased to 4.0 million events from 1.4 million in 2005
- Weather usage increased to 5.3 million events from 2.8 million in 2005
- Sport usage increased to 10.8 million events from 5.5 million in 2005

Communications

The communications services that **3** offers are:

- Voice and Video
- SMS and MMS
- Mobile Email
- Instant Messaging
- Mobile Broadband
- Mobile Web
- **3** Sync
- Talk International
- **3** Like Home

Mobile Web means customers can now access the internet direct from their mobile phone.

The Company recently introduced **3** Like Home - pricing that allows **3** customers to travel abroad and use other **3** Group networks for a price similar to that on their home **3** network.

The launch of **3** Like Home reflects our strategy of giving customers fair and transparent treatment and attractive pricing. It will also allow many customers to make wider use of the X-Series product suite which offers mobile broadband access for a flat rate fee.

3 has also launched a series of voice calling packs called Talk International. Customers purchasing a Talk International pack can stay in touch with their friends and family overseas for a lot less than standard calling rates.

Live Cricket TV was watched
more than 1 million times
across the 3 mobile Ashes cricket series

Non-Voice Services

During 2006, **3** continued its strength in the non-voice market by providing innovative new content services to its customers.

Key events such as the Ashes and the FIFA World Cup provided us with opportunities to promote our services. As a result, 83% of customers accessed Planet **3** with 56% accessing a billable content event.

At the end of December 2006, we had more than 930,000 recurring monthly subscriptions to content services, compared to 521,000 at the end of December 2005.

Excluding the upgraded 2G CDMA customers from the 3G base, the non-voice services ARPU increased from $19 to $20. Total ARPU from non-voice services declined in 2006 from $19 to $17, an effect of the upgraded 2G CDMA customers not being significant users of non-voice services. We expect to see a shift in this result over time as we encourage both new, and former 2G CDMA customers, to use non-voice services.

Mobile Web

Using **3**'s Mobile Web, customers can now access the internet directly from their mobile phone.

Customers can now search Google or visit recommended sites at the click of a button.

Mobile TV

During 2006, to coincide with one of the biggest sporting events of the year, **3** again launched its 24-hour Cricket TV Channel with exclusive content.

Across the **3** mobile Ashes cricket series, live Cricket TV was watched more than 1 million times and over 2 million cricket related services – including live streams, video highlights, match reviews and alerts – were used.

During the year, customers also watched over 900,000 FIFA World Cup moments through the official FIFA highlights and by watching SBS coverage live on their **3** mobile.

Network Ten's Big Brother program continued to prove successful for us with customers accessing 9.5 million events, a 63.0% increase on 2005. We saw over 3.5 million streams during the show, with an 8-minute average viewing time.

3 also launched new mobile TV channels during the year including MTV and E! Entertainment, while customers continued to watch existing channels that include Cartoon Network, Rage, Sky Racing and ABC Kids in increasing numbers.

In 2006 Big Brother usage was **63% higher** than in 2005 with total number of events at 9.5 million compared to 5.8 million in 2005

Review of operations continued

Mobile Music on 3

During 2006, Hutchison continued to build its mobile music product by offering an even greater range of audio tracks and videos, encompassing a range of music genres including Rock, Pop, Hip Hop, Jazz and Blues.

In addition to buying a track on their mobile, customers can now access the **3** Music Store on the web to download audio tracks to their mobile and PC (dual download) at the same time, for one cost.

There are now over 300,000 audio tracks available.

Customers can also access many of Australia's most popular music mobile TV channels on their phone including Rage, Vandalism and also the Triple M Gig and Event Guide.

3 mobile customers can personalise their mobile phone with their favourite tunes, the latest hot hits or funny impersonations. There are a large number of Real Tones, Call Me Tones and Poly Tones to choose from, as well as new SMS Alert Tones.

During the year, **3** received a number of platinum and gold awards from record companies for the achievement of sales of songs to customers via their **3** mobile.

79% increase

to over 930,000 recurring monthly subscriptions to content services

News usage increased to 20.6 million events from 8.9 million.

Finance usage increased to 4.0 million events from 1.4 million.

Weather usage increased to 5.3 million events from 2.8 million.

Sport usage increased to 10.8 million events from 5.5 million.

Instant Messaging

Last year, **3** customers sent and received around 145 million instant messages from their mobile phones through Planet **3**.

Hutchison's partnerships with Yahoo! Messenger and MSN Messenger means our customers can stay in touch with friends, family and colleagues in real time.

Examples of how customers use Mobile Messenger:

- Send and receive witty messages while on the move
- Check who's on, and who's out
- Spice up words with emoticons

X-Series

In late 2006, **3** UK announced the global launch of the X-Series from **3**.

To be launched in Australia in March 2007, the X-Series combines the very best that a mobile and the internet has to offer, packaging it together to deliver a mobile online experience to customers.

3 has partnered with leading internet companies and mobile manufacturers to enable customers fast, easy access to the internet from their mobiles. Customers will be able to make unlimited calls from their mobile Skype to Skype, remotely access their home PC through Orb and access the internet and messaging services through Yahoo! Messenger, MSN Messenger and Google.

Handsets

We believe our ability to offer handsets rich in features, functionality and price has had a huge influence on our success in our non-voice business. In 2006, we introduced 19 new handsets to the range. These included:

- 6 from Nokia
- 1 from Motorola
- 4 from LG
- 6 from Sony Ericsson
- 2 from Dopod.

We now have 24 handset models in our range.

Customer Care

During 2006, our **3** care team in Mumbai and Brisbane have managed over 5 million customer service calls and the Company had over 49 million self service transactions during the year. By enhancing the self services that we offer to customers, **3** has been able to reduce the number of contacts per customer by 30% over the reporting period. **3** regularly undertake surveys with customers to determine their overall level of satisfaction with **3**. During 2006, we have achieved a 15% increase in the customer satisfaction score.

3 introduced 19 new 3G handsets during 2006, giving us a total of

24 available handset models in the range

Our Network

Hutchison's 3G network has more than 2,400 radio access network sites.

During the year, we commenced 3G services in Geelong, Frankston and Wollongong and now cover 56% of Australia's population. The 3G radio access network is shared with Telstra, and when outside of **3**'s Broadband Zone, **3** customers roam onto Telstra's GSM network, providing talk, SMS, MMS, and email coverage to 96% of Australia's population.

Our network performance has improved considerably with drop call rates on the 3G network averaging around 1%, a result comparable to a high performing 2G GSM network. We attribute this result to the increase in network sites, updated W-CDMA software and improved handsets.

By March 2007, we will have completed the network upgrades to High Speed Downlink Packet Access (HSDPA). The initial upgrade to HSDPA allows broadband connectivity speeds between 600kbps and 1.5 Mbps and maximum theoretical download speeds of up to 3.6 Mbps. The Company is committed to future upgrades to the HSDPA network and will do so in timeframes consistent with the expected availability of appropriate handsets and datacards.

We are confident the greater efficiency, service and functionality offered by our network will ensure we maintain our current standing as the leader in 3G in Australia.

More than 2 million
cricket related services were downloaded during the 3 mobile Ashes Series

Sponsorships

In 2006, Hutchison continued its support of Australian sport through sponsorship of the Australian test cricket team and the Essendon Football Club.

During the **3** mobile Ashes Series our customers used over 2 million cricket related services. The launch of Australia's first 24-hour cricket channel allowed customers to watch live action from matches, catch replays and view archive footage during or between the games.

Day one of the first Test in Brisbane was the most popular day for mobile TV with customers accessing Cricket TV more than 95,000 times.

During matches, we set up '**3** Dome', a large interactive area where we invited customers and spectators to:

- Test their cricket skills
- Have photos taken with members of the Australian team
- Catch live footage on a 2.5 metre replica mobile phone
- Experience mobile TV demonstrations.

3's sponsorship of Essendon Football Club continues to prove a valuable investment.

More than 2,400 3G radio access network sites are in operation

The initial upgrade of the 3G network to HSDPA will deliver average customer data download speeds between 600kbps and 1.5Mbps and up to maximum theoretical download speeds of 3.6Mbps

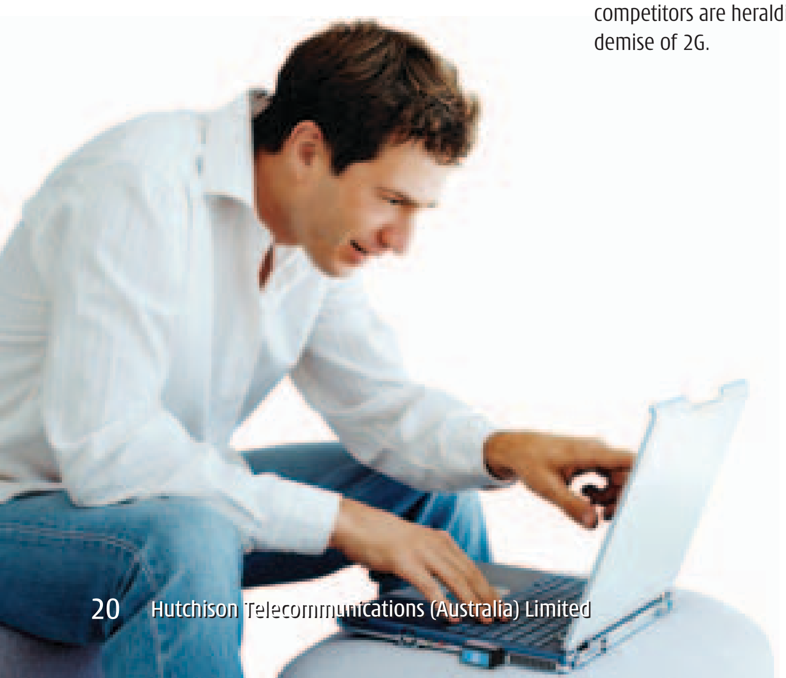
Outlook

The 3G market continues to grow while the 2G market continues to decline. Since late 2005 when competitors first launched their 3G services, the marketing of 3G to customers and awareness of 3G has grown. With that growth has come the decline in focus on 2G – and our competitors' increased desire to migrate customers from their less efficient 2G networks to their 3G networks. The last quarter of 2006 and early 2007 saw further endorsement for 3G with the launch of one 3G network and the announcement of plans for another. All competitors are heralding the continued demise of 2G.

For **3**, aside from continuing to benefit from growing market awareness of the value of 3G and churn risk for our competitors as they attempt to migrate their customers, we will also be leveraging further developments in our own technology.

Network enhancements are continuing as the Company completes its infill programme with its radio access network partner Telstra. With the upgrade of HSDPA to enable theoretical downlink speeds of 14Mbps, the non-voice product offering expanding and network capacity extending as subscriber numbers and usage grows, CAPEX is anticipated to be at similar levels to 2006.

While the financial focus for the Company in 2006 was about reaching a positive EBITDA position, the next milestone is to exit 2007 with positive operating cashflow. Growth in margin combined with the continued control of operating costs will be the priority.



Corporate Social Responsibility

Earlier in this report, we detailed the progress in improving our financial results, of which we are proud. However, we take equal pride in meeting the needs of our people.

Further on we outline some of our initiatives in ensuring a safe working environment. We have also been active in assisting our staff to maintain healthy life standards. Initiatives include a programme called 'Well at Work', designed to encourage healthy living habits.

Our people

Hutchison is a highly dynamic organisation that strives to create an environment where employees feel truly valued, recognised for their contribution and challenged to grow both personally and professionally.

Our people have been, and will continue to be, a cornerstone of our operation and ongoing success.

We take pride in having created a company of energetic, talented and, above all, enthusiastic people. Working for Hutchison requires commitment, dedication, determination and drive. We continue to challenge our employees to strive to new levels of achievement. As such, our employee benefits programme aims to reward innovation, flexibility and results.

Hutchison currently employs 1,355 people within our business.

As part of our joint operation with **3** UK, in Mumbai, India, 1,320 people are focused on providing customer care services to our customers in Australia. This is a high technology customer contact environment with a highly talented team of people.

We also value our commercial relationships with Ericsson, who manages our technical services operation and Stellar Call Centres, who deliver some of our customer care services.

Hutchison currently employs
1,355 people

Corporate Social Responsibility continued

Developing our team

The dynamic nature of our business demands the continued development of our employees. The range of e-learning courses available, as well as the face-to-face training solutions delivered by our team of dedicated trainers, provides our employees with the best training solutions possible.

The professional and cultural development programmes underway also underpin the long-term investment in our people to ensure they are prepared for the needs of the future.

Safe and healthy staff

At Hutchison, we maintain a safe working environment for the health, safety and welfare of our employees, contractors, visitors and members of the public who may be affected by our work.

We focus on issues including compliance with legislation, accountability by managers and supervisors, identifying and managing hazards, high level maintenance of equipment and effective consultation with our people.

We are diligent in the provision of information, instruction, training and supervision necessary to ensure our employees, contractors and visitors can be sure of their safety, and we are dedicated to effective and comprehensive rehabilitation of any injured staff members.

This year, we implemented continuous improvement initiatives, independent system reviews and positive performance indicators as part of our overall Occupational Health, Safety and Injury Management System. Our senior management team has overall responsibility for guaranteeing an environmentally friendly workplace and encouraging the support and contribution of all its employees, contractors and suppliers.

1,320 people

in India provide customer care services to our customers in Australia

In 3 months Hutchison **recycled 460 kgs** of mobile phones and accessories through MobileMuster.

Community assistance programmes

During 2006 we assisted the community through:

- A $10,000 donation to the McGrath Foundation of which $3,500 was raised through employee activities and a further $6,500 donated by the Company;
- A $10,000 donation to the Salvation Army Christmas Appeal in lieu of printed Christmas cards;
- Participation in the Smith Family Toy and Book Appeal, providing toys and books to underprivileged children in Australia.

Spirit of 3

Following an overwhelming response by staff to the Tsunami Appeal in 2005, we began developing our new community programme called 'Spirit of **3**', which we launched in early 2007.

'Spirit of **3**' is an employee contribution programme where we invite staff to volunteer, raise funds, offer their skills and expertise or regularly donate money to selected charities within the community.

The four key charities selected as part of the programme are Cystic Fibrosis, SANE Australia, The Royal Institute for Deaf and Blind Children and Youth Off The Streets.

To demonstrate our commitment to each of our partner charities the Company made a one-off donation of $10,000 to each charity.

Environmental performance

Our environmental policy and management programme is designed to ensure that we comply with legal and statutory requirements, carefully manage environmental issues, and monitor and evaluate the environmental performance of staff, contractors and suppliers. We ensure education facilities are provided for employees to continually improve knowledge and skills in environmental issues and performance.

3's recycling efforts

3 Australia is taking part in Mobile Muster, an industry programme to recycle old mobile phones and accessories. In Australia alone there are an estimated 12 million non-functioning mobile phones.

Senior Management

Nigel Dews

Chief Executive Officer

Nigel Dews was promoted to Chief Executive Officer in January 2007. Nigel joined Hutchison in November 2003 as Director - Sales, Marketing and Product. In this role Nigel was responsible for sales, distribution and marketing across both consumer and business markets for the **3** business. Nigel also had responsibility for the development of mobile content, products and services, and the supply of **3**'s 3G handsets. Prior to joining Hutchison, Nigel held senior management positions at Fairfax Media and before that, was a senior consultant at McKinsey & Company and an employee of the Reserve Bank of Australia.

Tanya Bowes

Director, Communications and Corporate Affairs

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

Greg Bourke

Director, Human Resources

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

Louise Sexton

General Counsel and Company Secretary

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

Tim Finlayson

Chief Financial Officer

Tim Finlayson joined Hutchison in July 2003 from PricewaterhouseCoopers where he held a variety of senior roles in Sydney, Singapore and Vietnam. Immediately prior to joining Hutchison, Tim's role was Tax Partner and Leader of PWC's Tax and Legal Services Practice in Indochina. Tim was appointed CFO of Hutchison having served with the Company for the last three years, with responsibilities which included taxation, treasury, credit, purchasing, risk, banking, channel payments and revenue assurance.

Michael Young

Director, Technology and Customer Services

Michael Young joined Hutchison in May 2001 as Director of IT and Billing and was later appointed to the role of Chief Technical Officer with responsibility for the networks and IT functions of both the Company's 2G and 3G operations. In August 2003, Michael's responsibilities expanded to include customer care and 3G product delivery. Prior to Hutchison, Michael was Vice President of IT, Asia Pacific at Campbell Soup and Arnott's Biscuits. Michael holds over 20 years of IT experience in a broad cross-section of industries including professional services, manufacturing, telecommunications, broadcasting and retail.

Board of Directors

FOK Kin-ning, Canning (Chairman)

BA, DFM, CA (Aus)

Fok Kin-ning, Canning, aged 55, has been an Executive Director since 1984 and Group Managing Director since 1993 of Hutchison Whampoa Limited ("HWL"), Director since 1992 and Chairman since 2002 of Hutchison Harbour Ring Limited ("HHR"), Chairman of Hutchison Telecommunications International Limited ("HTIL") since 2004, Executive Director since 1985 and Chairman since 2005 of Hongkong Electric Holdings Limited ("HKEH"), Chairman of Partner Communications Company Ltd. ("Partner") since 1998 and Hutchison Global Communications Holdings Limited ("HGCH") (which ceased to be a public listed company in July 2005) since 2003, Co-Chairman of Husky Energy Inc. ("Husky") since 2000, Deputy Chairman of Cheung Kong Infrastructure Holdings Limited ("CKIH") since 1997, and Director of Cheung Kong (Holdings) Limited ("CKH") since 1985. He was previously a Director of Hanny Holdings Limited from 1992 to 2005, Panva Gas Holdings Limited from 2002 to 2006 and Wing On Travel (Holdings) Limited from 2002 to 2004. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants. Mr Fok was appointed as a Director on 8 February 1999.

Barry ROBERTS-THOMSON (Deputy Chairman)

Barry Roberts-Thomson, aged 57, was the Managing Director of Hutchison from its inception in 1989 until September 2001. In his capacity as Deputy Chairman and Executive Director, Mr Roberts-Thomson represents Hutchison in government relations and strategic projects. Mr Roberts-Thomson was appointed as a Director on 14 February 1989.

CHOW WOO Mo Fong, Susan (Director)

BSc

Chow Woo Mo Fong, Susan, aged 53, has been an Executive Director since 1993 and Deputy Group Managing Director since 1998 of HWL, Executive Director of CKIH since 1997, HHR since 2001 and HGCH (which ceased to be a public listed company in July 2005) since 2003, Director of HKEH since 1996, Partner since 1998 and TOM Group Limited ("TOM") since 1999. She was previously a Director of HTIL from 2004 to 2005. She is a solicitor and holds a Bachelor's degree in Business Administration. Mrs Chow was appointed as a Director on 15 February 2006 and as an Alternate Director to Mr Fok on 8 May 2006 and as an Alternate Director to Mr Lai on 26 February 2007.

Justin Herbert GARDENER (Director)

BEc, FCA

Justin H. Gardener, aged 70, is a Director of a number of private and publicly listed companies including Austar United Communications Limited (appointed 1999). From 1961, and until his retirement in 1998, Mr Gardener held a variety of positions with Arthur Andersen, becoming a partner in 1972 and for the last ten years in a management and supervisory role for Asia Pacific. Mr Gardener was appointed as a Director on 2 July 1999.

LAI Kai Ming, Dominic (Director)

BSc, MBA

Lai Kai Ming, Dominic, aged 53, has been an Executive Director of HWL since 2000, Executive Director since 1994 and Deputy Chairman since 2001 of HHR, Director since 2000 and Deputy Chairman since 2003 of HGCH (which ceased to be a public listed company in July 2005). He was previously a Director of Partner from 2003 to 2004 and priceline.com Incorporated from 2001 to 2006. He has over 25 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration. Mr Lai was appointed as a Director on 19 May 2004 and Alternate Director to Mrs Chow and Mr Sixt on 8 May 2006.

John Michael SCANLON (Director)

John Michael Scanlon, aged 65, is a special venture partner to Clarity Partners LLP, a venture capital 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. Mr Scanlon was appointed as a Director on 11 July 2005.

Frank John SIXT (Director)

MA, LLL

Frank John Sixt, aged 55, has been an Executive Director since 1991 and Group Finance Director since 1998 of HWL, Chairman of TOM since 1999 and TOM Online Inc. since 2003, Executive Director of CKIH since 1996, HKEH since 1998 and HGCH (which ceased to be a public listed company in July 2005) since 2004, and Director of CKH since 1991, HTIL since 2004, Husky since 2000 and Partner since 1998. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada. Mr Sixt was appointed as a Director on 12 January 1998.

Corporate Governance

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

Board of Directors and its Committees

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

The Board's responsibilities include:

- Approving and monitoring the strategic planning process of Hutchison and reviewing and approving the long term goals to ensure that these strategic objectives are met;
- Monitoring the performance of management against these goals and objectives;
- Ensuring that there are adequate internal controls and ethical standards of behaviour adopted and met within Hutchison;
- Ensuring the integrity of Hutchison's financial reporting;
- 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 Officer, evaluating performance and determining the remuneration of senior executives and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning; and
- Delegating to the CEO the authority to manage and supervise the business of Hutchison including the making of all decisions regarding Hutchison's operations that are not specifically reserved to the Board.

Composition of the Board

The Board comprises seven Directors whose appointment reflects the shareholdings of the Company and the need to ensure that the Company is run in the best interest of all shareholders. Other than Mr Roberts-Thomson, all the Directors, including the Chairman, Mr Fok, are non-executives.

The Board has adopted the definition of independence contained in the ASX best practice recommendations. In light of this definition, the Board considers that independent Directors are not substantial shareholders or officers of substantial shareholders, have not been employed as an executive of Hutchison or its majority shareholder nor are they associated with any significant supplier, customer or professional adviser of Hutchison. Further, an independent Director does not have any significant contractual relationship with Hutchison nor is there any business relationship which could materially interfere with a Director's ability to act in the best interest of the Company. Mr Gardener and Mr Scanlon, being the only Directors who are not an officer of a significant shareholder, are considered by the Board to be independent Directors. In light of the majority ownership by Hutchison Whampoa Limited (**HWL**), the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of Directors or the Chairman be independent.

Subject to the Corporations Act 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 26 and 27.

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 for a Board comprising seven Directors. Accordingly consideration of the performance of the Board forms part of the regular Board process when the Board conducts deliberations without representatives of management present at each Board meeting.

Committees

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

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

Audit Committee

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through review and supervision of Hutchison's financial reporting process and internal control system.

All members of the committee are non-executive Directors and the composition of the committee meets the requirements of the ASX Listing Rules. The Audit Committee has appropriate financial expertise and knowledge of the telecommunications industry. Details of the committee members' qualifications, expertise, experience and attendance at Audit Committee meetings are set out on pages 26, 27 and 33.

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;
- Evaluate the performance of the external auditors, including assessment of the auditor's independence taking into account factors which may impair the auditor's judgement in audit matters related to Hutchison;
- Review the interim and annual accounts of the Company before their submission to the Board;
- Ensure Hutchison's practices and procedures with respect to related party transactions are adequate for compliance with the relevant legal and stock exchange requirements;
- Review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- Review the internal audit programmes, the adequacy of resource of the internal audit function and the appointment and replacement of the senior internal audit officer;
- Review with management and the external auditors the presentation and impact of significant risks and uncertainties associated with the business of Hutchison and their effects on the financial statements of Hutchison; and
- Ensure corporate compliance with applicable legislation.

External auditors

The performance of the external auditors is reviewed annually and applications for tender of external audit services will be requested as deemed appropriate. PricewaterhouseCoopers were appointed as the external auditors in 1998. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies every five years, and in accordance with that policy the current audit engagement partner was introduced for the year ended 31 December 2002. A new audit engagement partner will be appointed during 2007.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 27 to the financial statements.

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

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

Governance, Nomination and Compensation Committee

The committee comprises non-executive Directors and is chaired by the Chairman of the Board. Details of the committee members' qualifications, expertise, experience and attendance at compensation committee meetings are set out on pages 26, 27 and 33.

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 34 to 38. This committee also reviews and makes recommendations to the Board on remuneration policies and other terms of employment applicable to the Chief Executive Officer, 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.

Each member of the senior executive team signs a formal employment contract, incorporating a formal job description, at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Executive remuneration, including Executive Directors', is reviewed annually by the committee having regard to personal and corporate performance, contribution to long term growth and relevant comparative information. Executives are also eligible to participate in the employee share schemes. Information relating to these schemes is set out in the Remuneration Report and note 37 to the financial statements. Details of the compensation philosophy and practice of the Company are set out in the Directors' Report.

The remuneration of Directors who are not executives of either the Company or other companies within the Hutchison Whampoa Group comprises only a fixed component and is not performance based. Directors who are executives of either the Company or other companies within the Hutchison Whampoa Group do not receive remuneration for their services as Directors.

Governance and nomination responsibilities -

Related to Board Performance and Evaluation

- To periodically assess and provide recommendations to the Chairman of the Board on the effectiveness of the Board of Directors as a whole, the committees of the Board, the contribution of individual Directors, and assessment of Directors;
- To review the Company's investor relations and public relations activities to ensure that procedures are in place for the effective monitoring of the shareholder base, receipt of shareholder feedback and response to shareholder concerns;
- To oversee the maintenance of an induction and education programme for new Directors;
- To ensure appropriate structures and procedures are in place so that the Board can function independently of management;

- To review the mandates of the Board of Directors' committees and recommend appropriate changes to the Board;
- To receive and consider any concerns of individual Directors relating to governance matters; and
- To review all related party transactions to ensure they reflect market practice and are in the best interests of Hutchison.

Related to the Board of Directors

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

Related to Committees of the Board of Directors

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

Business risk

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

Ethical standards

As the Company grows, the need to ensure that a strong ethical culture within Hutchison has lead to greater emphasis on compliance with policies 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. A corporate code of conduct, based upon the existing corporate values, has been introduced to assist in maintaining this culture. This code applies to all Directors and employees and compliance with the code forms part of the performance appraisal of senior employees and sales managers. Details of this code are available on the Company's website.

Directors' and senior executives' dealings in HTAL shares

The Company requires that:

- Directors discuss any proposed trade in HTAL shares with the Chairman prior to any trade;
- Senior executives discuss any proposed trade in shares with the Company Secretary or the Chief Executive Officer prior to any trade.

Unless there are unusual circumstances, trades in HTAL shares by Directors and senior executives are limited to the period of one month after the release of the Company's half year and annual results to the Australian Stock Exchange and from the lodgement of the Company's annual report with the Australian Stock Exchange up to one month after the annual general meeting of HTAL.

Directors and senior executives are prohibited from trading in HTAL shares if the Director or officer is in possession of price sensitive information or would be trading for a short term gain. All managers within Hutchison have also been advised of their obligations in regard to price sensitive information.

Directors and senior executives are also aware of their obligations to ensure that they do not communicate price sensitive information to any other person who is likely to buy or sell HTAL shares or communicate that information to another party.

The Company's existing practices are documented in a code, details of which is 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 Australian Stock Exchange.

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

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

Related party transactions

Hutchison draws great strength from its relationship with HWL and other companies in the HWL Group in relation to both its financial support, management expertise, joint procurement programmes and shared research and development costs. The Company also has a strategic alliance with Telecom Corporation of New Zealand Limited and HWL for its 3G business in Australia. In 2004, the Company's subsidiary, Hutchison 3G Australia Pty Limited, entered into a 50:50 partnership with Telstra Corporation Limited for the joint ownership, operation and development of the 3G radio access network.

The Board is aware of the need to represent all shareholders and to avoid conflicts of interest. Where there is a conflict of interest or the potential appearance of a conflict, affected Directors do not participate in the decision making process or vote on such matters. All commercial agreements with related parties are negotiated on arms' length terms. Further information about the Company's related party transactions is set out in note 30 to the Financial Statements.

Directors' Report

Hutchison Telecommunications (Australia) Limited

The Directors are pleased to present their report on the consolidated entity ("Hutchison") consisting of Hutchison Telecommunications (Australia) Limited ("HTAL" or "Company") and the entities it controlled at the end of or during the year ended 31 December 2006.

Principal activities

During the year, Hutchison's principal activities included the ownership and operation of Australia's first W-CDMA, third generation (3G) mobile network (branded "**3**") across the five mainland capital cities and national capital Canberra; the ownership and operation of a CDMA network branded **3** CDMA mobile in and around Sydney and Melbourne until 9 August 2006; and a national paging and messaging service.

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

In February 2006, HTAL announced the upgrade of its CDMA customers to **3** and in August 2006, closed the CDMA network, after migrating 287,000 customers to its **3** network.

Dividends

No dividend was declared or paid during the year.

Review of operations

Comments on the operations of Hutchison, results of those operations, the Company's business strategies and its prospects for future years are contained in pages 1 to 20 of this report. Details of the financial position of the entity are contained in pages 41 to 73 of this report.

Matters subsequent to the end of the financial year

On 14 February 2007, the Consolidated Entity secured a further $500 million of funding from a related party entity, Hutchison OMF Limited. The facilities have a repayment date of 31 December 2008.

Except for the above, no other matter or circumstance has arisen since 31 December 2006 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 on pages 1 to 20 of this report, further information on business strategies and the future prospects of the Company have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to Hutchison.

Environmental regulation

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

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

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

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

Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2006 and up to the date of this report:

FOK Kin-ning, Canning
Barry ROBERTS-THOMSON
Justin Herbert GARDENER
LAI Kai Ming, Dominic
John Michael SCANLON
Frank John SIXT

Mr Dennis Pok Man LUI resigned as a Director on 15 February 2006.

Mrs CHOW WOO Mo Fong, Susan was appointed as a Director on 15 February 2006 and continues in office at the date of this report.

Information on the Directors is set out on pages 26 and 27.

Director	Other Responsibilities	Particulars of Directors' interests in shares, convertible notes and options of HTAL	
		Ordinary Shares	Convertible Notes
Fok Kin-ning, Canning	Non-executive Chairman, Chairman of Governance, Nomination and Compensation Committee	5,100,000*	1,474,001^
Barry Roberts-Thomson	Deputy Chairman	83,961,247**	-
Chow Woo Mo Fong, Susan	Member of Governance, Nomination and Compensation Committee	-	-
Justin Herbert Gardener	Member of Governance, Nomination and Compensation Committee and Chairman of Audit Committee	102,858	57,430
Lai Kai Ming, Dominic	-	-	-
John Michael Scanlon	Member of Audit Committee	-	-
Frank John Sixt	Member of Audit Committee	1,000,000	-

* Direct holding of 100,000 shares only
** Direct holding of 2,500 shares only
^ Direct holding of 134,000 convertible notes only

Note: Fok Kin-ning, Canning holds a relevant interest in (i) 4,310,875 shares in HWL, a related body corporate of HTAL; (ii) 5,000,000 shares in HHR, a related body corporate of HTAL; (iii) a nominal amount of USD2,500,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited, a related body corporate of HTAL; (iv) a nominal amount of USD2,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI 03/33"), a related body corporate of HTAL; (v) a nominal amount of USD2,500,000 in the 5.45% Notes due 2010 issued by HWI 03/33; (vi) a nominal amount of USD2,000,000 in the 7.45% Notes due 2033 issued by HWI 03/33; (vii) a nominal amount of EUR4,600,000 in the 4.125% Notes due 2015 issued by Hutchison Whampoa Finance (05) Limited, a related body corporate of HTAL; (viii) 225,000 American Depository Shares (each representing one ordinary share) of Partner.

Chow Woo Mo Fong, Susan holds a relevant interest in 150,000 shares in HWL.

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

Frank John Sixt holds a relevant interest in 50,000 shares in HWL; one share in Colonial Nominees Limited, a related body corporate of HTAL, on behalf of Hutchison International 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 2006, and the number of meetings attended by each Director were:

	Board meetings held during the period as Director	Board meetings attended	Audit Committee meetings held during the period as member of Committee	Audit Committee meetings attended	Governance, Nomination and Compensation Committee meetings held during the period as member of the Committee	Governance, Nomination and Compensation Committee meetings attended
Fok Kin-ning, Canning	18	18	N/A	N/A	1	1
Barry Roberts-Thomson	18	18	N/A	N/A	N/A	N/A
Chow Woo Mo Fong, Susan (Appointed 15 February 2006)	13	12	N/A	N/A	1	1
Dennis Pok Man Lui (Resigned 15 February 2006)	5	5	N/A	N/A	0	0
Lai Kai Ming, Dominic	18	18	N/A	N/A	N/A	N/A
Justin Herbert Gardener	18	18	6	6	1	1
John Michael Scanlon	18	18	6	6	N/A	N/A
Frank John Sixt	18	18	6	4	N/A	N/A

Retirement, election and continuation in office of Directors

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

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, FCS, FCIS

Ms Shih has over 9 years of experience as company secretary in listed companies and has been a Company Secretary of the Company since 1999. She has been the Head Group General Counsel of HWL since 1993 and its Company Secretary since 1997. She is also an Executive Director and the Company Secretary of HHR (a company whose shares are listed on The Stock Exchange of Hong Kong Limited), a Non-executive Director and the Company Secretary of Hutchison China MediTech Limited (a company whose shares are listed on the Alternative Investment Market operated by the London Stock Exchange plc) and Company Secretary of Partner (a company whose shares are listed on the Tel-Aviv Stock Exchange and traded on the London Stock Exchange and the US Nasdaq). In addition, she is also Director and Company Secretary of various HWL group companies. She holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines, a Master of Arts degree and a Master of Education degree from Columbia University, New York. She is a qualified solicitor in Hong Kong, England and Wales and Victoria, Australia; and is also a Fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Louise SEXTON
BA, LLM, MBA(Exec)

Ms Sexton has over 13 years' experience as company secretary in listed companies and has been a Company Secretary of the Company since 1999. She is also General Counsel of the Company. Ms Sexton has practiced as a solicitor since 1983 with experience in government, private practice and in-house corporate practice.

Remuneration report

Compensation philosophy and practice

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

Principles used to determine the nature and amount of remuneration

The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative and support the business objectives. The Company is committed to ensuring it has compensation arrangements that reflect individual performance, overall contribution to the business and developments in the external market. Remuneration packages generally involve a balance between fixed and performance based components, the latter being assessed against objectives which include both company and job specific financial and non-financial measures.

Directors' fees

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

Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

Key management personnel

In addition to the Directors listed on page 31, the following persons were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

Name	Position	Employer
K Russell	Chief Executive Officer	HTAL
N Dews	Director, Sales, Marketing and Product	HTAL
D Dyson	Chief Financial Officer (until 2/10/06)	HTAL
T Finlayson	Chief Financial Officer (from 2/10/06)	HTAL
M Young	Director, Technology, Infrastructure and Services	HTAL

K Russell resigned as Chief Executive Officer on 5 January 2007 and N Dews was appointed as Chief Executive Officer on 8 January 2007.

Key management personnel pay

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

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

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

Base pay

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

Benefits

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

Retirement benefits

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

Short-term incentives

Short-term incentive components of the remuneration package are assessed against objectives which include both company and job specific financial and non-financial measures for each key management personnel. These measures may include financial, customer service, product management, risk management and individual measures that support key company objectives. Each key management personnel has a target short-term incentive, the level of which is set depending on the accountabilities of the role and impact on organisation or business unit performance. If achieved, at the discretion of the Board, short-term incentive bonuses are paid in cash in December each year.

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

Details of remuneration

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

Directors of HTAL

2006	Short-term			Post - employment	Share-based	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Options $**	**Total $**
C Fok	-	-	-	-	-	-
B Roberts-Thomson	400,000	-	41,065	12,413	-	453,478
J Gardener	50,000	-	-	4,500	-	54,500
D Lai	-	-	-	-	-	-
D Lui*	-	-	-	-	-	-
S Chow*	-	-	-	-	-	-
J Scanlon	50,000	-	-	4,500	-	54,500
F Sixt	-	-	-	-	-	-
Total	500,000	-	41,065	21,413	-	562,478

* Mrs Chow was appointed as a Director on 15 February 2006. Mr Lui resigned as a Director on 15 February 2006.

Total remuneration of Directors for the year ended 31 December 2005 is set out below.

2005	Short-term			Post - employment	Share-based	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Options $**	**Total $**
C Fok	-	-	-	-	-	-
B Roberts-Thomson	400,000	-	50,930	11,862	-	462,792
J Gardener	50,000	-	-	4,500	-	54,500
H Kluge*	34,083	-	-	2,250	-	36,333
D Lai	-	-	-	-	-	-
D Lui	-	-	-	-	-	-
J Scanlon*	25,000	-	-	2,250	-	27,250
F Sixt	-	-	-	-	-	-
Total	509,083	-	50,930	20,862	-	580,875

* Mr Scanlon was appointed as a Director on 11 July 2005. Mr Kluge retired as a Director on 31 August 2005.

Key management personnel of the Company

2006	Short-term			Post - employment	Share-based		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Number of options issued during the year	Options $	Total $
K Russell	831,701	685,000	57,658	12,413	-	183,643	1,770,415
N Dews	497,892	190,000	5,053	12,413	-	64,275	769,633
D Dyson	338,204	180,000	5,053	12,413	-	-	535,670
T Finlayson	239,793	82,845	5,053	12,413	100,000	18,007	358,111
M Young	502,757	190,000	5,053	12,413	-	64,275	774,498
Total	2,410,347	1,327,845	77,870	62,065	100,000	330,200	4,208,327

Total remuneration of key management personnel for the year ended 31 December 2005 is set out below.

2005	Short-term			Post - employment	Share-based		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Number of options issued during the year	Options $	Total $
K Russell	831,701	685,000	60,517	11,862	-	359,866	1,948,946
N Dews	480,644	153,821	5,053	11,862	-	125,953	777,333
D Dyson	435,278	167,336	5,053	11,862	-	113,957	733,486
P Wise	448,085	132,155	5,053	11,862	-	110,359	707,514
M Young	485,345	161,502	5,053	11,862	-	125,953	789,715
Total	2,681,053	1,299,814	80,729	59,310	-	836,088	4,956,994

All options will expire on 10 December 2010. The options issued on 23 July 2004 have an exercise price of $0.45 and the value per option at grant date was $0.25. The options issued on 31 March 2006 to T Finlayson have an exercise price of $0.25 and the value per option at grant date was $0.10. The options are exercisable, subject to meeting performance hurdles on the following dates:

- 25% after 1 September 2005
- 50% after 1 September 2006
- 25% after 1 September 2007

Service agreements

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer and the other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses. A target bonus is set for each key management personnel and the amount paid can be lower or higher than the target. The payment of any bonus is at the absolute discretion of the Board. The bonus is based on both company and personal performance goals. The key management personnel, when eligible, can participate in the HTAL Executive Option Plan. The Chief Executive Officer is provided with a non-cash benefit in the provision of a motor vehicle and all the key management personnel are provided with car parking. The service agreements for all key management personnel are for no fixed term and upon early termination, other than for gross misconduct, K Russell, N Dews, D Dyson were entitled to 3 months base salary, T Finlayson and M Young 1 month base salary. From appointment as Chief Executive Officer in January 2007, N Dews cash salary is $780,000, cash bonus is $220,000 and non-cash benefits are $80,053 and on early termination, other than for gross misconduct, he is entitled to 6 months base salary. Remuneration is reviewed annually by the Governance, Nomination and Compensation Committee.

Share-based compensation

Options are granted to Directors and executives under the HTAL Executive Option Plan which was approved by the Board on 3 July 1999. All permanent full-time, permanent part-time and casual employees who have been selected by the Board to receive an invitation or who have been approved for participation in the plan are eligible to participate in the plan.

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

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

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

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

Details of options over ordinary shares in the Company provided as remuneration to each of the key management personnel of the Company are shown above, in the key management personnel remuneration table. When exercisable, each option is convertible into one ordinary share of HTAL. No options vested during the year.

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

Options holdings

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

Key management personnel of the Company

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
K Russell	3,000,000	-	-	-	3,000,000	-
N Dews	1,050,000	-	-	-	1,050,000	-
D Dyson	950,000	-	-	950,000	-	-
T Finlayson	150,000	100,000	-	-	250,000	-
M Young	1,050,000	-	-	-	1,050,000	-
	6,200,000	100,000	-	950,000	5,350,000	-

No Directors were issued options during the year or hold options over the ordinary shares of the Company.

No options are vested and unexercisable at the end of the year.

Share holdings

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

Directors of HTAL
Ordinary shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
C Fok	5,100,000	-	-	5,100,000*
B Roberts-Thomson	83,961,247	-	-	83,961,247**
J Gardener	102,858	-	-	102,858
D Lai	-	-	-	-
D Lui	-	-	-	-
S Chow	-	-	-	-
J Scanlon	-	-	-	-
F Sixt	1,000,000	-	-	1,000,000

*Direct holding of 100,000 shares only

**Direct holding of 2,500 shares only

Key management personnel of the Company
Ordinary shares

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
K Russell	1,100,000	-	(250,000)	850,000
N Dews	70,461	-	-	70,461
D Dyson	1,030,005	-	(500,000)	530,005
T Finlayson	112,671	-	-	112,671
M Young	-	-	-	-

Shares under option

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

Grant Date	Expiry Date	Issue price of shares	Number
23 July 2004	31 December 2010	$0.45	7,450,000
30 July 2004	31 December 2010	$0.46	50,000
10 December 2004	31 December 2010	$0.36	450,000
23 December 2004	31 December 2010	$0.34	100,000
3 June 2005	31 December 2010	$0.27	50,000
1 July 2005	31 December 2010	$0.27	200,000
5 August 2005	31 December 2010	$0.27	200,000
31 March 2006	31 December 2010	$0.25	3,715,000
13 April 2006	31 December 2010	$0.25	150,000

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 2006 or up to the date of this report on the exercise of options granted under the HTAL Executive Option Plan.

Loans to Directors and key management personnel

There were no loans made to the Directors or to the key management personnel of the Company, including their personally related entities during the years ended 31 December 2006 and 31 December 2005.

Other transactions with Directors and key management personnel

There were no other transactions with Directors and the key management personnel for the years ended 31 December 2006 and 31 December 2005.

Non-audit services

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

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

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

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in note 27, Remuneration of Auditors, on page 64 of this report.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 40.

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

HTAL is a company of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Where noted, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases to the nearest dollar.

Auditor

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

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

Fok Kin-ning, Canning

Chairman

Frank Sixt

Director

26 February 2007

Auditors' Independence Declaration

PricewaterhouseCoopers
ABN 52 780 433 757

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As lead auditor for the audit of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

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

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

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

PricewaterhouseCoopers

DJ Whale
Partner

Sydney
26 February 2007

Liability limited by a scheme approved under Professional Standards Legislation

Financial Report

For the year ended 31 December 2006

Contents

Income Statements
for the year ended 31 December 2006

		Consolidated		Parent Entity	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue from continuing operations	2	1,058,734	915,909	91,825	322,071
Cost of interconnection and variable content costs		(221,016)	(193,068)	(14,356)	(59,846)
Other direct costs of provision of telecommunication services and goods		(334,082)	(366,520)	(30,715)	(105,783)
Cost of handsets sold		(250,100)	(285,136)	(7,854)	(35,220)
Employee benefits expense		(111,338)	(102,588)	(8,118)	(17,170)
Advertising and promotion expenses		(55,277)	(69,295)	(686)	(13,222)
Other operating expenses		(77,559)	(97,016)	(5,302)	(22,234)
Other income	3	1,971	17,601	148	17
Share of net profits of joint venture partnership accounted for using the equity method		670	-	-	-
CDMA network closure costs	4	(307,926)	-	(203,980)	-
Capitalisation of customer acquisition and retention costs		18,242	14,511	17	4,742
Depreciation expense	4	(129,818)	(151,189)	-	(45,583)
Amortisation expense	4	(87,088)	(108,943)	(5,424)	(31,956)
Finance costs	4	(264,836)	(227,109)	(100,342)	(99,736)
Loss before income tax		(759,423)	(652,843)	(284,787)	(103,920)
Income tax expense	5	-	-	-	-
Loss for the year		(759,423)	(652,843)	(284,787)	(103,920)
Net loss attributable to minority interest		-	105,548	-	-
Net loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited	24	(759,423)	(547,295)	(284,787)	(103,920)

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	(111.91)	(80.65)
Diluted earnings per share	36	(111.91)	(80.65)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	(111.91)	(80.65)
Diluted earnings per share	36	(111.91)	(80.65)

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

Balance Sheets
as at 31 December 2006

		Consolidated		Parent Entity	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
ASSETS					
Current Assets					
Cash and cash equivalents	6	23,593	120,450	7,049	12,750
Receivables	7	207,322	175,251	37,243	56,731
Inventories	8	64,593	68,950	112	290
Other	9	20,948	21,843	5,188	7,041
Total Current Assets		316,456	386,494	49,592	76,812
Non-Current Assets					
Receivables	10	103,843	49,840	391,799	127,922
Investment accounted for using the equity method	11	670	-	-	-
Other financial assets	12	-	-	1,318,776	1,318,776
Property, plant and equipment	13	946,114	1,055,948	29	128,116
Intangible assets	14	706,020	816,563	32,842	87,989
Other	15	3,565	3,934	-	1,921
Total Non-Current Assets		1,760,212	1,926,285	1,743,446	1,664,724
Total Assets		2,076,668	2,312,779	1,793,038	1,741,536
LIABILITIES					
Current Liabilities					
Payables	16	300,017	257,433	63,193	58,073
Borrowings	17	750,788	427,577	598,810	424,580
Provisions	18	1,072	876	1,072	876
Derivative financial instruments	19	311	-	-	-
Other	20	7,756	8,787	3,464	5,237
Total Current Liabilities		1,059,944	694,673	666,539	488,766
Non-Current Liabilities					
Borrowings	21	2,846,619	2,688,661	1,150,233	992,111
Provisions	22	1,504	1,292	1,504	1,292
Total Non-Current Liabilities		2,848,123	2,689,953	1,151,737	993,403
Total Liabilities		3,908,067	3,384,626	1,818,276	1,482,169
Net (Liabilities) / Assets		(1,831,399)	(1,071,847)	(25,238)	259,367
EQUITY					
Contributed equity	23	1,031,244	1,031,244	1,031,244	1,031,244
Reserves	24	56,724	56,853	2,148	1,966
Accumulated losses	24	(2,919,367)	(2,159,944)	(1,058,630)	(773,843)
Parent entity interest		(1,831,399)	(1,071,847)	(25,238)	259,367
Minority interest	25	-	-	-	-
Total Equity		(1,831,399)	(1,071,847)	(25,238)	259,367

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

Statements of Changes in Equity

for the year ended 31 December 2006

	Note	Consolidated		Parent Entity	
		2006 **$'000**	**2005** **$'000**	**2006** **$'000**	**2005** **$'000**
Total equity at the beginning of the financial year		(1,071,847)	(418,670)	259,367	361,597
Adjustments on adoption of AASB 132 and AASB 139, net of tax, to:					
Accumulated losses		-	(1,567)	-	457
Restated total equity at the beginning of the financial year		(1,071,847)	(420,237)	259,367	362,054
Changes in the fair value of cash flow hedges, net of tax		(311)	-	-	-
Net income recognised directly in equity		(311)	-	-	-
Loss for the year		(759,423)	(652,843)	(284,787)	(103,920)
Total recognised income and expense for the year		(759,734)	(652,843)	(284,787)	(103,920)
Transactions with equity holders in their capacity as equity holders:					
Employee share options	24	182	1,233	182	1,233
Total equity at the end of the financial year		(1,831,399)	(1,071,847)	(25,238)	259,367
Total recognised income and expense for the year is attributable to:					
Members of Hutchison Telecommunications (Australia) Limited		(759,734)	(548,573)	(284,787)	(103,463)
Minority interest		-	(105,837)	-	-
		(759,734)	(654,410)	(284,787)	(103,463)

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

Cash Flow Statements

for the year ended 31 December 2006

		Consolidated		Parent Entity	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash Flows from Operating Activities					
Receipts from customers (inclusive of GST)		1,142,310	984,816	136,374	369,963
Payments to suppliers and employees (inclusive of GST)		(1,324,144)	(1,198,315)	(109,838)	(291,690)
		(181,834)	(213,499)	26,536	78,273
Interest received		828	6,272	7,031	7,867
Rental income		520	2,565	226	527
Finance costs paid		(222,929)	(222,244)	(96,489)	(95,783)
Net cash (outflows) from operating activities	34	(403,415)	(426,906)	(62,696)	(9,116)
Cash Flows from Investing Activities					
Proceeds from sale of radio access network infrastructure		-	424,603	-	-
Payments for property, plant and equipment		(151,551)	(195,985)	(3,480)	(12,381)
Proceeds from disposal of other non-current assets		-	31	-	17
Loans to subsidiaries		-	-	(268,920)	(150,240)
Repayment of loans to subsidiaries		-	-	-	(32,162)
Payments for intangible assets		(18,242)	(14,511)	(17)	(4,742)
Net cash (outflows) / inflows from investing activities		(169,793)	214,138	(272,417)	(199,508)
Cash Flows from Financing Activities					
Proceeds from borrowings		904,412	463,287	754,412	199,520
Repayment of borrowings		(425,000)	(200,000)	(425,000)	-
Repayment of finance lease		(3,061)	(2,769)	-	-
Net cash inflows from financing activities		476,351	260,518	329,412	199,520
Net (decrease) / increase in cash and cash equivalents		(96,857)	47,750	(5,701)	(9,104)
Cash and cash equivalents at 1 January		120,450	72,700	12,750	21,854
Cash and cash equivalents at 31 December		23,593	120,450	7,049	12,750
Non-cash investing and financing activities	35				

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

Notes to the Financial Statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Hutchison Telecommunications (Australia) Limited as an individual entity and the consolidated entity consisting of Hutchison Telecommunications (Australia) Limited and its subsidiaries ("the Consolidated Entity").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

At 31 December 2006, the Consolidated Entity had a deficiency of capital and reserves of $1,831,399,000 (31 December 2005: $1,071,847,000). The Consolidated Entity has also experienced operating losses and negative cash flows from operating activities during the financial year ended on that date. As at 26 February 2007, the Consolidated Entity had the following debt and debt facility balances.

Lender/Facility	Facility Amount $'000	Drawn Amount $'000	Undrawn Amount $'000	Repayment Date	HWL Funded or Guaranteed
Convertible notes	600,176	600,176	-	July 2007	No*
Term facility	150,000	150,000	-	July 2007	Yes
Term facility	200,000	200,000	-	February 2008	Yes
Hutchison Communications (Australia) Pty Ltd	196,000	196,000	-	December 2008	Yes
Hutchison OMF Limited	1,300,000	480,812	819,188	December 2008	Yes
Hutchison OMF Limited	800,000	399,600	400,400	December 2008	Yes
Term facility	100,000	100,000	-	December 2008	Yes
Syndicated term facility	1,500,000	1,500,000	-	August 2009	Yes
Term facility	100,000	100,000	-	December 2010	Yes
Total	**4,946,176**	**3,726,588**	**1,219,588**		

* Hutchison Whampoa Limited (HWL) indirectly owns 99.65% of the convertible notes.

The undrawn facilities of $1,219,588,000 as at 26 February 2007 exceed the Consolidated Entity's expected cash flow requirements for the 12 month period to 26 February 2008. On this basis, and on the facilities available, the Directors believe that not withstanding the shortfall in net assets it is appropriate to prepare the financial report on a going concern basis.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Hutchison Telecommunications (Australia) Limited ("Company" or "Parent Entity") as at 31 December 2006 and the results of all subsidiaries for the year then ended. Hutchison Telecommunications (Australia) Limited and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

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

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

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

The effects of all transactions between entities in the Consolidated Entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interest in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in joint ventures are accounted for as set out in note 1(g).

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Hutchison Telecommunications (Australia) Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sale of handsets

Revenue from sale of handsets is recognised at the date of despatch of goods, pursuant to the signing of the customer's contract and when all the associated risks have passed to the customer.

(ii) Telecommunication services

Revenue from telecommunication services is recognised when the service has been provided.

(e) Income tax

The income tax expense or revenue 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 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Hutchison Telecommunications (Australia) Limited and its wholly owned Australian subsidiaries have not implemented the tax consolidation legislation.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(g) Joint ventures

(i) Jointly controlled entity

The interest in a joint venture entity is accounted for using the equity method. Under this method the share of the profits or losses of the entity is recognised in the income statement, and the share of the movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(ii) Jointly controlled asset

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

(h) Impairment of assets

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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(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 are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

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

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

(k) Inventories

Finished goods include handsets, devices and accessories and are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first in first out method. Costs comprise purchase price only.

(l) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. 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 either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

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

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to write off the depreciable amount of each item of property, plant and equipment over its expected useful life to the Consolidated Entity. Assets are depreciated from the date they are brought into commercial service, or in respect of internally constructed assets from the time the asset is completed and held ready for use. The expected useful lives are as follows:

Buildings	40 years
Computer equipment	4 to 10 years
Furniture, fittings and office equipment	4 to 7 years
Network equipment	3 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciable amount of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the

Consolidated Entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 4 - 20 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Leases

Leases of property, plant and equipment where the Consolidated Entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leased assets held at reporting date are being amortised over four years.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(p) Intangible assets

(i) Spectrum licences and capitalised development costs

Costs associated with acquiring spectrum licences are capitalised. The amortisation of capitalised development costs and the spectrum licences commenced upon the commercial readiness of the network. The spectrum licences and development costs are amortised on a straight-line basis over the periods of their expected benefit, being not more than the licence term. The carrying value of this intangible asset is reviewed by the Directors on a regular basis and written down to recoverable amount where this is less than the carrying value (refer note 1(h)).

All costs directly attributable to the construction of the network assets are capitalised as work in progress. All other costs directly attributable to the creation of an asset within the business are capitalised as development costs.

(ii) Customer acquisition and retention costs

The direct costs of establishing and renewing customer contracts, other than handset subsidies which are expensed when incurred, are recognised as an asset. The direct costs are amortised as other direct costs of provision of telecommunication services and goods over the lesser of the period during which the future economic benefits are expected to be obtained and the period of the contract. The direct costs include commissions paid for obtaining customer contracts and other directly attributable costs.

(iii) Transmission rights

The Consolidated Entity's right to use transmission capacity is measured at cost and amortised on a straight-line basis over the term of the transmission lease.

(q) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Interest bearing liabilities

Fixed rate loans are initially recognised at fair value, net of transaction costs incurred. Floating rate loans are initially recognised at cost, net of transaction costs incurred. Fixed and floating rate loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the liability using the effective interest method.

Convertible notes are included as a liability and measured at amortised cost using the effective interest method. The liability is included in interest bearing liabilities until conversion or maturity of the notes. Interest is accrued based upon the effective interest rate and included in other creditors until paid semi-annually.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

(t) Provisions

Provision for decommissioning costs

A provision has been recognised for costs expected to be incurred on the expiration of the site leases and resulting decommissioning costs under the terms of lease obligations. The amount of the provision is the estimated cash flow expected to be required to fulfil the lease obligations discounted back to net present value.

(u) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity, as closely as possible, the estimated future cash outflows.

(iii) Bonus plan

A liability for employee benefits in the form of a bonus plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Hutchison Telecommunications (Australia) Limited Executive Option Plan. Information relating to the Option Plan is set out in note 37.

Share options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

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

The fair value of options granted under the Hutchison Telecommunications (Australia) Limited Executive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(v) Retirement benefits

Retirement benefits are delivered under the Retail Employees Superannuation Trust (Acumen). 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.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than the ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figure 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(z) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2006. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 7 *Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

2. Revenue

From continuing operations				
Services	924,898	758,201	78,333	280,203
Sale of handsets	130,831	149,122	4,462	33,495
	1,055,729	907,323	82,795	313,698
Other revenue				
Interest	2,485	6,021	8,804	7,846
Rental income	520	2,565	226	527
	3,005	8,586	9,030	8,373
	1,058,734	915,909	91,825	322,071

3. Other Income

Net gain on sale of radio access network infrastructure (refer below)	-	17,069	-	-
Net gain on disposal of other non-current assets	-	31	-	17
Net foreign exchange gains	1,971	501	148	-
	1,971	17,601	148	17
Sale of property, plant and equipment				
Proceeds on sale of radio access network infrastructure	-	47,498	-	-
Less: Carrying value of radio access network infrastructure sold	-	(30,429)	-	-
Net gain on sale of radio access network infrastructure	-	17,069	-	-

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
4. Expenses				
Loss before income tax includes the following specific expenses:				
Finance costs				
Interest and finance charges paid / payable	264,836	227,109	100,342	99,736
Finance costs expensed	264,836	227,109	100,342	99,736
Depreciation				
Buildings	33	33	-	-
Computer equipment	56,238	65,000	-	7,371
Computer equipment under finance lease	2,321	1,454	-	-
Fixtures, fittings and office equipment	6,853	10,473	-	4,192
Network equipment	23,989	53,402	-	34,020
Network equipment - jointly controlled assets	20,091	20,062	-	-
Assets under construction	20,293	765	-	-
Total depreciation	129,818	151,189	-	45,583
Amortisation				
Capitalised development costs	596	4,970	-	4,742
Spectrum licence	75,034	75,034	5,185	5,185
Transmission capacity	3,063	3,063	239	477
Customer acquisition and retention costs	8,395	25,876	-	21,552
Total amortisation	87,088	108,943	5,424	31,956
Total amortisation and depreciation	216,906	260,132	5,424	77,539
Rental expense relating to operating leases				
Lease payments	37,536	33,288	14,192	14,780
Total rental expense relating to operating leases	37,536	33,288	14,192	14,780
Defined contribution superannuation expense	6,596	6,226	426	1,253
Bad debts written off	18,877	20,259	1,408	4,681
Provision for doubtful debts	1,065	4,818	(5,014)	(627)
Total bad and doubtful debts	19,942	25,077	(3,606)	4,054
CDMA network closure costs				
CDMA customer upgrade costs	106,660	-	-	-
Site decommissioning costs	28,000	-	28,000	-
Depreciation and amortisation expense	173,266	-	175,980	-
Total CDMA network closure costs	307,926	-	203,980	-

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

5. Income tax expense

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
(a) Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Income tax expense	-	-	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from operations before income tax expense	(759,423)	(652,843)	(284,787)	(103,920)
Tax at the Australian tax rate of 30% (2005: 30%)	(227,827)	(195,853)	(85,436)	(31,176)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	159	102	7	9
Interest not deductible	26,938	6,600	13,872	3,757
R&D tax concession claim (25%)	-	(543)	-	-
Unrecognised tax losses	200,730	189,694	71,557	27,410
Income tax expense	-	-	-	-
(c) Tax losses				
Unused tax losses for which no deferred tax assets has been recognised	3,528,933	2,949,588	750,685	631,013
Potential tax benefit @ 30%	1,058,680	884,876	225,206	189,304

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.

6. Current assets - Cash and cash equivalents

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Cash at bank and in hand	23,593	42,450	7,049	9,750
Short term deposits	-	78,000	-	3,000
	23,593	120,450	7,049	12,750

Restrictions on cash at bank
At 31 December 2006 cash at bank includes collateral for bank guarantees $4,722,000 (2005: $32,325,000) (note 28).

Short term deposits
At 31 December 2006 there are no short term deposits (2005: $78,000,000). The fixed interest rate was 5.5% p.a. in 2005.

Liquidity risk
Liquidity risk is managed through maintaining sufficient cash and available committed credit facilities.

7. Current assets - Receivables

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Trade debtors	226,160	194,984	3,373	39,458
Less: Provision for doubtful debts	(20,753)	(19,991)	(1,586)	(6,261)
	205,407	174,993	1,787	33,197
Other debtors	1,915	258	1,799	27
Receivable from subsidiary	-	-	33,657	23,507
	207,322	175,251	37,243	56,731

Receivable from subsidiary
No interest is charged on the receivable from subsidiary. For further information refer to note 30.

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

8. Current assets - Inventories

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Finished goods at net realisable value	64,593	68,950	112	290

Inventory expense

Inventories recognised as expense during the year ended 31 December 2006 amounted to $326,568,000 (2005: $321,955,000).

There was $1,305,000 (2005: $36,820,000) related to write-down or provision for write-down of inventory.

The expense has been included in 'other direct costs of provision of telecommunication services and goods' in the income statement.

9. Current assets - Other

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Prepayments	20,881	21,774	5,124	6,977
Other	67	69	64	64
	20,948	21,843	5,188	7,041

10. Non-current assets - Receivables

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade debtors	19,612	15,655	-	561
Less: Provision for doubtful debts	(2,155)	(1,852)	-	(339)
	17,457	13,803	-	222
Other debtors	86,386	36,037	-	-
Loans to subsidiaries	-	-	391,799	127,700
	103,843	49,840	391,799	127,922

Other debtors

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

Loans to subsidiaries

Weighted average interest on the loans to subsidiaries is charged at a rate of Bank Bills Swap Yield (BBSY) plus 2.20% p.a. (2005: BBSY plus 2.15% p.a.).

For further information refer to note 30.

Interest rate risk

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2006

	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Trade debtors (notes 7 and 10)	-	-		-	-	-	-	222,864	222,864
Other debtors (notes 7 and 10)	-	-	-	-	-	-	-	88,301	88,301
	-	-	-	-	-	-	-	311,165	311,165
Weighted average interest rate	-	-	-	-	-	-	-		

2005

	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Trade debtors (notes 7 and 10)	-	-	-	-	-	-	-	188,796	188,796
Other debtors (notes 7 and 10)	-	-	-	-	-	-	-	36,295	36,295
	-	-	-	-	-	-	-	225,091	225,091
Weighted average interest rate	-	-	-	-	-	-	-		

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

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

Interest in jointly controlled entity (note 32)	670	-	-	-

Shares in jointly controlled entity

Under the joint venture agreement described in note 32 each party has contributed $1 to the share capital of the entity.

12. Non-current assets - Other financial assets

Non-traded investments				
Shares in controlled entities (note 31)	-	-	1,318,776	1,318,776

13. Non-current assets - Property, plant and equipment

Land and buildings				
At cost	1,610	1,610	29	29
Less: accumulated depreciation	(242)	(209)	-	-
Total land and buildings	1,368	1,401	29	29
Fixtures, fittings and office equipment				
At cost	108,627	104,488	68,628	68,624
Less: accumulated depreciation	(94,417)	(47,056)	(68,628)	(28,120)
Total fixtures, fittings and office equipment	14,210	57,432	-	40,504
Computer equipment				
At cost	408,520	368,110	74,923	73,888
Less: accumulated depreciation	(269,492)	(205,339)	(74,923)	(67,008)
Total computer equipment	139,028	162,771	-	6,880
Computer equipment under finance lease	13,594	13,594	-	-
Less: accumulated amortisation	(7,326)	(5,005)	-	-
Total computer equipment under finance lease	6,268	8,589	-	-
Total computer equipment	145,296	171,360	-	6,880
Network equipment				
At cost	585,316	541,355	230,128	230,047
Less: accumulated depreciation	(295,487)	(190,786)	(230,128)	(149,416)
Total network equipment	289,829	350,569	-	80,631
Network equipment - jointly controlled asset				
At net book value	356,005	355,136	-	-
Less: accumulated depreciation	(40,153)	(20,062)	-	-
Total network equipment - jointly controlled asset (note 32)	315,852	335,074	-	-
Assets under construction				
Work in progress	210,899	148,725	2,434	72
Less: accumulated depreciation	(31,340)	(8,613)	(2,434)	-
Total work in progress	179,559	140,112	-	72
Total property, plant and equipment	946,114	1,055,948	29	128,116

13. Non-current assets - Property, plant and equipment continued

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Reconciliation of land and buildings				
Carrying amount at beginning of year	1,401	1,434	29	29
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation (note 4)	(33)	(33)	-	-
Carrying amount at end of year	1,368	1,401	29	29
Reconciliation of fixtures, fittings and office furniture				
Carrying amount at beginning of year	57,432	56,318	40,504	34,934
Additions	4,139	3,040	4	1,215
Disposals	-	-	-	-
Depreciation (note 4)	(47,361)	(10,473)	(40,508)	(4,192)
Reclassification	-	8,547	-	8,547
Carrying amount at end of year	14,210	57,432	-	40,504
Reconciliation of computer equipment				
Carrying amount at beginning of year	162,771	146,613	6,880	5,715
Additions	40,410	81,158	1,035	8,536
Disposals	-	-	-	-
Depreciation (note 4)	(64,153)	(65,000)	(7,915)	(7,371)
Carrying amount at end of year	139,028	162,771	-	6,880
Reconciliation of computer equipment under finance lease				
Carrying amount at beginning of year	8,589	6,819	-	-
Additions	-	3,224	-	-
Disposals	-	-	-	-
Depreciation (note 4)	(2,321)	(1,454)	-	-
Carrying amount at end of year	6,268	8,589	-	-
Reconciliation of network equipment				
Carrying amount at beginning of year	350,569	355,765	80,631	120,826
Additions	45,699	117,167	81	2,372
Disposals	(869)	(30,429)	-	-
Depreciation (note 4)	(104,701)	(53,402)	(80,712)	(34,020)
Transfer to joint venture operation	(869)	(24,603)	-	-
Reclassification	-	(13,929)	-	(8,547)
Carrying amount at end of year	289,829	350,569	-	80,631
Reconciliation of network equipment - jointly controlled asset				
Carrying amount at beginning of year	335,074	330,533	-	-
Additions	-	-	-	-
Transfer in from network equipment	869	24,603	-	-
Disposals	-	-	-	-
Depreciation (note 4)	(20,091)	(20,062)	-	-
Carrying amount at end of year	315,852	335,074	-	-
Reconciliation of assets under construction				
Carrying amount at beginning of year	140,112	102,248	72	4,917
Additions	152,385	241,405	3,501	7,278
Transfers out	(90,211)	(202,776)	(1,139)	(12,123)
Depreciation (note 4)	(22,727)	(765)	(2,434)	-
Carrying amount at end of year	179,559	140,112	-	72

14. Non-current assets - Intangible assets

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Spectrum licences at cost	939,177	939,177	43,644	43,644
Less: Accumulated amortisation	(290,345)	(215,311)	(10,802)	(5,617)
	648,832	723,866	32,842	38,027
Capitalised development costs	66,052	66,052	61,843	61,843
Less: Accumulated amortisation	(59,905)	(26,656)	(61,843)	(26,476)
	6,147	39,396	-	35,367
Customer acquisition and retention costs	81,762	63,520	49,793	49,776
Less: Accumulated amortisation	(63,389)	(45,950)	(49,793)	(40,749)
	18,373	17,570	-	9,027
Transmission capacity at cost	38,794	38,794	-	6,045
Less: Accumulated amortisation	(6,126)	(3,063)	-	(477)
	32,668	35,731	-	5,568
	706,020	816,563	32,842	87,989
Reconciliation of spectrum licences				
Carrying amount at beginning of year	723,866	798,900	38,027	43,212
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation (note 4)	(75,034)	(75,034)	(5,185)	(5,185)
Carrying amount at end of year	648,832	723,866	32,842	38,027
Reconciliation of capitalised development costs				
Carrying amount at beginning of year	39,396	44,366	35,367	40,109
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation (note 4)	(33,249)	(4,970)	(35,367)	(4,742)
Carrying amount at end of year	6,147	39,396	-	35,367
Reconciliation of customer acquisition and retention costs				
Carrying amount at beginning of year	17,570	28,935	9,027	25,837
Additions	18,242	14,511	17	4,742
Disposals	-	-	-	-
Amortisation (note 4)	(17,439)	(25,876)	(9,044)	(21,552)
Carrying amount at end of year	18,373	17,570	-	9,027
Reconciliation of transmission capacity				
Carrying amount at beginning of year	35,731	-	5,568	-
Additions	-	38,794	-	6,045
Disposals	-	-	-	-
Amortisation (note 4)	(3,063)	(3,063)	(239)	(477)
Transfer to subsidiary	-	-	(5,329)	-
Carrying amount at end of year	32,668	35,731	-	5,568

During the year the transmission capacity of the parent entity was transferred to a subsidiary, Hutchison 3G Australia Pty Limited.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
15. Non-current assets - Other				
Prepayments	3,565	3,934	-	1,921
16. Current liabilities - Payables				
Trade creditors	152,472	163,336	5,428	22,614
Other creditors	147,545	94,097	57,765	35,459
	300,017	257,433	63,193	58,073
17. Current liabilities - Borrowings				
Secured				
Lease liabilities	2,017	2,997	-	-
Unsecured				
Bank loans	149,961	-	-	-
Fixed medium term notes	-	424,580	-	424,580
Convertible notes	598,810	-	598,810	-
	750,788	427,577	598,810	424,580

Lease liabilities

Lease liabilities are secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default (refer note 21).

Bank loans

The effective cost of funding of the $149,961,000 bank loan was calculated on BBSY plus 1.90% p.a. and was wholly guaranteed for principal and interest by the ultimate parent entity Hutchison Whampoa Limited.

Fixed medium term notes

During 2001, $425,000,000 was raised through a five year bonds issue, at a coupon rate of 6.50% payable semi-annually. The securities were wholly guaranteed for principal and interest by the ultimate parent entity Hutchison Whampoa Limited. The notes matured in November 2006.

Convertible notes

On 15 July 2002, 909,358,150 convertible notes were issued for a term of 5 years and provided a cash coupon payment of 5.5% per annum, payable semi-annually until the earlier of conversion or maturity date. The issue price of each convertible note was $0.66.

The convertible notes may be converted into ordinary shares of the company at the option of the holder (in certain circumstances) on a one for one basis.

The convertible notes are measured at amortised cost. Refer to note 1(r) for further details.

18. Current liabilities - Provisions

Employee benefits	1,072	876	1,072	876

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

19. Derivative financial instruments

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Current liabilities				
Forward foreign exchange contracts - cash flow hedges	311	-	-	-

Instruments used by the Consolidated Entity

The Consolidated Entity is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuation in exchange rates and to take profit from short term movements in exchange rates as detailed below.

Forward exchange contracts - cash flow hedges

The Consolidated Entity purchases handsets from its supplier on invoices denominated in US dollars. In order to protect against exchange rate movements, the Consolidated Entity enters into forward exchange contracts to purchase US dollars.

These contracts are hedging highly probable forecasted purchases for the ensuing financial year. The contracts are timed to mature to coincide with the payment for handsets.

The cash flows are expected to occur at various dates within six months from the balance date.

At balance date, the details of outstanding contracts are:

	Sell Australian dollars		Average exchange rate	
	2006 $'000	2005 $'000	2006	2005
Buy USD				
Maturity : 0 - 6 months	30,091	-	0.7808	-

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

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

20. Current liabilities - Other

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Customer deposits	1	1	1	1
Unearned income	7,755	8,786	467	2,240
Loans from subsidiaries (note 30)	-	-	2,996	2,996
	7,756	8,787	3,464	5,237

Loans from subsidiaries

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
21. Non-current liabilities - Borrowings				
Secured				
Lease liabilities	1,587	3,668	-	-
Unsecured				
Bank loans	1,894,620	1,892,543	199,821	199,661
Loans from parent entity (note 30)	196,000	196,000	196,000	196,000
Loans from related entity (note 30)	754,412	-	754,412	-
Convertible notes	-	596,450	-	596,450
	2,845,032	2,684,993	1,150,233	992,111
	2,846,619	2,688,661	1,150,233	992,111

Lease liabilities

Leased liabilities are secured against the underlying assets which revert to the lessor in case of default. The carrying value of the assets pledged as security is $6,268,000 representing leased computer equipment.

Bank loans

$1,495,108,000 of the bank loans has a repayment date of 17 August 2009. The effective cost of funding is calculated on BBSY plus 2.22% p.a. (2005: BBSY plus 2.22% p.a.)

$199,821,000 of bank loans has a repayment date of 14 February 2008. The effective cost of funding is calculated on BBSY plus 2.15% p.a. (2005: BBSY plus 2.15% p.a.)

$99,967,000 of bank loans has a repayment date of 28 December 2008. The effective cost of funding is calculated on BBSY plus 2.13% p.a. (2005: BBSY plus 2.13% p.a.)

$99,724,000 of bank loans has a repayment date of 9 December 2010. The effective cost of funding is calculated on BBSY plus 2.17% p.a. (2005: BBSY plus 2.17% p.a.)

The bank loans are wholly guaranteed for principal and interest by the ultimate parent entity, Hutchison Whampoa Limited.

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank loan facilities				
Total facilities	2,050,000	1,900,000	200,000	200,000
Used at balance date	(2,050,000)	(1,900,000)	(200,000)	(200,000)
Unused at balance date	-	-	-	-

Loans from parent entity

The average interest rate charged on the parent entity loan of $196,000,000 during the year was BBSY plus 2.45% p.a. (2005: BBSY plus 2.45% p.a.).
Further information refer to note 30.

Loans from related entity

The average interest rate charged on loan from related entity of $754,412,000 for the period 1 January 2006 to 8 December 2006 was BBSY plus 2.40% p.a. (2005: BBSY plus 2.40% p.a.). No interest was charged since 9 December 2006. The loan has a repayment date of 31 December 2008.

Convertible notes

Refer to note 17 for details.

21. Non-current liabilities - Borrowings continued

Interest risk exposure

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

Exposures arise predominantly from liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate liabilities to maturity.

2006	Floating interest rate $'000	Fixed interest rate: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
Bank loans (notes 17 and 21)	2,044,581	-	-	-	-	-	-	2,044,581
Convertible notes (note 17)	-	598,810	-	-	-	-	-	598,810
Other loans (note 21)	196,000	-	-	-	-	-	-	196,000
Lease liabilities (notes 17 and 21)	-	2,017	840	747	-	-	-	3,604
	2,240,581	600,827	840	747	-	-	-	2,842,995
Weighted average interest rate	8.64%	5.50%	6.44%	6.44%	-	-	-	

2005	Floating interest rate $'000	Fixed interest rate: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
Bank loans (notes 17 and 21)	1,892,543	-	-	-	-	-	-	1,892,543
Fixed medium term notes (note 17)	-	424,580	-	-	-	-	-	424,580
Convertible notes (note 21)	-	-	596,450	-	-	-	-	596,450
Other loans (note 21)	196,000	-	-	-	-	-	-	196,000
Lease liabilities (notes 17 and 21)	-	2,997	2,013	835	820	-	-	6,665
	2,088,543	427,577	598,463	835	820	-	-	3,116,238
Weighted average interest rate	8.02%	6.50%	5.50%	6.51%	6.51%	-	-	

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
22. Non-current liabilities - Provisions				
Employee benefits	1,504	1,292	1,504	1,292

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

	2006 Shares	2005 Shares	2006 $'000	2005 $'000
23. Contributed equity				
Share capital				
Ordinary shares (fully paid)	678,625,429	678,625,429	1,031,244	1,031,244

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.

Convertible notes

On 15 July 2002, 909,358,150 convertible notes were issued by Hutchison Telecommunications (Australia) Limited for a term of 5 years. The issue price was $0.66.
The convertible notes may be converted into ordinary shares of the company at the option of the holder (in certain circumstances) on a one for one basis. None of these convertible notes have been converted into ordinary shares.

Options

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

There has been no movement in share capital during the year.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

24. Reserves and accumulated losses

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
(a) Reserves				
Capital reserve	54,887	54,887	-	-
Hedging reserve - cash flow hedges	(311)	-	-	-
Share-based payments reserve	2,148	1,966	2,148	1,966
	56,724	56,853	2,148	1,966
Movements:				
Capital reserve				
There has been no movement in the capital reserve during the year.				
Hedging reserve - cash flow hedges				
Balance at 1 January	-	-	-	-
Hedging movement	(311)	-	-	-
Balance at 31 December	(311)	-	-	-
Share-based payments reserve		-		
Balance at 1 January	1,966	733	1,966	733
Option expense	182	1,233	182	1,233
Balance at 31 December	2,148	1,966	2,148	1,966
(b) Accumulated losses				
Accumulated losses at 1 January	(2,159,944)	(1,611,371)	(773,843)	(670,380)
Adjustment on adoption of AASB 132 and 139, net of tax	-	(1,278)	-	457
Net loss attributable to the members of Hutchison Telecommunications (Australia) Limited	(759,423)	(547,295)	(284,787)	(103,920)
Accumulated losses at 31 December	(2,919,367)	(2,159,944)	(1,058,630)	(773,843)

(c) Nature and purpose of reserves

Capital reserve

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

It is not distributable until realised.

Hedging reserve - cash flow hedges

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

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not expensed.

25. Minority interest

	Consolidated 2006 $'000	Consolidated 2005 $'000
Interest in:		
Share capital in subsidiary	341,477	341,477
Accumulated losses	(341,477)	(341,477)
	-	-

26. Director and key management personnel disclosures

(a) Directors

The following persons were Directors of Hutchison Telecommunications (Australia) Limited during the financial year:

(i) Chairman - Non-executive Director

C Fok

(ii) Deputy Chairman - Executive Director

B Roberts-Thomson

(iii) Non-executive Directors

S Chow (from 15 February 2006)
J Gardener
D Lai
D Lui (until 15 February 2006)
J Scanlon
F Sixt

(b) Key management personnel

The following persons were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the year ended 31 December 2006:

Name	Position	Employer
K Russell	Chief Executive Officer	HTAL
N Dews	Director, Sales, Marketing and Product	HTAL
D Dyson	Chief Financial Officer (until 2 October 2006)	HTAL
T Finlayson	Chief Financial Officer (from 2 October 2006)	HTAL
M Young	Director, Technology, Infrastructure and Services	HTAL

The following persons were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the year ended 31 December 2005:

Name	Position	Employer
K Russell	Chief Executive Officer	HTAL
N Dews	Director, Sales, Marketing and Product	HTAL
D Dyson	Chief Financial Officer	HTAL
P Wise	Director, **3** CDMA, **3** Paging and Information Services	HTAL
M Young	Director, Technology, Infrastructure and Services	HTAL

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2006 $	**2005** $	**2006** $	**2005** $
Short-term employee benefits	4,357,127	4,621,609	4,357,127	4,621,609
Post-employment benefits	83,478	80,172	83,478	80,172
Share-based payments	330,200	836,088	330,200	836,088
	4,770,805	5,537,869	4,770,805	5,537,869

The Company has taken advantage of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the Director's report. The relevant information can be found on pages 34 to 38 of the Remuneration report in the Directors' report.

(d) Loans to key management personnel

There were no loans made to Directors or key management personnel of the Company, including their personally related entities during the years ended 31 December 2006 and 31 December 2005.

(e) Other transactions with key management personnel

There were no other transactions with the Directors or key management personnel of the Company for the years ended 31 December 2006 and 31 December 2005.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
27. Remuneration of auditors				
During the year the following services were paid to the auditor of the Parent Entity, its related practices and non-related audit firms:				
Assurance services				
1. Audit services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	323	474	240	186
2. Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm:				
IT audit	120	135	20	35
IFRS accounting services	-	60	-	16
Other assurance services	-	12	-	6
Total remuneration for assurance services	443	681	260	243
Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of company tax returns	104	80	23	31
Advisory services				
Fees paid to related practices of PricewaterhouseCoopers Australian firms	-	52	-	-

28. Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2006 are as follows:

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Guarantees				
Secured guarantees in respect of leases and loans of controlled entities	4,722	32,325	3,350	3,350
Unsecured guarantees in respect of leases of controlled entities	30,635	15,726	30,635	15,726
	35,357	48,051	33,985	19,076

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

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

The Directors are not aware of any further contingent liabilities existing at reporting date.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000

29. Commitments

Capital Commitments

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than 1 year	65,911	49,963	-	600
Later than 1 year but not later than 5 years	59,092	74,900	-	-
Later than 5 years	-	-	-	-
	125,003	124,863	-	600
The above commitments include capital expenditure commitments relating to the 3GIS joint venture operation (note 32 (b))	718	1,587	-	-

Lease Commitments

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Operating leases				
Not later than 1 year	27,991	36,216	7,300	15,332
Later than 1 year but not later than 5 years	41,543	81,824	6,600	38,958
Later than 5 years	1,785	17,570	-	11,547
	71,319	135,610	13,900	65,837
Representing:				
Non-cancellable operating leases	71,319	135,610	13,900	65,837

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

Finance leases

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Commitments in relation to finance leases are payable as follows:				
Not later than 1 year	2,192	3,311	-	-
Later than 1 year but not later than 5 years	1,697	3,967	-	-
Minimum lease payments	3,889	7,278	-	-
Less: Future finance charges	(285)	(613)	-	-
Recognised as a liability	3,604	6,665	-	-
Representing lease liabilities:				
Current (note 17)	2,017	2,997	-	-
Non-current (note 21)	1,587	3,668	-	-
	3,604	6,665	-	-

The weighted average interest rate implicit in the leases is 6.44% (2005: 6.51%).

The Consolidated Entity leases various computer equipment with a carrying value of $6,268,000 (2005: $8,589,000) under finance leases which expire within one to four years. Under the terms of the leases, the Consolidated Entity has the option to acquire the leased assets for an agreed amount or an agreed fair value as detailed in the lease agreement.

30. Related party transactions

(a) Parent entities

The holding company and Australian parent entity is Hutchison Communications (Australia) Pty Limited which at 31 December 2006 owns 58% (2005 : 58%) of the issued ordinary shares of Hutchison Telecommunications (Australia) Limited. Hutchison Communications (Australia) Pty Limited holds 906,206,358 (99.65%) of the 5 year convertible notes issued on 15 July 2002 which may be converted into ordinary shares of the Company at the option of the holder (in certain circumstances) on a one for one basis.

The ultimate parent entity is Hutchison Whampoa Limited (incorporated in Hong Kong) which at 31 December 2006 beneficially owns 100% (2005 - 100%) of the issued shares of Hutchison Communications (Australia) Pty Limited.

(b) Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows: FOK Kin-ning, Canning; Barry ROBERTS-THOMSON; CHOW WOO Mo Fong, Susan; Justin Herbert GARDENER; LAI Kai Ming, Dominic; LUI Pok-Man, Dennis and Frank John SIXT. Mr LUI Pok-Man, Dennis resigned as a Director on 15 February 2006. Mrs CHOW WOO Mo Fong, Susan was appointed as a Director on 15 February 2006.

(c) Key management personnel compensation

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

(d) Transactions with related parties

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Sales of goods and services				
Sale of interconnection services to subsidiary	-	-	2,351	4,140
Sale of telecommunications related goods and services to joint venture	5,696	23,417	-	-
Sale of various goods and services to subsidiary	-	-	123,682	88,658
Purchases of goods				
Purchase of interconnection services from subsidiary	-	-	4,962	7,961
Purchase of goods and services from commonly controlled entities	388,642	198,775	-	-
Purchase of telecommunications related goods and services from joint venture	38,929	36,688	-	-
Loans to related parties				
Loans advanced to:				
Subsidiaries	-	-	264,099	126,733
Loans from related parties				
Loans advanced from:				
Related entity	754,412	-	754,412	-
Loans repayments to:				
Subsidiaries	-	-	-	32,162
Interest revenue				
Subsidiaries	-	-	11,079	9,687
Interest expense				
Ultimate parent entity	42,774	38,964	10,469	11,374
Ultimate Australian parent entity	49,376	48,714	49,376	48,714
Related entity	16,398	4,582	3,170	-
Subsidiaries	-	-	-	1,280
Superannuation contributions				
Contributions to superannuation funds on behalf of employees	6,596	6,226	426	1,253
Other transactions				
Other receivable from jointly controlled entity	48,595	35,897	-	-

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

30. Related party transactions continued

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
(e) Outstanding balances				
The following balances are outstanding at the reporting date in relation to transactions with related parties:				
Current receivables				
Subsidiaries (note 7)	-	-	33,657	23,507
Non-current receivables				
Subsidiaries (note 10)	-	-	391,799	127,700
Jointly controlled entity (note 10)	84,492	35,897	-	-
Payables				
Commonly controlled entity	2,027	6,091	-	-
Current borrowings				
Subsidiaries (note 20)	-	-	2,996	2,996
Non-current borrowings				
Ultimate Australian parent entity (note 21)	196,000	196,000	196,000	196,000
Related entity (note 21)	754,412	-	754,412	-

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.

31. Subsidiaries

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

Name of entity	Country of Incorporation	Class of Shares	Equity Holding * 2006 %	Equity Holding * 2005 %
Bell Organisation Pty Limited	Australia	Ordinary	100	100
Bell Paging Pty Limited	Australia	Ordinary	100	100
Bell Communications Pty Limited	Australia	Ordinary	100	100
Lindian Pty Limited	Australia	Ordinary	100	100
Erlington Pty Limited	Australia	Ordinary	100	100
Hutchison Telephone Pty Limited	Australia	Ordinary	100	100
HTAL Facilities Pty Limited	Australia	Ordinary	100	100
Hutchison 3G Australia Holdings Pty Limited	Australia	Ordinary	80	80
Hutchison 3G Australia Pty Limited	Australia	Ordinary	80	80
H3GA Facilities Pty Limited	Australia	Ordinary	80	80
H3GA Properties (No. 3) Pty Limited	Australia	Ordinary	80	80

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

32. Interest in joint ventures

(a) Jointly Controlled Entity

In December 2004, a controlled entity, Hutchison 3G Australia Pty Limited, established a 50% interest in a new partnership, 3GIS Partnership ('3GIS'), with Telstra OnAir Holdings Pty Limited. 3GIS's principal activity is the operation and construction of 3G radio access network infrastructure. The interest in 3GIS is accounted for in the consolidated financial statements using the equity method and is carried at cost.

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Carrying amount of investment in the entity	-	-	-	-
Share of entity's assets and liabilities				
Current assets	41,974	28,261	-	-
Non-current assets	76,896	27,517	-	-
Total assets	118,870	55,778	-	-
Current liabilities	(28,817)	(19,338)	-	-
Non-current liabilities	(89,383)	(36,440)	-	-
Total liabilities	(118,200)	(55,778)	-	-
Net assets	670	-	-	-
Share of entity's revenue, expenses and results				
Revenues	53,954	40,520	-	-
Expenses	(53,284)	(40,520)	-	-
Profit before income tax	670	-	-	-
Share of entity's commitments				
Lease commitments	150,569	134,985	-	-
Capital commitments	-	-	-	-
	150,569	134,985	-	-
Contingent liabilities relating to the jointly controlled entity	-	-	-	-

(b) Jointly Controlled Asset

Under the same joint venture agreement described in note 3, the ownership of the 50% of the existing 3G radio access network infrastructure remains with a controlled entity, Hutchison 3G Australia Pty Limited. On this basis the network assets are proportionally consolidated in accordance with the accounting policy described in note 1 (g)(ii) under the following classifications:

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Non-current assets				
Plant and equipment - at net book value (note 13)	356,005	355,136	-	-
Less: Accumulated depreciation	(40,153)	(20,062)	-	-
	315,852	335,074	-	-
Capital commitments	718	1,587	-	-

33. Segment information

Business Segment

The Consolidated Entity operated entirely within the telecommunications industry and is treated as one business segment.

Geographical Segment

The Consolidated Entity operated entirely within Australia.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

34. Reconciliation of loss after income tax to net cash outflows from operating activities

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Loss for the year	(759,423)	(652,843)	(284,787)	(103,920)
Amortisation	120,390	83,067	49,835	10,404
Depreciation	261,387	151,189	131,569	45,583
Amortisation - subscriber acquisition and retention costs	8,395	25,876	-	21,552
Non-cash employee benefits expense - share-based payments	182	1,233	182	1,233
Fair value adjustment on assets	-	(1,567)	-	457
Fair value adjustment on liabilities	4,818	3,729	2,940	2,123
Share of net profits of joint venture partnership accounted for using equity method	(670)	-	-	-
Net (gain) on sale of property, plant and equipment	-	(17,069)	-	-
Net (gain) on sale of non-current assets	-	(31)	-	(17)
Change in operating assets and liabilities				
Increase / (decrease) in provision for doubtful debts	1,065	4,818	(5,014)	(627)
(Increase) / decrease in receivables	(87,139)	(977)	34,874	20,009
Decrease in inventories	4,357	39,580	178	9,438
Decrease / (increase) in other assets	1,264	(27,535)	3,772	(891)
Increase / (decrease) in payables	42,584	(38,764)	5,120	(15,291)
(Decrease) / increase in other current liabilities	(1,033)	2,388	(1,773)	831
Increase in employee entitlements	408	-	408	-
Net cash (outflows) from operating activities	(403,415)	(426,906)	(62,696)	(9,116)

35. Non-cash investing and financing activities

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Acquisition of plant & equipment by means of finance lease	-	3,224	-	-

During the period, the Consolidated Entity did not acquire any computer equipment by means of a finance lease (2005: $3,224,000).

36. Earnings per share

	Consolidated 2006 Cents	Consolidated 2005 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	(111.91)	(80.65)
Loss attributable to the ordinary equity holders of the Consolidated Entity	(111.91)	(80.65)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Consolidated Entity	(111.91)	(80.65)
Loss attributable to the ordinary equity holders of the Consolidated Entity	(111.91)	(80.65)

	Consolidated 2006 $'000	Consolidated 2005 $'000
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Loss from continuing operations	(759,423)	(652,843)
Loss from continuing operations attributable to minority interests	-	105,548
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share	(759,423)	(547,295)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share	(759,423)	(547,295)

	Consolidated 2006 Number	Consolidated 2005 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	678,625,429	678,625,429
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	678,625,429	678,625,429

(e) Information concerning the classification of securities

(i) Options

Options granted to employees and Directors under the HTAL Executive Option Plan are considered to be potential ordinary shares but have not been included in the determination of the diluted earnings per share since they are not dilutive.

The options have not been included in the determination of the basic earnings per share. Further details relating to the options are disclosed in note 37.

(ii) Convertible Notes

Convertible notes are considered to be potential ordinary shares but have not been included in the determination of the diluted earnings per share since they are not dilutive. The convertible notes have not been included in the determination of the basic earnings per share.

Further details relating to convertible notes are disclosed in note 17.

The total number of potential ordinary shares that are not dilutive is 925,023,150 (2005: 924,468,150).

37. Share-based payments

HTAL Executive Option Plan

The establishment of the HTAL Executive Option Plan was approved by the Board on 3 July 1999. All permanent full-time, permanent part-time and casual employees who have been selected by the Board to receive an invitation or who have been approved for participation in the plan are eligible to participate in the plan.

Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights.

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

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

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

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

	Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued during the year	Exercised during the year	Expired/ lapsed during the year	Balance at the end of the year	Exercisable at the end of the year
Consolidated and Parent Entity - 2006									
	18-Aug-01	17-Aug-06	$0.540	70,000	-	-	70,000	-	-
	23-Jul-04	31-Dec-10	$0.455	13,840,000	-	-	3,390,000	10,450,000	-
	30-Jul-04	31-Dec-10	$0.460	50,000	-	-	-	50,000	-
	20-Aug-04	31-Dec-10	$0.405	100,000	-	-	100,000	-	-
	10-Dec-04	31-Dec-10	$0.360	450,000	-	-	-	450,000	-
	23-Dec-04	31-Dec-10	$0.345	150,000	-	-	-	150,000	-
	3-Jun-05	31-Dec-10	$0.270	50,000	-	-	-	50,000	-
	1-Jul-05	31-Dec-10	$0.270	200,000	-	-	-	200,000	-
	5-Aug-05	31-Dec-10	$0.270	200,000	-	-	-	200,000	-
	31-Mar-06	31-Dec-10	$0.255	-	4,815,000	-	850,000	3,965,000	-
	13-Apr-06	31-Dec-10	$0.250	-	150,000	-	-	150,000	-
Total				15,110,000	4,965,000	-	4,410,000	15,665,000	-
Weighted average exercise price				$0.446	$0.255	$0.000	$0.417	$0.393	
Consolidated and Parent Entity - 2005									
	18-Aug-01	17-Aug-06	$0.540	70,000	-	-	-	70,000	-
	23-Jul-04	31-Dec-10	$0.455	15,820,000	-	-	1,980,000	13,840,000	-
	30-Jul-04	31-Dec-10	$0.460	150,000	-	-	100,000	50,000	-
	20-Aug-04	31-Dec-10	$0.405	100,000	-	-	-	100,000	-
	10-Dec-04	31-Dec-10	$0.360	450,000	-	-	-	450,000	-
	23-Dec-04	31-Dec-10	$0.345	150,000	-	-	-	150,000	-
	8-Apr-05	31-Dec-10	$0.330	-	200,000	-	200,000	-	-
	3-Jun-05	31-Dec-10	$0.270	-	50,000	-	-	50,000	-
	1-Jul-05	31-Dec-10	$0.270	-	200,000	-	-	200,000	-
	5-Aug-05	31-Dec-10	$0.270	-	200,000	-	-	200,000	-
Total				16,740,000	650,000	-	2,280,000	15,110,000	-
Weighted average exercise price				$0.452	$0.288	$0.000	$0.444	$0.446	

No options were forfeited during the year (2005: nil). The weighted average remaining contractual life of share options outstanding at the end of the period was 4.0 years (2005: 5.0 years)

37. Share-based payments continued

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 31 December 2006 was 10 cents (2005: 15 cents).

Refer to note 1(u)(iv) for how the fair value of options were determined. The additional model inputs for options granted during the year ended 31 December 2006 not already outlined above include:

(a) weighted average share price at grant date: 25 cents (2005: 29 cents).

(b) weighted average of expected price volatility of the Company's shares: 35% (2005: 52%).

(c) expected dividend yield: 0% (2005: 0%)

(d) weighted average risk-free interest rate: 5.4% (2005: 5.3%).

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

Employee Share Purchase Plan

The employee share purchase plan allows for HTAL's shares to be purchased by the Company for employees at a 25% discount. 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 the Company purchases on the Australian Stock Exchange up to $1,000 of HTAL's shares for each participating employees with the Company contributing up to $250 of the cost of the purchase and brokerage and stamp duty costs.

Shares purchased under the plan may not be sold until the earlier of three years after purchase or cessation of employment by the Company.

Expenses arising under share-based payment transactions

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Options issued under HTAL Executive Option Plan	182	1,233	182	185

38. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Impairment of assets

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

The value in use calculation is based on cash flow projections over an 11 year period which is the estimated average useful life of the assets under review. These calculations use cash flow projections based on financial budgets approved by the Board covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

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

- Weighted average growth rate used to extrapolate cash flows beyond 2011 of 0%;
- Post-tax discount rate applied to the cash flow projections of 8.75%; and
- Terminal value at the end of the modelled period based on a multiple of EBITDA less costs to sell.

The growth rate is a conservative estimate of forecast long-term industry growth. The discount rate reflects the debt:equity ratio and the risks relating to the Consolidated Entity in the industry in which it operates. The terminal value is an approximation of the estimated fair value less costs to sell at the end of the forecast period.

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

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

The recoverable amount of the Parent Entity's cash generating unit, being the 2G spectrum licence, is assessed at fair value less costs to sell. This is based on the estimated value of estimated proceeds from the sale of the 2G spectrum licence, sites and network equipment.

The recoverable amount of the Parent Entity's investment in controlled entities (refer note 12) has been determined based on value in use calculations. The cash flows underlying the value in use calculations are mainly derived from the 3G business. The key assumptions used for the value in use calculation are consistent with those outlined above for the Consolidated Entity's cash generating unit.

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

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

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

39. Events occurring after the balance sheet date

On 14 February 2007, the Consolidated Entity secured an additional $500 million of funding from a related party entity, Hutchison OMF Limited. The facilities have a repayment date of 31 December 2008.

Except for the above, no matter or circumstance has arisen subsequent to balance date that has significantly affected, or may significantly affect:

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

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

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

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 42 to 73 are in accordance with the Corporations Act 2001, including:

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

  (ii) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

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

(c) the audited remuneration disclosures set out on pages 34 to 38 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and Class Order 06/50 issued by the Australian Securities and Investments Commission.

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

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

FOK Kin-ning, Canning

Chairman

Frank Sixt

Director

26 February 2007

Independent Audit Report

to the members of Hutchison Telecommunications (Australia) Limited

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Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of Hutchison Telecommunications (Australia) Limited (the Company) and the Hutchison Telecommunications (Australia) Limited Group (defined below) for the financial year ended 31 December 2006 included on Hutchison Telecommunications (Australia) Limited's web site. The Company's directors are responsible for the integrity of the Hutchison Telecommunications (Australia) Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and remuneration disclosures identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Audit opinion

In our opinion:

1. the financial report of Hutchison Telecommunications (Australia) Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Hutchison Telecommunications (Australia) Limited and the Hutchison Telecommunications (Australia) Limited Group (defined below) as at 31 December 2006, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*;and

2. the remunerations disclosures that are contained on pages 34 to 38 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remunerations disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Hutchison Telecommunications (Australia) Limited (the company) and the Hutchison Telecommunications (Australia) Limited Group (the consolidated entity), for the year ended 31 December 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 124, under the heading "remuneration report" on pages 34 to 38 of the directors' report, as permitted by the Corporations Regulations 2001.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

D J Whale
Sydney

Partner
26 February 2007

Liability limited by a scheme approved under Professional Standard Legislation

Shareholder Information

The shareholder information set out below was applicable as at 5 March 2007

Substantial shareholders

Substantial shareholders in the Company are:

	Shareholding	Percentage
Hutchison Communications (Australia) Pty Limited#	476,312,105	70.19%
Telecom Corporation of New Zealand Limited*	392,353,358	57.8%
Telstra Corporation Limited**	476,312,105	70.19%
Leanrose Pty Limited	83,958,747	12.37%

Notes:

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

* substantial shareholding arises solely as a result of the relevant interest in shares held by Hutchison Communications (Australia) Pty Limited and certain commitments given to Telecom Corporation of New Zealand Limited by Hutchison Whampoa Limited, the ultimate parent company of Hutchison Communications (Australia) Pty Limited, which were approved by shareholders in August 2001, not as a result of a direct or indirect holding of shares in the Company by Telecom Corporation of New Zealand Limited.

** substantial shareholding arises solely as a result of the relevant interest in shares held by Hutchison Communications (Australia) Pty Limited and certain commitments given to Telstra Corporation Limited by Hutchison Whampoa Limited, the ultimate parent company of Hutchison Communications (Australia) Pty Limited, which were approved by shareholders in October 2004, not as a result of a direct or indirect holding of shares in the Company by Telstra Corporation Limited.

Distribution of equity securities

Range	Ordinary Shares	Convertible Notes	Options
1-1,000	1,766	23	Nil
1,001-5,000	3,915	66	Nil
5,001-10,000	1,371	9	Nil
10,001-100,000	1,813	14	25
100,001-OVER	238	4	38
Total	**9,103**	**116**	**63**

There were 3,387 holders of less than a marketable parcel of ordinary shares.

Twenty largest shareholders

The names of the 20 largest holders of quoted ordinary shares as at 5 March 2007 are as follows:

Shareholder	Shareholding	% Issued Capital	Rank
Hutchison Communications (Australia) Pty Limited	392,353,358	57.82	1
Leanrose Pty Limited	83,958,747	12.37	2
Niako Investments Pty Limited	14,941,000	2.20	3
Citicorp Nominees Pty Limited	14,249,400	2.10	4
J P Morgan Nominees Australia	8,443,430	1.24	5
Westpac Custodian Nominees Limited	5,680,603	.84	6
Warnford Nominees Pty Limited	5,000,000	.74	7
HSBC Custody Nominees (Australia) Limited – GSI ECSA	4,000,000	.59	8
HSBC Custody Nominees (Australia) Limited	2,992,170	.44	9
Arjee Pty Limited	2,077,936	.31	10
Yim Fong Leung	1,640,000	.24	11
Jason Boua Hong Lo	1,400,000	.21	12
Yee Man Tang	1,250,000	.18	13
Frank John Sixt	1,000,000	.15	14
Man Fai Lin	968,888	.14	15
Michael Chi Wai Ho	960,000	.14	16
Dr David Lau	900,000	.13	17
Bell Potter Nominees Limited	874,001	.13	18
SLJM Pty Limited	867,700	.13	19
George Thomson	837,009	.12	20

Twenty largest noteholders

The names of the 20 largest holders of quoted convertible notes as at 5 March 2007 are as follows:

Noteholder	Noteholding	Rank
Hutchison Communications (Australia) Pty Limited	906,206,358	1
HSBC Custody Nominees (Australia) Limited	2,378,287	2
Fok Kin-ning, Canning	134,000	3
J P Morgan Nominees Australia Limited	80,400	4
Sam Chong Yee Hui & Freda Yu Ha Hui	67,000	5
Justin Herbert Gardener & Anne Louise Gardener	57,430	6
Citicorp Nominees Pty Limited	46,900	7
Thneed Pty Limited	21,641	8
Poompong Patpongpaint	20,636	9
Cinny Sau Chun Tang	17,486	10
Star Performer Pty Limited	14,550	11
Yvonne Wai Yee Leung	13,400	12
Mervyn John Phillips	13,400	12
Colin Pollock & Margaret Irene Pollock	13,400	12
Tania Lee Trevethan	13,400	12
Patricia Chen	10,720	13
Stockton Park Investments Pty Limited	10,720	13
Serreddin Samimi	10,000	14
Grant Richard Snowden	8,040	15
Margaret Alison Beischer	7,658	16
Ana Africh	5,935	17
Franco Camatta & Robert Lempens	5,360	18
Peter Michael Emsermann	5,360	18
Man Chung Lo	5,360	18
Xiuling Lu	5,360	18
Sinotrade (Australia) Pty Limited	5,360	18
Saverio Cipri	5,000	19
Norman Youmin Ng	5,000	19
Kenneth Hamilton Tate	5,000	19
Yu Tak Tony Chan	4,690	20

Unquoted equity securities

Options issued under the Executive Option Plan

Number of Options on issue	11,990,000
Number of holders	63

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

(c) Convertible notes

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

Company Secretaries

Edith Shih
Louise Sexton

Investor Relations

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

Registered Office

Building A, 207 Pacific Highway
St Leonards NSW 2065
Tel: (02) 9964 4646
Fax: (02) 9964 4668

Share Registry

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

Auditor

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Stock Exchange Listing

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

Notice of Annual General Meeting

The Annual General Meeting of Hutchison will be held at:
The Conference Centre
Building A, 207 Pacific Highway
St Leonards NSW 2065

Date: Friday 4 May 2007
Time: 10.00am

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It's good to be 3

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED

Annual Report 2006