

## Appendix 4 E

### Final Report

#### TPC CONSOLIDATED LIMITED

ABN 99 073 079 268

Current Reporting Period: Year Ended 30 June 2017  
Previous Corresponding Period: Year Ended 30 June 2016

#### Results for Announcement to the Market

|                                                                                                                           |    | Change |    | Amount       |
|---------------------------------------------------------------------------------------------------------------------------|----|--------|----|--------------|
| Revenue from ordinary activities                                                                                          | Up | 44.6%  | To | \$68,885,869 |
| Earnings from continuing operations before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) | Up | 134.7% | To | \$1,062,813  |
| Profit from continuing operations after tax                                                                               | Up | 131.9% | To | \$810,165    |
| Net profit for the period attributable to members                                                                         | Up | 131.9% | To | \$810,165    |

#### Dividends

A fully franked interim dividend \$337,068 equivalent to 3 cents per share (11,235,613 shares) was declared on 24 February 2017 with a record date of 8 March 2017 and was paid on 23 March 2017.

#### Review of Operations

| \$000's               | Year ended<br>30 June 2016 | Year ended<br>30 June 2017 | % Change of<br>Underlying Result on<br>PCP |
|-----------------------|----------------------------|----------------------------|--------------------------------------------|
| Revenue               | 47,643                     | 68,886                     | 44.6%                                      |
| EBITDA <sup>(1)</sup> | (3,067)                    | 1,063                      | 134.7%                                     |
| NPAT                  | (2,540)                    | 810                        | 131.9%                                     |

<sup>(1)</sup> EBITDA is a non-IFRS measure and is used internally by management to assess the performance of the business. EBITDA has been extracted from the full financial report.

Revenue of the consolidated entity for the year increased by \$21.2 million from \$47.6 million to \$68.9 million, up by 44.6% compared to the previous corresponding period (PCP), which was attributable to the increase in energy revenue. The energy revenue increased by \$22.8 million to \$64.5 million, representing an increase of \$13.3 million (up 39.0%) in electricity service and of \$9.5 million (up 124.8%) in gas service. The telecommunication revenue however decreased by \$1.5 million (down 25.7%) from \$5.9 million to \$4.4 million during the same period due to the further decline in mobile revenue as a result of continuing fierce competition in the prepaid mobile market.

Gross profit of the consolidated entity increased by \$4.8 million from \$7.7 million to \$12.5 million, up by 62.7% over the PCP, while the gross margin increased from 16.1% to 18.1%. The 2.0% increase in gross margin was attributable to the overall improvement in energy gross margins in the first half of the financial year, despite the adverse increase of energy costs in the second half, borne from the industry volatility caused by wholesale energy market events.

Total operating expenses and employee benefit expense of the consolidated entity increased to \$11.8 million, up 8.7% over the PCP of \$10.8 million. The efficiency ratio of expenses over revenue improved by 5.6%, reducing from 22.7% to 17.1% due to the economic of scale and tight control of expenses in the year.

Earnings before interest expense, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the year ended 30 June 2017 was \$1.1 million, up by 134.7%, representing a turn-around of \$4.2 million from the last year loss of (\$3.1 million).

Net profit after tax (NPAT) of the consolidated entity for the year was \$0.8 million, improved by 131.9% compared with the year loss of (\$2.5 million).

Over the year, net assets decreased by \$2.0 million, down 88.5%, to \$0.3 million, which was mainly due to the current years profit after tax \$0.8 million, increase in share capital \$1.1 million and decreased in fair value of derivatives held at year end of (\$3.5 million).

Current assets decreased by \$1.0 million, down 6.7%, to \$14.4 million, which was mainly attributable to the derivatives held at fair value decreased by \$2.5 million and the trade receivables increased by \$1.5 million. Non-current assets increased by \$0.1 million, up 24.8%, to \$0.5 million, in the current period.

Current liabilities increased by \$1.1 million, up 7.9%, to \$14.6 million largely due to the trade payables increased by \$1.5 million, the borrowing decreased by \$1.2 million and the derivatives held at fair value increased by \$1.0 million. Non-current liabilities remained relatively the same as last period.

As at 30 June 2017, cash and bank deposits stood at \$3.6 million (including \$3.0 million held as security for bank facilities), representing a decrease of \$0.1 million (down 3.6%) during the year.

#### Net Tangible Asset Backing

|                                  | 30 June 2017<br>Cents | 30 June 2016<br>Cents |
|----------------------------------|-----------------------|-----------------------|
| Net tangible assets per security | 2.3                   | 21.0                  |

#### Control gained/lost over entities

Name of entities and the date control was loss as below:

Global Card Services Pty Limited - 17 July 2016

Realtime Mobile Pty Limited - 18 August 2016

Green Communications Australia Pty Ltd - 29 September 2016

Tel.Pacific New Zealand Limited - 12 October 2016

Gotalk Communications Pty Limited - 19 October 2016

ACN 074 079 897 Pty Ltd - 26 October 2016

Gotalk Pty Limited - 9 November 2016

#### Details of Associated Entities

| Name of associate          | Reporting entity's percentage holding |              |
|----------------------------|---------------------------------------|--------------|
|                            | 30 June 2017                          | 30 June 2016 |
| Long Tail Property Pty Ltd | 33.3%                                 | 9.6%         |

  

| Group's share of associates' Loss | 2017<br>\$ | 2016<br>\$ |
|-----------------------------------|------------|------------|
| Share of net loss of associates   | (39,423)   | -          |

Other than the above, the Group does not have any interests in associates or joint ventures outside the group.

#### Audit Report

The financial report is based on consolidated financial statements which have been audited.

# **TPC CONSOLIDATED LIMITED**

A.B.N. 99 073 079 268

## **Annual Report**

**For the year ended 30 June 2017**

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Dear Shareholder,

On behalf of the Board of TPC Consolidated Limited, I am pleased to present the Annual Report for the financial year ending 30 June 2017.

Our industry is undergoing unprecedented change. This brings with it new challenges as well as opportunities. Every aspect of our industry is faced with the move to becoming more environmentally responsible. This has produced volatility in the short term for example in the wholesale prices of both electricity and gas. As a retailer we have spent much of our effort in managing this in the best possible way and managing our customers experience with these changes. Within this context CovaU continues to grow with key financial metrics trending in the right direction. We continue our management approach of profitable growth with both organic and acquisition scenarios.

Revenue of the consolidated entity for the year increased to \$68.9 million, up by 44.6% from the previous year. Gross profit increased to \$12.5 million, up by 62.7%. EBITDA was \$1.1 million up by 134.7%, representing a turn-around of \$4.2 million from the last year loss of (\$3.1 million). NPAT was \$0.8 million, improved by 131.9% compared with last year loss of (\$2.5 million). The results were attributable to the growth of the energy business and efficiency achieved.

The Company expects to maintain its profitability and cash flow in the next financial year as the energy business contribution gains momentum. This will be achieved by diligent management and stringent cost control alongside growth of the energy business.

On behalf of the Board, I would like to thank Management for their hard work and also shareholders for their patience and continued support. I believe that we will be able to report better financial results for the Company in the coming years to reward that continuing support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Greg McCann', with a stylized flourish at the end.

Greg McCann  
Chairman

I believe we have just completed a defining year, with CovaU now better positioned and focused to serve its customers. I would like to thank everyone at CovaU for their contribution. While I am proud of our achievements it has not been without its challenges.

Our industry is experiencing change unlike any in its long history. This year, in particular, we have experienced major events which have resulted in severe market disruptions. Events such as the state wide blackout in South Australia, major generator closure and lack of gas for domestic consumption have driven electricity and gas prices to historically high wholesale cost, which ultimately gets translated to higher energy bills for both residential and business customers alike.

These events in both electricity and gas have been a challenging area for Management. Average energy prices rose and stayed at significantly high levels for the whole second half of the financial year. Normally we will absorb any short term prices increases, however due to both the level of the price increase and the duration, we as with most other retailers, have reluctantly had to respond with price increases.

Every participant in our industry as well as Federal and State governments are looking at options to better serve our community and businesses in this new era. As we navigate forward we ensure CovaU is well positioned to take advantage of this new operating environment.

We are constantly exploring opportunities to further improve operational efficiencies in our business and we expect to see the fruits of our efforts in the next financial year where we expect it will help to further improve our cash flow and profitability.

In the immediate term we continue to manage our business profitability and prudently. Customer acquisition has been mainly organic and driven by our direct sale teams this year. We are confident that this is the right approach to continue to grow our revenues.

Longer term we have invested in iGENO Pty Limited, a subsidiary of TPC Consolidated Limited, providing facility based electricity and gas services (embedded network operator) as well as renewable solutions into residential strata developments. iGENO will operate in New South Wales and Victoria, partnering with property developers, strata bodies and architects. Our Chief Strategy Officer will lead this business.

Our business is subject to risks that may impact on our strategy even after careful planning and management. Such risks include:

- sales competition with no regard to commercial viability; and
- unpredictable weather conditions or industry uncertainty which may result in extreme or prolonged high wholesale energy prices.

In summary we will to continue to manage our business well and position ourselves for profitable growth whilst continuing to provide competitive energy services to our customers.

A handwritten signature in black ink, appearing to read 'Chiao-Heng', enclosed within a simple, hand-drawn rectangular border.

Chiao-Heng (Charles) Huang  
CEO and Managing Director

**Greg McCann** B Bus, FCA, FAICD

Non-Executive Chairman

Appointed 2 April 2007

Greg holds a Bachelor of Business (Accounting) degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

He has had 24 years of financial consulting experience with Deloitte Touche Tohmatsu. During this time he held a variety of senior leadership positions including the roles of Managing Partner for Papua New Guinea (1987 to 1990), Managing Partner for Queensland (1990 to 1995), Managing Partner for New South Wales (1995 to 1997), Managing Director of Deloitte Consulting / ICS Australia (1979 to 2001) and most recently Associate Managing Director of Deloitte Consulting for Australia and New Zealand (1999 to 2004).

Greg has extensive experience with boards and senior executives at CEO level. He is currently the Executive Chairman of the Executor Group of Companies, an independent software and consulting services supplier to the Asia Pacific region, employing over 1200 professionals. Greg has also chaired other ASX and NASDAQ listed companies and was on the board of the law firm, Lander & Rogers for ten years. He was also Chairman of NBN Tasmania. Greg is also Chairman of Long Tail Properties Pty Ltd, a utilities and apartment concierge company.

He has not held any other directorships in the last 3 year.

**Chiao-Heng (Charles) Huang** B Eng

Managing Director and Chief Executive Officer

Appointed 28 February 1996

Charles founded the Company in 1996 as an ISP whilst in his third year of studying towards a Bachelor of Mechanical Engineering degree at Sydney University. Following the deregulation of the telecommunications industry, Charles sought the opportunity to resell voice products in Australia and in 1999 he decided to transform the Company from a technology oriented ISP to a marketing and innovation-oriented player in the prepaid calling card sector.

He has successfully steered Tel.Pacific (now TPC Consolidated Ltd) from a start-up company to a public company which was listed on the Australian Securities Exchange in 2007.

He has not held any other directorships in the last 3 year.

**Jeffrey Ma** B A, FCA, F Fin

Executive Director, Chief Financial Officer and Company Secretary

Appointed 22 November 2004

Jeffrey joined the Company in 2000 with more than 15 years financial services experience. He holds a Bachelor of Arts (Accounting and Financial Management) degree from the University of Sheffield, England and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia.

He has over 11 years of financial services experience gained with Credit Lyonnais Australia Limited, a merchant bank, where he held the position of Company Secretary and Head of Finance and Administration in his last five years and was a Member of the Management Committee. Jeffrey also worked for two years in Westfield Holdings Limited; a listed property management and development company. He has an extensive professional background, having also worked for Coopers and Lybrand (now PricewaterhouseCoopers) in Hong Kong and with a chartered accounting firm in London.

He has not held any other directorships in the last 3 year.

**Steven Goodarzi** B A  
Executive Director and Chief Strategy Officer  
Appointed 30 November 2015

Steven joined the Company as Chief Strategy Officer in 2013.

Steven has extensive management and operational experience internationally in strategy, business development, sales and marketing across the telecommunications and IT industries. He has been involved in leading the development of strategy of the financial markets across the major financial centres of Asia, North America and Europe. Most recently, Steven was based in Tokyo with KVVH, a Fidelity Investment company, as Director of Strategy and Business Development. Steven is also a board member of Long Tail Properties Pty Ltd, a utilities and apartment concierge company.

Steven's vision and leadership is the driver behind the establishment of the energy business.

He has not held any other directorships in the last 3 year.



Your directors present their report on the consolidated entity consisting of TPC Consolidated Limited (the Company) and the entities it controlled during the year ended 30 June 2017.

## Directors

The names of the directors in office during the year and until the date of this report are as below. Other than as noted, directors were in office for this entire period.

|                            |                                                      |
|----------------------------|------------------------------------------------------|
| Greg McCann                | Chairman (Non-executive)                             |
| Chiao-Heng (Charles) Huang | Managing Director, Chief Executive Officer           |
| Jeffrey Ma                 | Director, Chief Financial Officer, Company Secretary |
| Steven Goodarzi            | Director, Chief Strategy Officer                     |

## Principal Activities

The principal activities of the consolidated entity during the year were the provision of retail electricity and gas services to residential and business customers and of the provision of pre-paid mobile and related services in Australia. These activities have not changed during the period.

## Operating Result for the Financial Year

Operating revenue from operations was \$68,885,869, up by 44.6% from the previous year of \$47,642,543.

Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) from operations was \$1,062,813, up by 134.7% from the previous year loss of (\$3,066,582). Net profit from operations after tax was \$810,165, up by 131.9% compared to the loss in previous year of (\$2,540,217).

## Review of Operations

| \$000's               | Year ended<br>30 June 2016 | Year ended<br>30 June 2017 | % Change on<br>PCP |
|-----------------------|----------------------------|----------------------------|--------------------|
| Revenue               | 47,643                     | 68,886                     | 44.6%              |
| EBITDA <sup>(1)</sup> | (3,067)                    | 1,063                      | 134.7%             |
| NPAT                  | (2,540)                    | 810                        | 131.9%             |

<sup>(1)</sup> EBITDA is a non-IFRS measure and is used internally by management to assess the performance of the business. EBITDA has been extracted from the full financial report.

Revenue of the consolidated entity for the year increased by \$21.2 million from \$47.6 million to \$68.9 million, up by 44.6% compared to the previous corresponding period (PCP), which was attributable to the increase in energy revenue. The energy revenue increased by \$22.8 million to \$64.5 million, representing an increase of \$13.3 million (up 39.0%) in electricity service and of \$9.5 million (up 124.8%) in gas service. The telecommunication revenue however decreased by \$1.5 million (down 25.7%) from \$5.9 million to \$4.4 million during the same period due to the further decline in mobile revenue as a result of continuing fierce competition in the prepaid mobile market.

Gross profit of the consolidated entity increased by \$4.8 million from \$7.7 million to \$12.5 million, up by 62.7% over the PCP, while the gross margin increased from 16.1% to 18.1%. The 2.0% increase in gross margin was attributable to the overall improvement in energy gross margins in the first half of the financial year, despite the adverse increase of energy costs in the second half, borne from the industry volatility caused by wholesale energy market events.

Total operating expenses and employee benefit expense of the consolidated entity increased to \$11.8 million, up 8.7% over the PCP of \$10.8 million. The efficiency ratio of expenses over revenue improved by 5.6%, reducing from 22.7% to 17.1% due to the economic of scale and tight control of expenses in the year.

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Net profit after tax (NPAT) of the consolidated entity for the year was \$0.8 million, improved by 131.9% compared with the year loss of (\$2.5 million).

Over the year, net assets decreased by \$2.0 million, down 88.5%, to \$0.3 million, which was mainly due to the current years profit after tax \$0.8 million, increase in share capital \$1.1 million and decreased in fair value of derivatives held at year end of (\$3.5 million).

Current assets decreased by \$1.0 million, down 6.7%, to \$14.4 million, which was mainly attributable to the derivatives held at fair value decreased by \$2.5 million and the trade receivables increased by \$1.5 million. Non-current assets increased by \$0.1 million, up 24.8%, to \$0.5 million, in the current period.

Current liabilities increased by \$1.1 million, up 7.9%, to \$14.6 million largely due to the trade payables increased by \$1.5 million, the borrowing decreased by \$1.2 million and the derivatives held at fair value increased by \$1.0 million. Non-current liabilities remained relatively the same as last period.

As at 30 June 2017, cash and bank deposits stood at \$3.6 million (including \$3.0 million held as security for bank facilities), representing a decrease of \$0.1 million (down 3.6%) during the year.

## Dividends

A fully franked interim dividend \$337,068 equivalent to 3 cents per share (11,235,613 shares) was declared on 24 February 2017 with a record date of 8 March 2017 and was paid on 23 March 2017.

## Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2017.

## Events Subsequent to the End of the Financial Year

No matter nor circumstance, other than those referred to in the financial statements or notes thereto, has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of operations or the state of affairs of the consolidated entity in future financial years.

## Likely Developments and Expected Results

The directors expect continued growth in the energy business going forward and that the Company will maintain its profitability and cash flow in the financial year ending 30 June 2018. Management are exploring strategies to grow the energy business through strategic partnerships, acquisitions and organic means.

## Environmental Issues

As a reseller of the electricity and gas services, CovaU Pty Limited is required to purchase renewable energy certificates and surrender to regulation authority. Apart from that, the consolidated entity's operations are not subject to any significant environmental regulation under any law of the Commonwealth or a State or Territory.

## Directors' Securities Holdings

As at the date of this report, the interests of the directors in the shares of the Company were:

| Director                   | Number of Ordinary Shares |
|----------------------------|---------------------------|
| Greg McCann                | 85,000                    |
| Chiao-Heng (Charles) Huang | 4,463,393                 |
| Jeffrey Ma                 | 423,003                   |
| Steven Goodarzi            | 210,335                   |

See the Remuneration Report for further details.

## Directors' Meetings

The number of directors' meetings (including meeting of committees of directors) held during the year and the number of meetings attended by each director were as follows:

|                            | <b>Board<br/>Meetings</b>               | <b>Audit and Risk<br/>Committee</b>     |
|----------------------------|-----------------------------------------|-----------------------------------------|
| <b>Number of Meetings</b>  | <b>Attend /<br/>Held <sup>(1)</sup></b> | <b>Attend /<br/>Held <sup>(1)</sup></b> |
| Greg McCann                | 6/6                                     | 2/2                                     |
| Chiao-Heng (Charles) Huang | 6/6                                     | 2/2                                     |
| Jeffrey Ma                 | 6/6                                     | n/a                                     |
| Steven Goodarzi            | 6/6                                     | n/a                                     |

<sup>(1)</sup> Number of meetings held while a director or a member.

n/a denotes director is not and was not a member of the committee during the year.

Members acting on the committee of the Board were:

### **Audit and Risk Committee**

Greg McCann (Chairman)

Chiao-Heng (Charles) Huang

As at the date of this report the Company had an Audit and Risk Committee and the functions of the previously established Remuneration and Nomination Committee were handled by the full Board.

## Indemnification and Insurance of Directors and Officers and Auditors

The entity has entered into a directors' & officers' insurance contract on 5 January 2017 for the purpose of insuring against any liability that may arise from the directors carrying out their duties and responsibilities in their capacity as officers of the Company. The amount of the premium was \$39,257.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the entity or of any related body corporate against a liability incurred as such an auditor.

## Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

### *Details of Directors and Executives*

The names and positions of each director and executive in the Company who received the highest remuneration and having the greatest authority within the Company, along with the components of their remuneration are provided below.

#### **Directors**

|                            |                                                      |
|----------------------------|------------------------------------------------------|
| Greg McCann                | Chairman (Non-executive)                             |
| Chiao-Heng (Charles) Huang | Managing Director, Chief Executive Officer           |
| Jeffrey Ma                 | Director, Chief Financial Officer, Company Secretary |
| Steven Goodarzi            | Director, Chief Strategy Officer                     |

#### **Executives**

|               |                            |
|---------------|----------------------------|
| Bing Zhou     | Sales Director             |
| Charles Hsieh | Commercial Director        |
| Gang Gu       | Head of Information System |
| Huy Nguyen    | Sales Director             |

### *Remuneration Policy*

The Board of Directors of the Company is responsible for determining remuneration arrangements for the directors, the Managing Director and the senior management team. The Board assesses the appropriateness of the nature and amount of the remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### *Employee Share Ownership Plan*

The 2009 Employee Share Ownership Plan, which was implemented on 30 November 2009, was amended and approved by shareholders at the Annual General Meeting on 30 November 2015 (2009 ESOP). This plan replaced the previously approved Employee Option Plan instituted on 23 May 2007, which the Board believed was no longer as effective following changes to the taxation of options in recipients hands.

The 2009 ESOP aims to motivate, retain and attract quality employees and directors of the Company to create a commonality of purpose between the employees and directors and the Company. The 2009 ESOP is operated by way of the Company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the Company. That loan is secured by the Company taking security over the shares which are subject to a holding lock period of five years, and is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the 2009 ESOP will rank from the date of issue equally with the other shares in the Company then on issue.

### Non-executive Director Remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided among the directors as agreed. The latest determination was at the Annual General Meeting held on 20 April 2007 when shareholders approved an aggregate remuneration of \$350,000 per year payable to non-executive directors for their services as directors, including their services on a committee of directors.

The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Each non-executive director receives a fee for being a director of the Company. An additional fee may also be paid for each Board committee on which a director sits.

Non-executive directors are eligible to be granted shares under the Employee Share Ownership Plan.

### Executive Director and Executives Remuneration

Remuneration granted to the executive directors and other executives has regard to the Company's financial and operational performance.

The Board determines the base salary of the executive directors and will review their remuneration annually against the external market and individual contribution to the Company. Performance pay based on overall corporate performance may be made available to the executive team.

Each executive director and executive receives remuneration commensurate with their position and responsibilities within the Company.

Executive directors and executives are eligible to be granted shares under the Employee Share Ownership Plan.

### Voting and comments made at the Company's 2016 Annual General Meeting ("AGM")

At the 2016 AGM, shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2016.

The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### Remuneration of Directors and Executives

The following tables set out the remuneration received by the directors and executives of the Company during the financial years ended 30 June 2017 and 30 June 2016.

| 2017                       | Short Term Benefits |                              |                   | Post Employment | Long Term Benefits        | Equity Based                        | Total            |
|----------------------------|---------------------|------------------------------|-------------------|-----------------|---------------------------|-------------------------------------|------------------|
|                            | Salary and Fees     | Cash Benefits <sup>(1)</sup> | Non-Cash Benefits | Super-annuation | Accrued Leave Entitlement | Share-based Payments <sup>(2)</sup> |                  |
|                            | \$                  | \$                           | \$                | \$              | \$                        | \$                                  | \$               |
| <b>Directors</b>           |                     |                              |                   |                 |                           |                                     |                  |
| Greg McCann                | 72,765              | -                            | -                 | 6,913           | -                         | -                                   | 79,678           |
| Chiao-Heng (Charles) Huang | 300,000             | -                            | -                 | 30,000          | 7,258                     | -                                   | 337,258          |
| Jeffrey Ma                 | 184,115             | -                            | 1,894             | 35,000          | 4,624                     | -                                   | 225,633          |
| Steven Goodarzi            | 200,692             | -                            | 32,604            | 19,308          | -                         | -                                   | 252,604          |
| <b>Executives</b>          |                     |                              |                   |                 |                           |                                     |                  |
| Bing Zhou                  | 140,640             | -                            | 1,589             | 12,353          | 2,709                     | -                                   | 157,291          |
| Charles Hsieh              | 137,336             | -                            | -                 | 11,796          | (6)                       | -                                   | 149,126          |
| Gang Gu                    | 126,919             | -                            | 4,332             | 12,469          | 7,302                     | -                                   | 151,022          |
| Huy Nguyen                 | 147,320             | -                            | -                 | 12,855          | -                         | -                                   | 160,175          |
|                            | <u>1,309,787</u>    | <u>-</u>                     | <u>40,419</u>     | <u>140,694</u>  | <u>21,887</u>             | <u>-</u>                            | <u>1,512,787</u> |

| 2016                       | Short Term Benefits |                              |                   | Post Employment | Long Term Benefits        | Equity Based                        | Total            |
|----------------------------|---------------------|------------------------------|-------------------|-----------------|---------------------------|-------------------------------------|------------------|
|                            | Salary and Fees     | Cash Benefits <sup>(1)</sup> | Non-Cash Benefits | Super-annuation | Accrued Leave Entitlement | Share-based Payments <sup>(2)</sup> |                  |
|                            | \$                  | \$                           | \$                | \$              | \$                        | \$                                  | \$               |
| <b>Directors</b>           |                     |                              |                   |                 |                           |                                     |                  |
| Greg McCann                | 72,765              | -                            | -                 | 6,913           | -                         | 1,002                               | 80,680           |
| Chiao-Heng (Charles) Huang | 195,547             | 17,686                       | 104,453           | 30,000          | 7,902                     | 6,679                               | 362,267          |
| Jeffrey Ma                 | 186,008             | -                            | -                 | 35,000          | 4,402                     | 5,677                               | 231,088          |
| Steven Goodarzi            | 200,692             | -                            | 13,238            | 19,308          | -                         | 3,339                               | 236,577          |
| <b>Executives</b>          |                     |                              |                   |                 |                           |                                     |                  |
| Barry Chan                 | 25,114              | -                            | -                 | 2,386           | 591                       | 3,339                               | 31,430           |
| Bing Zhou                  | 123,648             | -                            | 2,164             | 10,672          | 8,500                     | 1,002                               | 145,985          |
| Charles Hsieh              | 129,943             | -                            | 1,100             | 11,400          | (285)                     | 501                                 | 142,659          |
| Gang Gu                    | 120,793             | -                            | 4,207             | 11,875          | 1,653                     | 1,002                               | 139,530          |
| Huy Nguyen                 | 142,980             | -                            | -                 | 12,443          | -                         | 334                                 | 155,757          |
|                            | <u>1,197,490</u>    | <u>17,686</u>                | <u>125,162</u>    | <u>139,997</u>  | <u>22,763</u>             | <u>22,875</u>                       | <u>1,525,973</u> |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

|                            | Fixed Remuneration |      | Performance |      |
|----------------------------|--------------------|------|-------------|------|
|                            | 2017               | 2016 | 2017        | 2016 |
| <b>Directors</b>           |                    |      |             |      |
| Greg McCann                | 100%               | 100% | 0%          | 0%   |
| Chiao-Heng (Charles) Huang | 100%               | 100% | 0%          | 0%   |
| Jeffrey Ma                 | 100%               | 100% | 0%          | 0%   |
| Steven Goodarzi            | 100%               | 100% | 0%          | 0%   |
| <b>Executives</b>          |                    |      |             |      |
| Barry Chan                 | n/a                | 100% | 0%          | 0%   |
| Bing Zhou                  | 100%               | 97%  | 0%          | 3%   |
| Charles Hsieh              | 100%               | 100% | 0%          | 0%   |
| Gang Gu                    | 100%               | 100% | 0%          | 0%   |
| Huy Nguyen                 | 78%                | 80%  | 22%         | 20%  |

<sup>(1)</sup> Cash benefits represented the payout of unused annual leave entitlements.

<sup>(2)</sup> This represents the value of shares that have been issued to the named directors and executives under the 2009 Employee Share Ownership Plan (2009 ESOP). The 2009 Employee Share Ownership Plan, which was implemented on 30 November 2009, was amended and approved by shareholders at the Annual General Meeting on 30 November 2015 (2009 ESOP). The 2009 ESOP aims to motivate, retain and attract quality employees and directors of the company to create commonality of purpose between the employees and directors and the company. The share of issue of shares under the 2009 ESOP has been treated as issue of share options and accounted for the Australian Accounting Standards AASB 2 Share-based Payment. On 15 January 2016, a total of 1,600,000 shares were granted to the employees and directors of the company under the 2009 ESOP.

### **Key Terms of Employment Agreements**

Apart from the non-executive directors, all key management personnel are employed under standard company employment agreements. With the exception of the executive directors (where either party may terminate the agreement by giving a three months notice to the other), the notice period of standard company employment agreements is one month.

None of these agreements provide for termination conditions or payments. The Board considers that the significant equity holding of executive directors mitigates any risk of not having formal termination clauses.

Any termination entitlements payable to the key management personnel would be considered in light of the relevant circumstances and would be determined after consideration of entitlements of common law rights.

### **Directors and Executives Share Holdings**

The number of ordinary shares in the Company held directly, indirectly or beneficially during the financial year by key management personnel and their related entities are as follows:

|                            | <b>Total Shares<br/>Held at<br/>Beginning of<br/>Year</b> | <b>Shares<br/>Acquired</b> | <b>Total<br/>Shares Held<br/>at End of<br/>Year</b> |
|----------------------------|-----------------------------------------------------------|----------------------------|-----------------------------------------------------|
| Greg McCann                | 85,000                                                    | -                          | 85,000                                              |
| Chiao-Heng (Charles) Huang | 4,453,958                                                 | 9,435                      | 4,463,393                                           |
| Jeffrey Ma                 | 423,003                                                   | -                          | 423,003                                             |
| Steven Goodarzi            | 210,335                                                   | -                          | 210,335                                             |
| Barry Chan                 | 809,012                                                   | -                          | 809,012                                             |
| Bing Zhou                  | 61,000                                                    | -                          | 61,000                                              |
| Charles Hsieh              | 30,000                                                    | -                          | 30,000                                              |
| Gang Gu                    | 83,826                                                    | -                          | 83,826                                              |
| Huy Nguyen                 | 56,127                                                    | 16,636                     | 72,763                                              |
|                            | <b>6,212,261</b>                                          | <b>26,071</b>              | <b>6,238,332</b>                                    |

Total shareholdings include shares held by key management personnel and their related entities. Unless related to the Employee Share Ownership Plan (2009 ESOP) - see Note 27 (a), shares acquired or disposed during the year were on an arm's length basis at market price.

No director or key management personnel were issued options to acquire shares during the year, held any options at the end of the year or had any options that expired during the year.

### Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of equity to the majority of directors and executives to encourage the alignment of personal and shareholder interests. No bonus have been paid in the current year.

The following table shows gross revenue, profits and dividends over the last five years (including continuing and discontinued operations).

|                                                   | 2017       | 2016       | 2015       | 2014       | 2013       |
|---------------------------------------------------|------------|------------|------------|------------|------------|
| Revenue <sup>(1)</sup>                            | \$68.89 m  | \$47.64 m  | \$24.57 m  | \$53.45 m  | \$81.15 m  |
| Profit/(loss) after tax                           | \$0.81 m   | (\$2.54 m) | (\$4.73 m) | \$5.40 m   | \$3.84 m   |
| Underlying profit/(loss) after tax <sup>(2)</sup> | \$0.81 m   | (\$2.54 m) | (\$4.73 m) | \$1.79 m   | \$2.03 m   |
| Share price at year end <sup>(3)</sup>            | \$0.85     | \$0.55     | \$0.95     | \$0.75     | \$0.06     |
| Interim/Special dividend                          | 3.00 cents | 0.00 cents | 0.00 cents | 3.00 cents | 0.00 cents |
| Final dividend                                    | 0.00 cents | 0.00 cents | 0.00 cents | 0.00 cents | 0.00 cents |

<sup>(1)</sup> Revenue includes discontinued operations of \$Nil for 2015 and \$40.34m for 2014.

<sup>(2)</sup> Underlying profit for 2014 is excluding net of tax, the gain on disposal of calling card business of \$11.5 million, provision for impairment of goodwill of \$6.3 million and the derecognition of in net deferred tax assets of \$1.5 million.

<sup>(3)</sup> The ordinary shares on issue were consolidated on a 1 for 10 basis, pursuant to the special resolution approved at an Extraordinary General Meeting on 28 April 2014.

This concludes the Remuneration Report which has been audited.

### Shares under Options

There were no ordinary shares of the company issued on exercise of options during the year (2016:Nil), nor are there any ordinary shares under option at the end of the financial year and the date of this report.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

### Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been provided to the directors and is set out on page 16, and forms part of this report.

### Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 7 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.



The directors are of the opinion that the services as disclosed in note 7 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that 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 APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Corporate Governance Statement

The directors of the Company support and adhere to the principle of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year to ensure they remained optimal. Please refer to the corporate governance statement in this report.

### Rounding of Amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar. Amounts could have been rounded off to nearest thousand, but management has selected not to do so at this point in time.

This report is made in accordance with a resolution of Directors, pursuant to Section 298 (2) (a) of the Corporation Act 2001.

On behalf of the Directors



Greg McCann  
Chairman



Chiao-Heng (Charles) Huang  
Managing Director

Dated this 29 August 2017

The Company is committed to implementing standards of corporate governance consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Where the Company's corporate governance practices do not correlate with the Recommendations, the Company does not currently regard it appropriate to meet that specific Recommendation, due to the nature and size of the Company's operations. The Board's reasoning for any departure to the Recommendations is explained in the Corporate Governance Statement which is available on the Company website [http://www.tpc.com.au/investor\\_reports.asp](http://www.tpc.com.au/investor_reports.asp).

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## Auditor's Independence Declaration to the Directors of TPC Consolidated Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of TPC Consolidated Limited for the year ended 30 June 2017, 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M R Leivesley  
Partner - Audit & Assurance

Sydney, 29 August 2017

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017



|                                                                                               | Note | 2017<br>\$   | 2016<br>\$   |
|-----------------------------------------------------------------------------------------------|------|--------------|--------------|
| <b>Revenue</b>                                                                                | 2    | 68,885,869   | 47,642,543   |
| Delivery of services                                                                          |      | (56,434,590) | (39,992,147) |
| <b>Gross profit</b>                                                                           |      | 12,451,279   | 7,650,396    |
| Other income                                                                                  | 2    | 396,215      | 121,055      |
| Operating expenses                                                                            | 3    | (6,049,938)  | (5,419,320)  |
| Employee benefits expense                                                                     | 3    | (5,734,743)  | (5,418,713)  |
| <b>Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)</b> |      | 1,062,813    | (3,066,582)  |
| Depreciation and amortisation                                                                 | 3    | (195,739)    | (238,394)    |
| Impairment                                                                                    |      | -            | -            |
| <b>Earnings before interest and taxation (EBIT)</b>                                           |      | 867,074      | (3,304,976)  |
| Finance revenue                                                                               |      | 52,756       | 80,128       |
| Finance costs                                                                                 | 3    | (70,242)     | (47,804)     |
| Share of loss of equity-accounted investees                                                   |      | (39,423)     | -            |
| <b>Profit/(Loss) before income tax</b>                                                        | 3    | 810,165      | (3,272,652)  |
| Income tax benefit                                                                            | 4    | -            | 732,435      |
| <b>Profit/(Loss) for the year</b>                                                             |      | 810,165      | (2,540,217)  |
| <b>Other comprehensive income</b>                                                             |      |              |              |
| <i>Amounts that may subsequently be transferred to profit or loss</i>                         |      |              |              |
| Exchange differences on translating foreign operations                                        |      | -            | 3,600        |
| Fair value movement on derivatives designated for Hedge Accounting                            |      | (3,510,712)  | 2,441,451    |
| Tax relating to gain in fair value of cash flow hedges                                        |      | -            | (732,435)    |
| <b>Other comprehensive income for the period, net of tax</b>                                  |      | (3,510,712)  | 1,712,616    |
| <b>Total comprehensive loss for the year</b>                                                  |      | (2,700,547)  | (827,601)    |
| Profit/(Loss) attributable to Members of TPC Consolidated Limited                             |      | 810,165      | (2,540,217)  |
| Total comprehensive loss attributable to Members of TPC Consolidated Limited                  |      | (2,700,547)  | (827,601)    |
| <b>Earnings per share for the year attributable to the members of TPC Limited</b>             |      | Cents        | Cents        |
| <b>Earnings per share</b>                                                                     |      |              |              |
| - Basic earnings per share                                                                    | 5    | 7.41         | (25.05)      |
| - Diluted earnings per share                                                                  | 5    | 7.41         | (25.05)      |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position**  
As at 30 June 2017



|                                      | Note | 2017<br>\$        | 2016<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 8    | 585,376           | 1,198,069         |
| Trade and other receivables          | 9    | 10,163,714        | 8,660,001         |
| Inventories                          | 10   | 110,103           | 119,425           |
| Derivatives held at fair value       | 25   | -                 | 2,491,126         |
| Bank deposits                        | 11   | 2,996,932         | 2,517,893         |
| Other assets                         | 12   | 513,283           | 417,633           |
| <b>Total Current Assets</b>          |      | <b>14,369,408</b> | <b>15,404,147</b> |
| <b>Non-Current Assets</b>            |      |                   |                   |
| Property, plant and equipment        | 14   | 250,333           | 363,345           |
| Equity-accounted investments         | 15   | 290,577           | 70,000            |
| <b>Total Non-Current Assets</b>      |      | <b>540,910</b>    | <b>433,345</b>    |
| <b>TOTAL ASSETS</b>                  |      | <b>14,910,318</b> | <b>15,837,492</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current Liabilities</b>           |      |                   |                   |
| Trade and other payables             | 16   | 9,887,629         | 8,411,774         |
| Borrowings                           | 17   | 559,494           | 1,747,156         |
| Derivatives held at fair value       | 25   | 1,069,261         | 49,675            |
| Short term provisions                | 18   | 1,063,673         | 852,069           |
| Unearned revenue                     | 19   | 1,977,184         | 2,429,140         |
| <b>Total Current Liabilities</b>     |      | <b>14,557,241</b> | <b>13,489,814</b> |
| <b>Non-Current Liabilities</b>       |      |                   |                   |
| Long term provisions                 | 18   | 96,909            | 121,897           |
| <b>Total Non-Current Liabilities</b> |      | <b>96,909</b>     | <b>121,897</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>14,654,150</b> | <b>13,611,711</b> |
| <b>NET ASSETS</b>                    |      | <b>256,168</b>    | <b>2,225,781</b>  |
| <b>EQUITY</b>                        |      |                   |                   |
| Issued capital                       | 20   | 9,825,028         | 8,757,026         |
| Reserves                             | 21   | (1,774,981)       | 1,735,731         |
| Accumulated Losses                   |      | (7,793,879)       | (8,266,976)       |
| <b>TOTAL EQUITY</b>                  |      | <b>256,168</b>    | <b>2,225,781</b>  |

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

**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2017



|                                         | <b>Note</b> | <b>Issued<br/>Capital</b><br>\$ | <b>Reserves</b><br>\$ | <b>Accumulated<br/>Losses</b><br>\$ | <b>Total</b><br>\$ |
|-----------------------------------------|-------------|---------------------------------|-----------------------|-------------------------------------|--------------------|
| <b>Balance at 1 July 2015</b>           |             | 8,730,026                       | (129,176)             | (5,601,183)                         | 2,999,667          |
| Loss for the year                       |             | -                               | -                     | (2,540,217)                         | (2,540,217)        |
| Other comprehensive income              |             | -                               | 1,712,616             | -                                   | 1,712,616          |
| Total comprehensive income for the year |             | -                               | 1,712,616             | (2,540,217)                         | (827,601)          |
| <i>Transactions with Shareholders</i>   |             |                                 |                       |                                     |                    |
| Payment related to ESOP shares          |             | 27,000                          | -                     | -                                   | 27,000             |
| Transfer relating to Foreign Reserve    |             | -                               | 125,576               | (125,576)                           | -                  |
| Employee equity benefits reserve        |             | -                               | 26,715                | -                                   | 26,715             |
| <b>Balance at 30 June 2016</b>          |             | <u>8,757,026</u>                | <u>1,735,731</u>      | <u>(8,266,976)</u>                  | <u>2,225,781</u>   |
| <b>Balance at 1 July 2016</b>           |             | 8,757,026                       | 1,735,731             | (8,266,976)                         | 2,225,781          |
| Profit for the year                     |             | -                               | -                     | 810,165                             | 810,165            |
| Other comprehensive income              |             | -                               | (3,510,712)           | -                                   | (3,510,712)        |
| Total comprehensive income for the year |             | -                               | (3,510,712)           | 810,165                             | (2,700,547)        |
| <i>Transactions with Shareholders</i>   |             |                                 |                       |                                     |                    |
| Payment related to ESOP shares          | 20          | 36,360                          | -                     | -                                   | 36,360             |
| Payment related to share placement      | 20          | 1,031,642                       | -                     | -                                   | 1,031,642          |
| Dividend paid                           |             | -                               | -                     | (337,068)                           | (337,068)          |
| <b>Balance at 30 June 2017</b>          |             | <u>9,825,028</u>                | <u>(1,774,981)</u>    | <u>(7,793,879)</u>                  | <u>256,168</u>     |

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

**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2017



|                                                        | <b>Note</b> | <b>2017</b><br>\$     | <b>2016</b><br>\$       |
|--------------------------------------------------------|-------------|-----------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |             |                       |                         |
| Receipts from customers (inclusive of GST)             |             | 74,044,685            | 50,251,056              |
| Payments to suppliers and employees (inclusive of GST) |             | (73,425,990)          | (53,536,459)            |
| Interest received                                      |             | 56,512                | 79,618                  |
| Interest and other financial costs paid                |             | (70,242)              | (47,804)                |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES    | 8(b)        | <u>604,965</u>        | <u>(3,253,589)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |             |                       |                         |
| Purchase of property, plant & equipment                |             | (82,727)              | (49,258)                |
| Investment in other entity                             |             | (260,000)             | (70,000)                |
| Repayment from/(loan to) related parties               |             | 60,636                | (60,636)                |
| Net proceeds from disposal of subsidiary               |             | 200                   | -                       |
| (Payment to)/drawdown of bank deposits                 |             | (479,039)             | 165,198                 |
| NET CASH USED IN INVESTING ACTIVITIES                  |             | <u>(760,930)</u>      | <u>(14,696)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |             |                       |                         |
| Proceeds from partially paid share capital             |             | 36,360                | 27,000                  |
| Proceeds from share placement                          |             | 1,031,642             | -                       |
| Proceeds from borrowings                               |             | 43,258,000            | 25,300,000              |
| Repayment of borrowings                                |             | (44,445,662)          | (23,552,844)            |
| Dividends paid                                         |             | (337,068)             | -                       |
| NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES    |             | <u>(456,728)</u>      | <u>1,774,156</u>        |
| Net decrease in cash held                              |             | (612,693)             | (1,494,129)             |
| Cash held at the beginning of the financial year       |             | 1,198,069             | 2,692,198               |
| <b>CASH AT THE END OF FINANCIAL YEAR</b>               | 8(a)        | <u><u>585,376</u></u> | <u><u>1,198,069</u></u> |

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

## **Note 1: Statement of Significant Accounting Policies**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as applicable to for-profit entities.

The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated, with all balances being presented in Australian dollars.

This financial report includes the consolidated financial statements and notes of TPC Consolidated Limited and the controlled entities (consolidated group or group).

TPC Consolidated Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange, under the ticker TPC.

### **Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs except where applicable as modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report of TPC Consolidated Limited and its controlled entities for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 29 August 2017.

### **Going Concern**

The Group has reported a profit for the year of \$0.81 million (2016: loss \$2.54 million) and net current liabilities at 30 June 2017 of \$0.19 million (2016: net current assets \$1.91 million). In preparing the financial report management has adopted the going concern basis of preparation which envisages the realisation of assets and the settlement of liabilities in the ordinary course of business. In reaching their conclusion on the basis of management prepared forecasts covering the next 15 months which demonstrate that TPC Consolidated Limited is expected to be profitable in the financial year end 30 June 2018. The Directors closely monitor cash flows as the Group grows and if revenues do not increase as expected, the directors will look to contain costs. The directors believe that these actions, if required, will be sufficient to ensure that the Company will be able to meet its obligations as they fall due.

The Group has an invoice finance facility agreement with Westpac Banking Corporation. The agreement provides a funding facility for working capital that the Group can borrow against qualifying debtor balances up to \$6 million (2016: \$4 million). The facility is secured over all existing and future assets and undertakings of CovaU Pty Limited, a wholly owned subsidiary of TPC Consolidated Limited. This facility provides the Group with additional liquidity if required. As at the 30 June 2017, the amount drawn down is \$559,494 (2016: \$1,747,156).

### **Parent Entity Information**

In accordance with Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 30.



## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies**

#### **New, Revised or Amended Accounting Standards and Interpretations Adopted**

The Company has applied the required amendments to the Standards that are relevant to its operations and effective for the current reporting period.

The application of the amendments to Standards do not have a material impact on disclosure or amounts recognised in these financial statements.

#### **(a) Principles of Consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

#### **(b) Business Combination**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

Consideration transferred for the acquisition comprises the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the acquirer's share of net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

#### **(c) Investments in Associate**

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. Investments in associates are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(d) Income Tax**

The income tax expense or benefit represents the sum of current tax and deferred tax. Current tax is calculated on accounting profit after adjustment for any non-taxable and non-deductible items. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date.

The current tax and deferred tax is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, except when it relates to items directly charged or credited to equity, in which case the current and deferred tax is also recognised directly in equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable income at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences and for carrying forward of unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carrying forward of unused tax losses and tax credits can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will be occurring in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Effective 1 July 2003, for the purposes of income taxation, TPC Consolidated Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

TPC Consolidated Limited, as the head entity in the tax consolidated group, recognises, in addition to its own, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

#### **(e) Inventories**

Inventories are initially measured and recorded at cost and are valued at the lower of cost and net realisable value.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(f) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any provision for impairment loss.

##### **Plant and Equipment**

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

##### **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

|                             |           |
|-----------------------------|-----------|
| Office Fittings & Furniture | 13%       |
| Office Equipment            | 20% - 33% |
| Network Equipment           | 20% - 33% |

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains or losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### **(g) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(h) Financial Instruments**

##### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### **Loans and Receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market and are stated at amortised cost using the effective interest rate method.

##### **Financial Liabilities**

Non derivative financial liabilities are subsequently measured at amortised cost.

##### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### **Impairment**

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. For the case of available for sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

##### **Derivative Financial Instruments**

The group enters into derivative financial instruments to manage its exposure to electricity price risk. Derivatives are initially recognised at fair value when the entity becomes a party to contractual provisions to the instrument and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedge instrument. The group designates its electricity derivatives as hedges of a risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The group documents at inception of the hedge transactions the relationship between hedging instruments and hedge items and its risk management objective and strategy for undertaking various hedge transactions. The group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used to hedge transactions is highly effective in offsetting changes in the cash flows of the hedge item. The fair value of the hedge derivative is classified as a non-current asset or liability where the remaining maturity of the hedge is more than 12 months. Otherwise it is classified as a current asset or liability.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(h) Financial Instruments (continued)**

##### **Cashflow Hedge**

The group uses forward commodity contracts for its exposure to volatility in commodity prices. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Amounts accumulated in equity are reclassified to profit and loss in the period where the hedge item affects profit and loss. In the case of the group, this is when the forecast purchase of electricity takes place.

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

Electricity hedging contract have been formally designated for Hedge Accounting, and as such movements in their fair value are recorded through Other Comprehensive Income. As the contracts are utilised or lapse, the value is realised through the profit and loss.

#### **(i) Impairment of Assets**

At each reporting date, the group reviews the carrying values of assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is charged to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### **(j) Foreign Currency Transactions and Balances**

##### **Functional and Presentational Currency**

The functional currency of each group entity is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency.

##### **Transactions and Balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of profit or loss and other comprehensive income.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(j) Foreign Currency Transactions and Balances (continued)**

##### **Group Companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentational currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

#### **(k) Employee Benefits**

##### **Annual Leave/Long Service Leave**

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the future cash outflows to be made for those benefits.

##### **Superannuation**

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

##### **Share-based Payments**

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and is recognised as an expense over the vesting period, with a corresponding increase in equity. The fair value of shares is ascertained as the market bid price. The fair value of options (and ESOP awards accounted for as options) is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### **(l) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **(m) Trade Receivables**

Trade and other receivables are stated at amortised cost less any provision for impairment loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Provision for impairment of trade receivables is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivable.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment loss had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### **(n) Trade and Other Payables**

Trade and other payables are stated at amortised cost.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(o) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **(p) Unearned Revenue**

Unearned revenue represents the unused component of prepaid mobile products as at the reporting date and relates to cards that have been activated.

Unearned revenue also represents receipts in advance from customers of the energy business as at the reporting date.

#### **(q) Revenue Recognition**

Revenue from the rendering of a service is recognised upon the delivery of the service to customers. A sales incentive provided to a customer in the form of non-cash consideration, for example bonus time, is considered to be a separate deliverable in a multiple deliverable arrangement. Sales revenue is allocated proportionally to the aggregate of the service paid for and the incentive, and is recognised when the customer utilises the incentive i.e. when TPC provides the service.

Revenue from the sale of goods is recognised upon delivery of the goods sold. If the entity is acting as an agent under a sales arrangement, the revenue will be recorded on a net basis, being the gross amount billed less the amount paid to the supplier.

Revenue from electricity and gas services supplied is recognised once the electricity and/or gas has been delivered to the customer and is measured through a regular review of usage meters. Customers are billed on a periodic and regular basis. At the end of each reporting period, electricity and gas revenue includes an accrual for energy delivered to customers but not yet billed (unbilled revenue).

Interest revenue is recognised using the effective interest method.

#### **(r) Goods and Services Tax**

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST due, but not paid, to the Australian Taxation Office is included under payables.

Cash flows are presented in the cash flow statements on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(s) Commission Costs**

Commission costs are recognised as a cost of sale in the statement of profit or loss and other comprehensive income in proportion to revenue recognised. The effective commission charge recognised is based on an analysis of actual commissions incurred. The key assumption used in the calculation of commission costs is the effective rate which represents the average rate of actual commission paid over a period of time. Starting as of 1 July 2010, the effective rate has changed from the average rate of actual commission paid over a period of three years to the rolling average rate of actual commission paid over a period of three months. In managements view a three month period ensures that the commission cost recognised is an accurate reflection of the costs incurred in relation to revenue recognised. Were this assumption to change the absolute value of commission costs recognised in cost of sales would change.

#### **(t) Earnings per Share**

Basic earnings per share is calculated as net profit or loss attributable to ordinary equity holders of TPC Consolidated Limited divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as adjusted net profit or loss attributable to ordinary equity holders of TPC Consolidated Limited divided by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares during the period.

#### **(u) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

#### **(v) Comparatives**

Where required by accounting standards, comparative figures have been adjusted to conform to changes in the current year.

#### **(w) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and consolidated data, obtained both externally and within the group.

#### **Provision for Impairment of Receivables**

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

#### **Estimation of Commission Costs**

The key assumption used in the calculation of commission costs in cost of sales in the consolidated statement of profit or loss and other comprehensive income is the effective rate which represents the average rate of actual commission paid over a period of time. Starting as of 1 July 2010, the effective rate has changed from the average rate of actual commission paid over a period of three years to the rolling average rate of actual commission paid over a period of three months.



## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(w) Critical Accounting Estimates and Judgments (continued)**

##### **Unbilled Revenue**

The Company recognises revenue from electricity and gas services once the electricity and/or gas has been consumed by the customer. Customers are billed on a periodic and regular basis. Management estimates customer consumption between the last invoice date and the end of the reporting period when determining electricity and gas revenue for the financial period. Various assumptions and financial models are used to determine the estimated unbilled consumption.

##### **Share-based Payment Transactions**

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined internally by management using a Black-Scholes valuation model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

##### **Fair Value of Financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 25 for further discussion.

#### **(x) Recently Issued Accounting Standards to be Applied in Future Reporting Periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

##### ***AASB 9 Financial Instruments and its consequential amendments***

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

## **Note 1: Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(x) Recently Issued Accounting Standards to be Applied in Future Reporting Periods (continued)**

##### *IFRS 15*

##### **AASB 15:**

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
  - establishes a new revenue recognition model
  - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
  - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
  - expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

##### **AASB 16 Leases:**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the 'operating lease' and 'finance lease' classification required by AASB 117 'Leases'. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions related to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how to a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

**Note 2: Revenue**

|                                           | <b>2017</b>       | <b>2016</b>       |
|-------------------------------------------|-------------------|-------------------|
|                                           | \$                | \$                |
| Operating Activities                      |                   |                   |
| - Sales of Energy                         | 64,472,914        | 41,703,540        |
| - Rendering of Telecommunication Services | 4,412,955         | 5,939,003         |
|                                           | <u>68,885,869</u> | <u>47,642,543</u> |
| Other Income                              |                   |                   |
| - Foreign Exchange Gain                   | 13,017            | 8,214             |
| - Sundry Income                           | 383,198           | 112,841           |
|                                           | <u>396,215</u>    | <u>121,055</u>    |

**Note 3: Loss Before Income Tax**

|                                     | <b>2017</b>      | <b>2016</b>      |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| Occupancy Expense                   | 396,576          | 342,574          |
| Advertising and Promotion Expense   | 478,379          | 412,964          |
| Communication Expense               | 73,801           | 38,402           |
| Professional Fees                   | 927,877          | 1,027,871        |
| Bank and Merchant Fees              | 298,059          | 273,822          |
| Travel Expense                      | 285,522          | 216,453          |
| Bad and Doubtful Debts Expense      | 1,591,770        | 1,119,210        |
| Call Centre Expenses                | 1,455,719        | 1,374,852        |
| Other Expenses                      | 542,235          | 613,172          |
|                                     | <u>6,049,938</u> | <u>5,419,320</u> |
| Employee Benefits Expenses          | 5,230,092        | 4,967,418        |
| Superannuation                      | 504,652          | 451,295          |
| Total Employee Benefits Expenses    | <u>5,734,744</u> | <u>5,418,713</u> |
| Depreciation of Non-current Assets  | 195,739          | 238,394          |
| Total Depreciation and Amortisation | <u>195,739</u>   | <u>238,394</u>   |
| Finance Costs                       | <u>70,242</u>    | <u>47,804</u>    |

**Note 4: Income Tax Benefit/(Expense)**

**2017**                      **2016**  
\$                              \$

**(a) Income Tax Expense**

The major components of income tax expense are:

Deferred tax assets brought to account related to in fair value of cash flow hedges

Current tax expense

|   |           |
|---|-----------|
| - | (732,435) |
| - | -         |
| - | (732,435) |

**2017**                      **2016**  
\$                              \$

**(b) The prima facie income tax expense/(benefit) on profit/(loss) from ordinary activities differs from the income tax expense/(benefit) provided in the financial statements and is reconciled as follows:**

|                                                                                     |           |             |
|-------------------------------------------------------------------------------------|-----------|-------------|
| Profit/(Loss profit) before income tax expense                                      | 810,165   | (3,272,652) |
| Prima facie tax expense on profit from ordinary activities at 30% (2016: 30%)       | 243,050   | (981,796)   |
| Non-deductible/(non-assessable) items                                               | 562,449   | (52,438)    |
| Tax losses not previously brought to account                                        | (805,499) | 1,034,234   |
| Deferred tax assets brought to account related to in fair value of cash flow hedges | -         | (732,435)   |
| Income tax benefit attributable to profit from ordinary activities                  | -         | (732,435)   |

<sup>(1)</sup> The consolidated entity has not recognised unused tax losses to the extent that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. The unused tax loss carried forward is \$5,682,840 (2016: \$11,377,143)

**(c) Tax Consolidation**

Effective 1 July 2003, for the purposes of income taxation, TPC Consolidated Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

TPC Consolidated Limited, as the head entity in the tax consolidated group, recognises, in addition to its own transactions, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

## Note 5: Earnings Per Share

|                                                                                                        | 2017<br>Cents               | 2016<br>Cents               |
|--------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Basic earnings per share                                                                               | <u>7.41</u>                 | <u>(25.05)</u>              |
| Diluted earnings per share                                                                             | <u>7.41</u>                 | <u>(25.05)</u>              |
| Net earnings used in the calculation of basic and diluted EPS                                          | 810,165                     | (2,540,217)                 |
| Weighted average number of ordinary shares outstanding during the year in the calculation of basic EPS | <b>Number</b><br>10,940,606 | <b>Number</b><br>10,140,970 |
| in the calculation of diluted EPS                                                                      | 10,940,606                  | 10,140,970                  |

## Note 6: Dividends Paid and Proposed

### (a) Recognised Amounts

|                                              | 2017            |                | 2016            |             |
|----------------------------------------------|-----------------|----------------|-----------------|-------------|
|                                              | Cents per Share | Total<br>\$    | Cents per Share | Total<br>\$ |
| (i) Dividends declared paid during the year: |                 |                |                 |             |
| Interim dividend - fully franked             | <u>3.0</u>      | <u>337,068</u> | <u>-</u>        | <u>-</u>    |
| Total                                        | <u>3.0</u>      | <u>337,068</u> | <u>-</u>        | <u>-</u>    |

A fully franked interim dividend \$337,068 equivalent to 3 cents per share (11,235,613 shares) was declared on 24 February 2017 with a record date of 8 March 2017 and was paid on 23 March 2017.

### Franking Credit Balance

|                                                                                                                                                                                          | 2017<br>\$       | 2016<br>\$       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| The amount of franking credits available for the subsequent financial year                                                                                                               |                  |                  |
| - Franking account balance as at the end of the financial year at 30% (2016: 30%)                                                                                                        | <u>1,500,093</u> | <u>1,644,551</u> |
| The amount of franking credits available for future reporting periods:                                                                                                                   | 1,500,093        | 1,644,551        |
| - Impact on franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during period | <u>-</u>         | <u>-</u>         |
|                                                                                                                                                                                          | <u>1,500,093</u> | <u>1,644,551</u> |

**Note 7: Auditor's Remuneration**

|                                                                                                                                        | <b>2017</b>    | <b>2016</b>   |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
|                                                                                                                                        | \$             | \$            |
| During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company: |                |               |
| Auditors of Parent Entity                                                                                                              |                |               |
| Audit and Review of Financial Reports                                                                                                  | 97,500         | 86,700        |
| Non-assurance Services                                                                                                                 |                |               |
| Taxation Services                                                                                                                      | 12,000         | 11,850        |
| Other Advisory Services                                                                                                                | 64,700         | -             |
| Total Auditors Remuneration                                                                                                            | <u>174,200</u> | <u>98,550</u> |

**Note 8: Cash and Cash Equivalents**

|                          | <b>2017</b>    | <b>2016</b>      |
|--------------------------|----------------|------------------|
|                          | \$             | \$               |
| (a) Cash Balance         |                |                  |
| Cash at bank and in hand | <u>585,376</u> | <u>1,198,069</u> |
|                          | <u>585,376</u> | <u>1,198,069</u> |

**(b) Reconciliation of Net Cash Flow from Operations with Profit after Income Tax**

|                                                 | <b>2017</b>    | <b>2016</b>        |
|-------------------------------------------------|----------------|--------------------|
|                                                 | \$             | \$                 |
| Profit/(Loss) after income tax                  | 810,165        | (2,540,217)        |
| Non-cash flows in profit                        |                |                    |
| Income tax benefit recognised in profit or loss | -              | (732,435)          |
| Depreciation and amortisation                   | 195,739        | 238,394            |
| Share-based payment                             | -              | 26,715             |
| Changes in assets and liabilities               |                |                    |
| Increase in prepayments                         | (268,929)      | (106,580)          |
| Increase in trade & other receivables           | (1,760,611)    | (2,485,163)        |
| Increase in trade & other payables              | 1,441,985      | 2,599,354          |
| Increase/(decrease) in other provisions         | 186,616        | (253,657)          |
|                                                 | <u>604,965</u> | <u>(3,253,589)</u> |

**Note 9: Trade and Other Receivables**

|                                         | 2017<br>\$        | 2016<br>\$       |
|-----------------------------------------|-------------------|------------------|
| <b>Current</b>                          |                   |                  |
| Trade Receivables                       | 8,367,752         | 5,697,735        |
| Provision for Impairment of Receivables | (1,282,121)       | (1,025,223)      |
| Accrued Income (a)                      | 3,066,368         | 3,973,495        |
| Other Receivables                       | 11,715            | 13,994           |
|                                         | <u>10,163,714</u> | <u>8,660,001</u> |
| <br>(a) Accrued income comprises of:    |                   |                  |
| - Unbilled Revenue                      | 3,064,230         | 3,967,602        |
| - Other Accrued Income                  | 2,138             | 5,894            |
|                                         | <u>3,066,368</u>  | <u>3,973,496</u> |

The movement in the provision for impairment in respect of trade receivables and other receivables are detailed below:

|                                                            |                    |                    |
|------------------------------------------------------------|--------------------|--------------------|
| Opening balance                                            | (1,025,223)        | (565,803)          |
| - Provision for impairment recognised during the year      | (1,560,254)        | (1,111,754)        |
| - Provision for impairment reversed during the year        | 45,943             | 12,227             |
| - Receivables written off during the year as uncollectible | 1,257,413          | 640,107            |
| Closing balance                                            | <u>(1,282,121)</u> | <u>(1,025,223)</u> |

**Credit Policy**

The group requires customers to pay in accordance with agreed terms. Trade receivables are non-interest bearing and are generally on 20-90 days terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. All credit and recovery risk associated with trade receivables has been provided for in the consolidated statement of financial position.

**Ageing of trade receivables at the reporting date was:**

|                                                   |                    |                    |
|---------------------------------------------------|--------------------|--------------------|
| Not past due                                      | 4,799,360          | 2,713,121          |
| Past due 0 - 30 days                              | 1,171,379          | 1,157,370          |
| Past due 31 - 60 days                             | 587,549            | 517,244            |
| Past due 61 - 90 days                             | 308,721            | 267,590            |
| Past due 90 days over                             | 1,500,743          | 1,042,410          |
| Total                                             | <u>8,367,752</u>   | <u>5,697,735</u>   |
| <br>Impairment losses                             | <u>(1,282,121)</u> | <u>(1,025,223)</u> |
| Trade receivables net of provision for impairment | <u>7,085,631</u>   | <u>4,672,512</u>   |

**Ageing of trade receivables that are past due but not impaired at the reporting date was:**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Past due 0 - 30 days  | 1,171,379        | 1,154,610        |
| Past due 31 - 60 days | 587,549          | 514,304          |
| Past due 61 - 90 days | 79,156           | 62,184           |
| Past due 90 days over | 448,187          | 228,294          |
|                       | <u>2,286,271</u> | <u>1,959,392</u> |

The consolidated entity did not consider there to be a credit risk on the aggregate balance after reviewing credit terms of customers based on recent collection practices.

**Note 10: Inventories**

|                | 2017<br>\$ | 2016<br>\$ |
|----------------|------------|------------|
| <b>Current</b> |            |            |
| Inventories    | 110,103    | 119,425    |

Inventories are held at the lower of cost and net realisable value.

**Note 11: Bank Deposits**

|                | 2017<br>\$ | 2016<br>\$ |
|----------------|------------|------------|
| <b>Current</b> |            |            |
| Bank Deposits  | 2,996,932  | 2,517,893  |

Bank deposits include term deposits which are held as security for bank guarantee amounting to \$2,996,932 (2016: \$2,517,893).

**Note 12: Other Assets**

|                                         | 2017<br>\$ | 2016<br>\$ |
|-----------------------------------------|------------|------------|
| <b>Current</b>                          |            |            |
| Deferred Commission Costs               | 57,813     | 117,521    |
| Prepayments                             | 450,670    | 181,741    |
| Other balances due from related parties | -          | 52,935     |
| Loan to related party                   | -          | 60,636     |
| Security Deposit                        | 4,800      | 4,800      |
|                                         | 513,283    | 417,633    |



**Note 13: Controlled Entities**

|                                                                   | Country<br>of<br>Incorporation | Effective Interest |           | Company's recorded<br>amount of Investment |             |
|-------------------------------------------------------------------|--------------------------------|--------------------|-----------|--------------------------------------------|-------------|
|                                                                   |                                | 2017<br>%          | 2016<br>% | 2017<br>\$                                 | 2016<br>\$  |
| Parent Entity                                                     |                                |                    |           |                                            |             |
| TPC Consolidated Limited                                          | Australia                      |                    |           |                                            |             |
| Controlled Entities Interest at Cost                              |                                |                    |           |                                            |             |
| CovaU Pty Limited                                                 | Australia                      | 100%               | 100%      | 12                                         | 12          |
| iGENO Pty Limited <sup>(1)</sup>                                  | Australia                      | 100%               | 100%      | 100                                        | 100         |
| Realtime Mobile Pty Limited <sup>(2)</sup>                        | Australia                      | 0%                 | 100%      | -                                          | 100         |
| gotalk Pty Limited <sup>(3) (4)</sup>                             | Australia                      | 0%                 | 100%      | -                                          | 9,008,187   |
| ACN 074 079 897 Pty Ltd <sup>(3) (5) (6)</sup>                    | Australia                      | 0%                 | 100%      | -                                          | -           |
| Global Card Services Pty Limited <sup>(3) (5) (7)</sup>           | Australia                      | 0%                 | 100%      | -                                          | -           |
| Gotalk Communications Pty Limited <sup>(3) (5) (8)</sup>          | Australia                      | 0%                 | 100%      | -                                          | -           |
| Green Communications Australia Pty Limited <sup>(3) (5) (9)</sup> | Australia                      | 0%                 | 100%      | -                                          | -           |
| Tel.Pacific ESOP Pty Limited                                      | Australia                      | 100%               | 100%      | 1                                          | 1           |
| Tel.Pacific New Zealand Limited <sup>(10)</sup>                   | New Zealand                    | 0%                 | 100%      | -                                          | 8,546       |
| Investment in controlled entities                                 |                                |                    |           | 113                                        | 9,016,946   |
| Impairment losses                                                 |                                |                    |           | -                                          | (4,771,861) |
| Total investment in controlled entities                           |                                |                    |           | 113                                        | 4,245,085   |

<sup>(1)</sup> Hello Card Pty Limited changed its name to iGENO Pty Limited on 2 March 2017.

<sup>(2)</sup> Realtime Mobile Pty Limited has been dormant since its incorporation and was sold to a related party on 18 August 2016 (see Note 24).

<sup>(3)</sup> These entities had been dormant since all retail business and assets were transferred to TPC Consolidated Limited as part of corporate restructuring to consolidate the group's telephony products and services on 1 April 2013.

<sup>(4)</sup> gotalk Pty was deregistered on 9 November 2016.

<sup>(5)</sup> These entities are held indirectly by TPC Consolidated Limited through their parent entity - gotalk Pty Limited, which was acquired by Tel.Pacific Limited on 23 December 2011.

<sup>(6)</sup> ACN 074 079 897 Pty Ltd was deregistered on 26 October 2016.

<sup>(7)</sup> Global Card Services Pty Limited was deregistered on 17 July 2016.

<sup>(8)</sup> Gotalk Communications Pty Limited was deregistered on 19 October 2016.

<sup>(9)</sup> Green Communications Australia Pty Limited was deregistered on 29 September 2016.

<sup>(10)</sup> Tel.Pacific New Zealand Limited had ceased trading and was wound down after the calling card business was sold to Aggregato Guilliver Pty Limited on 1 April 2014, and was deregistered on 12 October 2016.

**Note 14: Property, Plant and Equipment**

|                                | <b>2017</b>           | <b>2016</b>           |
|--------------------------------|-----------------------|-----------------------|
|                                | <b>\$</b>             | <b>\$</b>             |
| Motor Vehicles                 | 15,364                | 48,388                |
| Less: Accumulated Depreciation | (15,364)              | (48,388)              |
|                                | <u>-</u>              | <u>-</u>              |
| Network Equipment & Software   | 701,939               | 656,124               |
| Less: Accumulated Depreciation | (621,216)             | (578,040)             |
|                                | <u>80,723</u>         | <u>78,084</u>         |
| Office Equipment & Software    | 1,094,885             | 1,063,025             |
| Less: Accumulated Depreciation | (1,032,875)           | (1,002,061)           |
|                                | <u>62,010</u>         | <u>60,964</u>         |
| Office Fittings & Furniture    | 918,413               | 913,361               |
| Less: Accumulated Depreciation | (810,814)             | (689,064)             |
|                                | <u>107,599</u>        | <u>224,297</u>        |
|                                | <u><u>250,332</u></u> | <u><u>363,345</u></u> |

**Movement in Carrying Amount**

|                                      | <b>Motor Vehicles</b> | <b>Network Equipment &amp; Software</b> | <b>Office Equipment &amp; Software</b> | <b>Office Fittings &amp; Furniture</b> | <b>Total</b>   |
|--------------------------------------|-----------------------|-----------------------------------------|----------------------------------------|----------------------------------------|----------------|
|                                      | <b>\$</b>             | <b>\$</b>                               | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>      |
| <b>2017</b>                          |                       |                                         |                                        |                                        |                |
| Balance at the beginning of the year | -                     | 78,084                                  | 60,963                                 | 224,298                                | 363,345        |
| Additions                            | -                     | 45,815                                  | 31,861                                 | 5,051                                  | 82,727         |
| Disposal                             | -                     | -                                       | -                                      | -                                      | -              |
| Depreciation expense                 | -                     | (43,176)                                | (30,814)                               | (121,749)                              | (195,739)      |
|                                      | <u>-</u>              | <u>80,723</u>                           | <u>62,010</u>                          | <u>107,600</u>                         | <u>250,333</u> |

|                                      | <b>Motor Vehicles</b> | <b>Network Equipment &amp; Software</b> | <b>Office Equipment &amp; Software</b> | <b>Office Fittings &amp; Furniture</b> | <b>Total</b>   |
|--------------------------------------|-----------------------|-----------------------------------------|----------------------------------------|----------------------------------------|----------------|
|                                      | <b>\$</b>             | <b>\$</b>                               | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>      |
| <b>2016</b>                          |                       |                                         |                                        |                                        |                |
| Balance at the beginning of the year | 2,064                 | 118,749                                 | 78,476                                 | 353,192                                | 552,481        |
| Additions                            | -                     | 11,450                                  | 16,253                                 | 21,555                                 | 49,258         |
| Disposal                             | -                     | -                                       | -                                      | -                                      | -              |
| Depreciation expense                 | (2,064)               | (52,115)                                | (33,766)                               | (150,449)                              | (238,394)      |
|                                      | <u>-</u>              | <u>78,084</u>                           | <u>60,963</u>                          | <u>224,298</u>                         | <u>363,345</u> |

## Note 15: Equity-accounted Investments

The Group has a 33% equity interest in Long Tail Property Ltd. The associate is not material to the Group.

Summarised aggregated financial information of the Group's share in the associate:

|                                                                  | 2017<br>\$ | 2016<br>\$ |
|------------------------------------------------------------------|------------|------------|
| Loss from continuing operations                                  | (39,423)   | -          |
| Total comprehensive loss                                         | (39,423)   | -          |
|                                                                  | 2017<br>\$ | 2016<br>\$ |
| Aggregate carrying amount of the Group's interests in associates | 290,577    | 70,000     |

The movement for the period in the Group's investments accounted for using the equity method is as follows:

|                                 |           |
|---------------------------------|-----------|
| Balances at 1 July 2016         | \$ 70,000 |
| Additional investments at cost  | 260,000   |
| Share of results for the period | (39,423)  |
| Balances at 30 June 2017        | 290,577   |

## Note 16: Trade and Other Payables

|                                | 2017<br>\$ | 2016<br>\$ |
|--------------------------------|------------|------------|
| <b>Current</b>                 |            |            |
| Trade Payables                 | 939,938    | 1,669,505  |
| Accrued Expenses               | 8,443,527  | 6,406,842  |
| Sundry Payables                | 342,349    | 308,095    |
| Goods and Services Tax Payable | 161,814    | 27,332     |
|                                | 9,887,628  | 8,411,774  |

## Note 17: Borrowings

|                                            | 2017<br>\$ | 2016<br>\$ |
|--------------------------------------------|------------|------------|
| <b>Current</b>                             |            |            |
| Bank borrowings - Invoice finance facility | 559,494    | 1,747,156  |
|                                            | 559,494    | 1,747,156  |

The bank borrowings is classified as a current liability consistent with the current assets classification of the receivable against which it is secured. Facility is \$6m (2016: \$4m) but limited to 70% of energy customer invoices outstanding.

CovaU Pty Limitd, a wholly owned subsidiary of the Company, is in breach of one of its financial covenants (need to maintain capital ratio not less than 30%) with Westpac Banking Corporation and is currently working to resolve this breach.

The carrying value of the facility subject to this breach is the full value of the short term borrowings disclosed in the attached financial statements. Identification of this breach did not result in reclassification of the short term loans, which were already classified as current borrowings under the terms of the facility agreement.

At the date of this report, Westpac has not taken any action with respect to the breach that CovaU has reported to them.

## Note 18 Provisions

|                                  | 2017<br>\$       | 2016<br>\$     |
|----------------------------------|------------------|----------------|
| <b>Short Term Provisions</b>     |                  |                |
| Leave Entitlement <sup>(1)</sup> | 969,620          | 780,229        |
| Future Rent <sup>(2)</sup>       | 20,853           | 44,386         |
| Make Good                        | 73,200           | 27,454         |
|                                  | <u>1,063,673</u> | <u>852,069</u> |
| <b>Long Term Provisions</b>      |                  |                |
| Leave Entitlement <sup>(1)</sup> | 96,909           | 101,044        |
| Future Rent                      | -                | 20,853         |
|                                  | <u>96,909</u>    | <u>121,897</u> |

### Movements in Provisions

Movement of each class of provision (current and non-current), other than employee benefits, are set out below:

|                         | 2017<br>\$    | 2016<br>\$    |
|-------------------------|---------------|---------------|
| (a) Future Rent         |               |               |
| Opening balance         | 65,239        | 102,886       |
| - additional provisions | -             | 1,375         |
| - amount used           | (44,386)      | (39,022)      |
| Closing balance         | <u>20,853</u> | <u>65,239</u> |
| (b) Make Good           |               |               |
| Opening balance         | 27,454        | 27,454        |
| - additional provisions | 45,746        | -             |
| Closing balance         | <u>73,200</u> | <u>27,454</u> |

<sup>(1)</sup> Leave Entitlement Provision represents provision for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

<sup>(2)</sup> Future Rent Provision relates to the difference between the cash payments on the leasehold property and the accounting charge spread over the life of the lease on a straight line basis.

## Note 19: Unearned Revenue

|                                                         | 2017<br>\$       | 2016<br>\$       |
|---------------------------------------------------------|------------------|------------------|
| Unearned revenue relating to telecommunication services | 702,736          | 1,052,919        |
| Unearned revenue relating to energy services            | 1,274,449        | 1,376,221        |
|                                                         | <u>1,977,185</u> | <u>2,429,140</u> |

## Note 20: Issued Capital

|                                                                                               | 2017              |                  | 2016              |                  |
|-----------------------------------------------------------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                                                                               | Number            | \$               | Number            | \$               |
| <b>(a) Ordinary Shares</b>                                                                    |                   |                  |                   |                  |
| Issued and Fully Paid                                                                         | 9,715,613         | 9,797,668        | 9,050,837         | 8,757,026        |
| Issued and Partially Paid <sup>(1)</sup>                                                      | 1,520,000         | 27,360           | 1,540,000         | -                |
|                                                                                               | <u>11,235,613</u> | <u>9,825,028</u> | <u>10,590,837</u> | <u>8,757,026</u> |
| <b>(b) Movements in Ordinary Shares on Issue</b>                                              |                   |                  |                   |                  |
| Balance at the beginning of the year                                                          | 10,590,837        | 8,757,026        | 9,991,815         | 8,730,026        |
| Cancellation of forfeited shares <sup>(2)</sup>                                               | -                 | -                | (1,000,978)       | -                |
| Issue of 1,600,000 ordinary ESOP shares at \$0.45 per share on 15 January 2016 <sup>(3)</sup> | -                 | -                | 1,600,000         | -                |
| Payments related to ESOP shares                                                               | -                 | 36,360           | -                 | 27,000           |
| Issue of 644,776 ordinary shares at \$1.60 on 15 December 2016                                | 644,776           | 1,031,642        | -                 | -                |
| Balance at the end of the year                                                                | <u>11,235,613</u> | <u>9,825,028</u> | <u>10,590,837</u> | <u>8,757,026</u> |

<sup>(1)</sup> The issue of shares under the 2009 Employee Shares Ownership Plan (2009 ESOP) has been treated as issue of share options in accordance with the pronouncement of the International Financial Reporting Interpretations Committee. Where the company funds the acquisition of its own shares via a loan to employees with recourse only to the shares, it is treated as an option grant and accounted for under AASB 2 Share-based Payment. No loan or equity is booked initially. The Company has effectively given the employee an option exercisable sometime in the future to buy a share at a set price. For information relating to shares issued under the 2009 ESOP during the financial year, refer to Note 27(a).

<sup>(2)</sup> Effective 30 November 2015, a total of 1,000,978 forfeited shares in TPC Consolidated Limited were cancelled as approved by the shareholders at the 2015 Annual General Meeting. These forfeited shares were previously issued to the eligible employees and directors of the Company under the 2007 Employee Share Ownership Plan and 2009 Employee Share Ownership Plan.

<sup>(3)</sup> On 15 January 2016, a total of 1,600,000 shares were granted to the employees and directors of the company under the 2009 ESOP.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares carry one vote per share and carry the right to dividends.

## **Note 20: Issued Capital (continued)**

### **(c) Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's capital includes ordinary shares supported by financial assets, and structured debt facilities.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, buy-back shares and share issues.

Apart from the above, there have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

## **Note 21: Reserves**

|                                                                                                                                              | <b>2017</b>        | <b>2016</b>      |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                                                                              | \$                 | \$               |
| <b>Foreign Currency Translation Reserve</b>                                                                                                  |                    |                  |
| The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.                 |                    |                  |
| Balance at the beginning of the year                                                                                                         | -                  | (129,176)        |
| Gain on translation of overseas controlled entities                                                                                          | -                  | 1,712,616        |
| Transferred to retained earnings                                                                                                             | -                  | (1,583,440)      |
| Balance at the end of the year                                                                                                               | <u>-</u>           | <u>-</u>         |
| <b>Employee Equity Benefits Reserve</b>                                                                                                      |                    |                  |
| The employee equity benefits reserve records the value of equity benefits provided to employees and directors as part of their remuneration. |                    |                  |
| Balance at the beginning of the year                                                                                                         | 26,715             | -                |
| Share-based payment                                                                                                                          | -                  | 26,715           |
| Balance at the end of the year                                                                                                               | <u>26,715</u>      | <u>26,715</u>    |
| <b>Cashflow Hedge Reserve</b>                                                                                                                |                    |                  |
| Balance at the beginning of the year                                                                                                         | 1,709,016          | -                |
| Cash flow hedge (loss)/gain recognised in equity (net of tax)                                                                                | (3,510,712)        | 1,709,016        |
| Balance at the end of the year                                                                                                               | <u>(1,801,696)</u> | <u>1,709,016</u> |
| <b>Total Reserves</b>                                                                                                                        | <u>(1,774,981)</u> | <u>1,735,731</u> |

## **Note 22: Capital and Leasing Commitments**

|                                                                                                  | 2017<br>\$     | 2016<br>\$     |
|--------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Operating Lease Commitments</b>                                                               |                |                |
| Non-cancellable operating leases contracted for but not capitalised in the financial statements. |                |                |
| - not later than 1 year                                                                          | 133,004        | 286,354        |
| - later than 1 year but not later than 5 years                                                   | 7,809          | 140,812        |
| Total lease commitments                                                                          | <u>140,813</u> | <u>427,166</u> |

Operating lease for the following types of assets:

1. Property lease with a five or six year term and rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase by between 3 - 4.25% per annum.
2. Rental of office equipment with average lease terms 3 - 5 years

## **Note 23: Contingent Liabilities**

As at 30 June 2017 the consolidated entity has issued bank guarantees totalling \$2,996,932 (2016: \$2,517,893) for which term deposits are held to secure this amount.

Apart from the bank guarantees, there are no contingent liabilities as at the date of signing of this report.

## **Note 24: Related Party Transactions**

Information relating to controlled entities is set out in Note 13. Transactions occurred between certain of these entities during the period, all of which are eliminated from the consolidated accounts.

During the year, CovaU Pty Ltd (CovaU), a wholly owned subsidiary of the Company, has lent totalling \$Nil (2016: \$60,636) to Long Tail Property Pty Ltd (Long Tail). Under the Shareholders Agreement of Long Tail, CovaU which has holding of 33% in Long Tail, provides required funding to Long Tail and the outstanding amount was converted to shares in Long Tail, upon meeting certain milestones. Both Greg McCann and Steven Goodarzi are directors of Long Tail. There is also an investment in the equity of this entity of \$290,577 (see note 15 for details).

During the year, the Company has received commission totalling \$26,239 GST inclusive (2016: \$Nil) on normal commercial terms and conditions no more favourable than those available to other parties, from Nextgen Capital Pty Limited whom Chiao-Heng (Charles) Huang is director.

On 18 August 2016, Realtime Mobile Pty Limited which has been dormant since its incorporation, was sold for a consideration of \$200 on normal commercial terms and conditions no more favourable than those available to other parties, to CTC Capital Pty Ltd, whom Chiao-Heng (Charles) Huang is a sole director.

## Note 25: Fair Value of Financial Instruments

At balance date, the Company has a number of derivative financial instruments which are recorded at fair value in the Statement of Financial Position.

|                                    | Fair Value<br>\$   | Carrying<br>Amount<br>\$ |
|------------------------------------|--------------------|--------------------------|
| <b>Current Assets</b>              |                    |                          |
| Derivative financial instruments   |                    |                          |
| Opening Balance                    |                    |                          |
| - Designated                       | 2,491,126          | 2,491,126                |
| - Non designated                   | -                  | -                        |
|                                    | <u>2,491,126</u>   | <u>2,491,126</u>         |
| Acquired                           | -                  | -                        |
| Recognised in the income statement | <u>(2,491,126)</u> | <u>(2,491,126)</u>       |
| Closing Balance                    |                    |                          |
| - Designated                       | -                  | -                        |
| - Non designated                   | -                  | -                        |
|                                    | <u>-</u>           | <u>-</u>                 |
| <b>Current Liabilities</b>         |                    |                          |
| Derivative financial instruments   |                    |                          |
| Opening Balance                    |                    |                          |
| - Designated                       | 49,675             | 49,675                   |
| - Non designated                   | -                  | -                        |
|                                    | <u>49,675</u>      | <u>49,675</u>            |
| Acquired                           | 1,069,261          | 1,069,261                |
| Recognised in the income statement | <u>(49,675)</u>    | <u>(49,675)</u>          |
| Closing Balance                    |                    |                          |
| - Designated                       | 1,069,261          | 1,069,261                |
| - Non designated                   | -                  | -                        |
|                                    | <u>1,069,261</u>   | <u>1,069,261</u>         |
|                                    | <u>(1,069,261)</u> | <u>(1,069,261)</u>       |

These financial instruments are classified as "Level 2" instruments per the fair value hierarchy in AASB 13. Level 2 refers to instruments where the fair value is determined using inputs other than quoted prices other than those traded on an active market.

|                                         | Carrying<br>Amount<br>\$ | Level 2<br>\$      | Total<br>\$        |
|-----------------------------------------|--------------------------|--------------------|--------------------|
| <b>Financial assets</b>                 |                          |                    |                    |
| Derivative financial instrument         |                          |                    |                    |
| - Energy derivatives - cash flow hedges | -                        | -                  | -                  |
|                                         | <u>-</u>                 | <u>-</u>           | <u>-</u>           |
| <b>Financial liabilities</b>            |                          |                    |                    |
| Derivative financial instrument         |                          |                    |                    |
| - Energy derivatives - cash flow hedges | (1,069,261)              | (1,069,261)        | (1,069,261)        |
|                                         | <u>(1,069,261)</u>       | <u>(1,069,261)</u> | <u>(1,069,261)</u> |

The fair value of the instruments has been determined by reference to comparable similar instrument prices as at the balance sheet date.

The instruments include Cap and Swap agreements mitigating exposure to significant increases in energy prices over the next twelve months.



## **Note 26: Directors and Executives Disclosures**

### **(a) Remuneration of Key Management Personnel**

|                              | <b>2017</b>      | <b>2016</b>      |
|------------------------------|------------------|------------------|
|                              | <b>\$</b>        | <b>\$</b>        |
| Short-term Employee Benefits | 1,350,206        | 1,340,338        |
| Long-term Employee Benefits  | 21,887           | 22,763           |
| Post-employment Benefits     | 140,694          | 139,997          |
| Equity Based Benefits        | -                | 22,875           |
|                              | <u>1,512,787</u> | <u>1,525,973</u> |

The remuneration paid to the key management personnel is detailed in the Directors' Report.

## **Note 27: Employee Benefits**

### **(a) Employee Share Ownership Plan**

The 2009 Employee Share Ownership Plan, which was implemented on 30 November 2009, was amended and approved by shareholders at the Annual General Meeting on 30 November 2015 (2009 ESOP).

The 2009 ESOP aims to motivate, retain and attract quality employees and directors of the company to create commonality of purpose between the employees and directors and the company. The ESOP is operated by way of the company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the company. That loan secured by the company taking security over the shares which are subject to a holding lock period of five years, is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the 2009 ESOP will rank from the date of issue equally with the other shares in the company then on issue.

All shares issued pursuant to the 2009 ESOP are held by a trustee appointed by the company in trust for the participant until such time as the loan is repaid. The loan becomes immediately repayable in the event of dismissal, resignation, death or retirement of the participant. 60% of all dividends and distributions made in respect of the shares must be applied towards repayment of the loan. Voting rights attached to the shares may only be exercised by the trustee holder in the best interest of the participant.

On 15 January 2016, a total of 1,600,000 shares were granted to the employees and directors of the company under the 2009 ESOP.

For accounting purposes, the share issue under the 2009 ESOP has been treated as option grant and the value of the options vested has been accounted for and included in the result of the period. Any repayment of the loan will be treated as partial payment to be applied towards the payment of shares issued under the 2009 ESOP.

The fair value of the option grant relating to the 2009 ESOP is estimated at the date of grant using a Black-Scholes Options Pricing Model applying the following inputs:

|                                 |           |
|---------------------------------|-----------|
| Number of Options on Issue      | 1,600,000 |
| Exercise Price                  | \$0.450   |
| Time to Maturity                | 5 years   |
| Underlying Share Price          | \$0.540   |
| Expected Share Price Volatility | 18.61%    |
| Risk-free Interest Rate         | 2.73%     |
| Dividend Yield                  | 12.96%    |

## **Note 27: Employee Benefits (continued)**

### **(a) Employee Share Ownership Plan (continued)**

|                      | Number of<br>shares | Exercise Price<br>\$ |
|----------------------|---------------------|----------------------|
| ESOP shares in issue |                     |                      |
| - At started of year | 1,540,000           | 0.450                |
| - Exercised          | (20,000)            | 0.450                |
| - At year ended      | <u>1,520,000</u>    | <u>0.450</u>         |

The number of ESOP shares on issue represents the number of shares issued under the 2009 ESOP on 15 January 2016. The expected life of the options is based on historical data, which may not eventuate in the future. The expected share price volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 9-13.

### **(b) Expenses Arising from Share-based Payment Transactions**

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expenses were as follows:

|                                      | <b>2017</b><br>\$ | <b>2016</b><br>\$ |
|--------------------------------------|-------------------|-------------------|
| Payments related to 2009 ESOP Shares | <u>-</u>          | <u>26,715</u>     |

### **(c) Superannuation Plan**

The company contributes to employee superannuation plans in accordance with contractual and statutory requirements.

|                                             | <b>2017</b><br>\$ | <b>2016</b><br>\$ |
|---------------------------------------------|-------------------|-------------------|
| Defined contribution superannuation expense | <u>504,652</u>    | <u>451,295</u>    |

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**

The group undertakes transactions in a range of financial instruments including:

- Cash assets;
- Trade and other receivables;
- Trade and other payables;
- Investments; and
- Derivative financial instruments.

The main risks arising from the group's financial instruments are energy price risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

**(a) Energy Price Risk**

The group is exposed to energy price risk associated with the purchase and/or sale of electricity, gas and environmental products. The group manages energy risk through an established risk management framework consisting of policies to place appropriate risk limits on overall energy market exposures and transaction limits for approved energy commodities, requirements for delegations of authority on trading, regular reporting of exposures and segregation of duties.

It is the group's policy to actively manage the energy price exposure arising from both forecast energy supply and retail customer energy load. The Group's risk management policy for energy price risk is to hedge forecast future positions for up to 12 months into the future.

Exposures to fluctuations in the wholesale market energy prices are managed through the use of various types of hedge contracts including derivative financial instruments, such as energy swaps and caps.

As at 30 June 2017 instruments entered into include 72,408 MWh (2016: 186,657 MWh) swaps and 26,496 MWh (2016: 4,416 MWh) caps to cover an estimate 40% (2016: 76%) forecast yearly electricity demands, and no hedging arrangements are in place with respect to exposure to wholesale gas prices.

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(b) Interest Rate Risk**

The group's exposure to interest rate risk is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on those financial assets is as follows:

|                                            | Note | Total<br>\$       | Average<br>Effective<br>Interest Rate |
|--------------------------------------------|------|-------------------|---------------------------------------|
| <b>2017</b>                                |      |                   |                                       |
| Financial Assets                           |      |                   |                                       |
| Cash                                       | 8    | 585,376           | 0.24%                                 |
| Trade and other receivables <sup>(1)</sup> | 9    | 10,163,714        | 0.00%                                 |
| Bank deposit <sup>(1)</sup>                | 11   | 2,996,932         | 2.36%                                 |
|                                            |      | <u>13,746,022</u> |                                       |
| Financial Liabilities                      |      |                   |                                       |
| Trade and other payables <sup>(2)</sup>    | 16   | 9,725,815         | 0.00%                                 |
| Borrowing <sup>(2)</sup>                   | 17   | 559,494           | 5.23%                                 |
|                                            |      | <u>10,285,309</u> |                                       |
| <b>2016</b>                                |      |                   |                                       |
| Financial Assets                           |      |                   |                                       |
| Cash                                       | 8    | 1,198,069         | 0.26%                                 |
| Trade and other receivables <sup>(1)</sup> | 9    | 8,660,001         | 0.00%                                 |
| Bank deposit <sup>(1)</sup>                | 11   | 2,517,893         | 2.42%                                 |
|                                            |      | <u>12,375,963</u> |                                       |
| Financial Liabilities                      |      |                   |                                       |
| Trade and other payables <sup>(2)</sup>    | 15   | 8,384,442         | 0.00%                                 |
| Borrowing <sup>(2)</sup>                   | 16   | 1,747,156         | 5.49%                                 |
|                                            |      | <u>10,131,598</u> |                                       |

<sup>(1)</sup> Loans and receivables category

<sup>(2)</sup> Financial liabilities at amortised cost category

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(c) Foreign Currency Risk**

The group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar, NZ dollar and UK pound.

Foreign exchange risk arises from future commercial transactions and net investments in foreign operations.

The transactional currency exposure will be minimised by seeking economically favourable local suppliers. When it is required, the group will enter into forward exchange contracts to reduce and minimise its currency exposures.

Foreign currency risk also arises on translation of the net assets of our non Australian controlled entities which have different functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. The group does not seek to hedge this exposure taking consideration of current net investment position.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

|                     | <b>Assets</b>  |                | <b>Liabilities</b> |                |
|---------------------|----------------|----------------|--------------------|----------------|
|                     | <b>2017</b>    | <b>2016</b>    | <b>2017</b>        | <b>2016</b>    |
| <b>Consolidated</b> |                |                |                    |                |
| US dollars          | 108,181        | 102,123        | 211,780            | 113,168        |
| New Zealand dollars | 18,313         | 25,955         | -                  | -              |
| British pounds      | -              | -              | 7,928              | 8,448          |
|                     | <u>126,494</u> | <u>128,078</u> | <u>219,708</u>     | <u>121,616</u> |

**(d) Credit Risk**

The group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the consolidated statement of financial position.

Trade receivables consist of residential and business customers. Prior to contracting, customers must agree to and successfully pass a credit check and all results are individually assessed for approval by our credit team under the credit risk management policy. In the event that a credit check result is declined by our credit team all offers of supply and sale are withdrawn from the customers.

The group does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics. In addition, receivable balances are monitored on an ongoing basis.

There are no significant concentrations of credit risk within the group.

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(e) Liquidity Risk**

The group's objective is to be self-funding by the generation of positive cash flow. The group manages liquidity risk by monitoring cash flow requirements on a continuing basis.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. Both interest and principal cash flows are disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|                                              |       | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$        |
|----------------------------------------------|-------|----------------------|--------------------------------|--------------------------------|--------------------|
| <b>2017</b>                                  |       |                      |                                |                                |                    |
| <b>Non-derivatives financial assets</b>      |       |                      |                                |                                |                    |
| <i>Non-interest bearing</i>                  |       |                      |                                |                                |                    |
| Trade and other receivables                  |       | 10,163,714           | -                              | -                              | 10,163,714         |
| <i>Interest-bearing</i>                      |       |                      |                                |                                |                    |
| Cash and cash equivalents                    |       | 585,376              | -                              | -                              | 585,376            |
| Bank Deposits                                |       | 2,996,932            | -                              | -                              | 2,996,932          |
| <b>Non-derivatives financial liabilities</b> |       |                      |                                |                                |                    |
| <i>Non-interest bearing</i>                  |       |                      |                                |                                |                    |
| Trade and other payables                     |       | (9,887,629)          | -                              | -                              | (9,887,629)        |
| <i>Interest-bearing</i>                      |       |                      |                                |                                |                    |
| Borrowing                                    | 5.23% | (559,494)            | -                              | -                              | (559,494)          |
| Total non-derivatives                        |       | <u>3,298,899</u>     | <u>-</u>                       | <u>-</u>                       | <u>3,298,899</u>   |
| <b>Derivatives financial assets</b>          |       |                      |                                |                                |                    |
| <i>Non-interest bearing</i>                  |       |                      |                                |                                |                    |
| Derivatives held at fair value               |       | -                    | -                              | -                              | -                  |
| <b>Derivatives financial liabilities</b>     |       |                      |                                |                                |                    |
| <i>Non-interest bearing</i>                  |       |                      |                                |                                |                    |
| Derivatives held at fair value               |       | (1,069,261)          | -                              | -                              | (1,069,261)        |
| Total derivatives                            |       | <u>(1,069,261)</u>   | <u>-</u>                       | <u>-</u>                       | <u>(1,069,261)</u> |

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(e) Liquidity Risk (continued)**

|                                              | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$      |
|----------------------------------------------|----------------------|--------------------------------|--------------------------------|------------------|
| <b>2016</b>                                  |                      |                                |                                |                  |
| <b>Non-derivatives financial assets</b>      |                      |                                |                                |                  |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                  |
| Trade and other receivables                  | 8,660,001            | -                              | -                              | 8,660,001        |
| <i>Interest-bearing</i>                      |                      |                                |                                |                  |
| Cash and cash equivalents                    | 1,198,069            | -                              | -                              | 1,198,069        |
| Bank Deposits                                | 2,517,893            | -                              | -                              | 2,517,893        |
| <b>Non-derivatives financial liabilities</b> |                      |                                |                                |                  |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                  |
| Trade and other payables                     | (8,411,774)          | -                              | -                              | (8,411,774)      |
| <i>Interest-bearing</i>                      |                      |                                |                                |                  |
| Borrowing                                    | 5.49% (1,747,156)    | -                              | -                              | (1,747,156)      |
| Total non-derivatives                        | <u>2,217,033</u>     | <u>-</u>                       | <u>-</u>                       | <u>2,217,033</u> |
| <b>Derivatives financial assets</b>          |                      |                                |                                |                  |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                  |
| Derivatives held at fair value               | 2,491,126            | -                              | -                              | 2,491,126        |
| <b>Derivatives financial liabilities</b>     |                      |                                |                                |                  |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                  |
| Derivatives held at fair value               | (49,675)             | -                              | -                              | (49,675)         |
| Total derivatives                            | <u>2,441,451</u>     | <u>-</u>                       | <u>-</u>                       | <u>2,441,451</u> |

As at 30 June 2017, the group maintained a total \$3,582,308 in cash balance and bank deposits.

**Note 28: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(f) Summarised Sensitivity Analysis**

**Energy Price Risk**

The sensitivity analysis is based on energy price risk exposures arising from the electricity and gas prices from 10 per cent movement in the wholesale market with all other variables remaining constant.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of market contract price and the volatility observed both on an historical basis and market expectations for future movements.

|                     | Year Ended 30 June 2017 |                  |                  |                  | Year Ended 30 June 2016 |               |                 |               |
|---------------------|-------------------------|------------------|------------------|------------------|-------------------------|---------------|-----------------|---------------|
|                     | Profit/Loss             |                  | Equity           |                  | Profit/Loss             |               | Equity          |               |
|                     | +10%                    | -10%             | +10%             | -10%             | +10%                    | -10%          | +10%            | -10%          |
|                     | \$                      | \$               | \$               | \$               | \$                      | \$            | \$              | \$            |
| Increase/(decrease) |                         |                  |                  |                  |                         |               |                 |               |
| - Electricity       | (110,678)               | 1,077,119        | (110,678)        | 1,077,119        | 169,382                 | (163,157)     | 169,382         | (163,157)     |
| - Gas               | (628,885)               | 628,885          | (628,885)        | 628,885          | (185,248)               | 185,248       | (185,248)       | 185,248       |
|                     | <u>(739,563)</u>        | <u>1,706,004</u> | <u>(739,563)</u> | <u>1,706,004</u> | <u>(15,866)</u>         | <u>22,091</u> | <u>(15,866)</u> | <u>22,091</u> |

**Interest Rate Risk**

The following sensitivity analysis is based on interest rate exposures arising from the effect on interest income on net average balance of cash and cash equivalents and term deposits from 50 basis point (0.5%) movement in interest rates during the year.

A sensitivity of plus or minus 50 basis point (0.5%) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates.

|                              | Year Ended 30 June 2017 |                |              |                | Year Ended 30 June 2016 |                 |               |                 |
|------------------------------|-------------------------|----------------|--------------|----------------|-------------------------|-----------------|---------------|-----------------|
|                              | Profit/Loss             |                | Equity       |                | Profit/Loss             |                 | Equity        |                 |
|                              | +0.5%                   | -0.5%          | +0.5%        | -0.5%          | +0.5%                   | -0.5%           | +0.5%         | -0.5%           |
|                              | \$                      | \$             | \$           | \$             | \$                      | \$              | \$            | \$              |
| <i>Financial Assets</i>      |                         |                |              |                |                         |                 |               |                 |
| Cash and cash equivalents    | 3,121                   | (3,121)        | 3,121        | (3,121)        | 6,808                   | (6,808)         | 6,808         | (6,808)         |
| Other assets - term deposit  | 9,651                   | (9,651)        | 9,651        | (9,651)        | 9,102                   | (9,102)         | 9,102         | (9,102)         |
| <i>Financial Liabilities</i> |                         |                |              |                |                         |                 |               |                 |
| Borrowings                   | (4,037)                 | 4,037          | (4,037)      | 4,037          | (3,058)                 | 3,058           | (3,058)       | 3,058           |
| Increase/(decrease)          | <u>8,735</u>            | <u>(8,735)</u> | <u>8,735</u> | <u>(8,735)</u> | <u>12,852</u>           | <u>(12,852)</u> | <u>12,852</u> | <u>(12,852)</u> |

**Foreign Exchange Risk**

The sensitivity analysis is based on foreign currency risk exposures on financial instruments and net foreign investment balances as at reporting date. Foreign currency risk arising from financial instruments represents a financial risk.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future movements.

|                     | Year Ended 30 June 2017 |                |              |                | Year Ended 30 June 2016 |            |              |            |
|---------------------|-------------------------|----------------|--------------|----------------|-------------------------|------------|--------------|------------|
|                     | Profit/Loss             |                | Equity       |                | Profit/Loss             |            | Equity       |            |
|                     | +10%                    | -10%           | +10%         | -10%           | +10%                    | -10%       | +10%         | -10%       |
|                     | \$                      | \$             | \$           | \$             | \$                      | \$         | \$           | \$         |
| Increase/(decrease) | 5,932                   | (7,250)        | 5,932        | (7,250)        | (411)                   | 503        | (411)        | 503        |
|                     | <u>5,932</u>            | <u>(7,250)</u> | <u>5,932</u> | <u>(7,250)</u> | <u>(411)</u>            | <u>503</u> | <u>(411)</u> | <u>503</u> |



## Note 29: Segment Reporting

The consolidated entity has identified its operating segments based on the internal reports and that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on revenue stream. Discrete financial information about each of those operating business is reported on a monthly basis.

### (a) Types of Products and Services

The consolidated entity operates in the provision of pre-paid mobile telephony products and services and the associated operations of the Mobile Real Time Monitoring platform, and the provision of retail electricity and gas services to residential and businesses in Australia.

### (b) Accounting Policies and Inter-Segment Transactions

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with the consolidated entity's policies described in Note 1.

### (c) Major Customers

The consolidated entity is not reliant on any single customer and no one customer represents more that 10% of the Group's revenue.

|                                                         | Energy<br>Services<br>\$ | Telecom-<br>munication<br>Services<br>\$ | Total<br>\$       |
|---------------------------------------------------------|--------------------------|------------------------------------------|-------------------|
| <b>2017</b>                                             |                          |                                          |                   |
| <b>Revenue</b>                                          |                          |                                          |                   |
| Revenue from external customers                         | 64,472,914               | 4,412,955                                | 68,885,869        |
| Other income                                            | 254,505                  | 141,710                                  | 396,215           |
| Inter-segment revenue                                   | -                        | -                                        | -                 |
| Total segment revenue                                   | <u>64,727,419</u>        | <u>4,554,665</u>                         | <u>69,282,084</u> |
| <b>Result</b>                                           |                          |                                          |                   |
| Earnings before interest expense and taxation (EBIT)    | 118,104                  | 748,970                                  | 867,074           |
| Finance revenue                                         |                          |                                          | 52,756            |
| Finance costs                                           |                          |                                          | (70,242)          |
| Share of loss of equity-accounted investees, net of tax |                          |                                          | (39,423)          |
| <b>Loss before income tax for the year</b>              |                          |                                          | <u>810,165</u>    |
| <b>Other Segment Information</b>                        |                          |                                          |                   |
| Depreciation                                            | 173,528                  | 22,211                                   | 195,739           |
| Goodwill impairment                                     | -                        | -                                        | -                 |

**Note 29: Segment Reporting (continued)**

|                                                      | <b>Energy<br/>Services</b> | <b>Telecom-<br/>munication<br/>Services</b> | <b>Total</b>       |
|------------------------------------------------------|----------------------------|---------------------------------------------|--------------------|
|                                                      | \$                         | \$                                          | \$                 |
| <b>2016</b>                                          |                            |                                             |                    |
| <b>Revenue</b>                                       |                            |                                             |                    |
| Revenue from external customers                      | 41,703,540                 | 5,939,003                                   | 47,642,543         |
| Other income                                         | 80,949                     | 120,234                                     | 201,183            |
| Inter-segment revenue                                | -                          | -                                           | -                  |
| Total segment revenue                                | <u>41,784,489</u>          | <u>6,059,237</u>                            | <u>47,843,726</u>  |
| <b>Result</b>                                        |                            |                                             |                    |
| Earnings before interest expense and taxation (EBIT) | (3,990,157)                | 685,181                                     | (3,304,976)        |
| Finance revenue                                      |                            |                                             | 80,128             |
| Finance costs                                        |                            |                                             | (47,804)           |
| <b>Loss before income tax for the year</b>           |                            |                                             | <u>(3,272,652)</u> |
| <b>Other Segment Information</b>                     |                            |                                             |                    |
| Depreciation                                         | 200,669                    | 37,725                                      | 238,394            |
| Goodwill impairment                                  | -                          | -                                           | -                  |

No segment assets and liabilities are disclosed because there is no measure of segment liabilities regularly reported to chief operating decision makers.

### Note 30: Parent Entity Disclosures

|                                   | Company            |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | 2017               | 2016               |
|                                   | \$                 | \$                 |
| Current assets                    | 3,036,043          | 4,554,321          |
| <b>Total assets</b>               | <b>3,244,393</b>   | <b>9,212,710</b>   |
| Current liabilities               | 3,261,709          | 8,576,824          |
| <b>Total liabilities</b>          | <b>3,346,182</b>   | <b>8,693,720</b>   |
| Issued capital                    | 9,825,028          | 8,757,026          |
| Employee equity benefits reserve  | 26,715             | 26,715             |
| Retained earnings                 | (9,953,532)        | (8,264,752)        |
| <b>Shareholders' equity</b>       | <b>(101,789)</b>   | <b>518,989</b>     |
| <b>Loss for the year</b>          | <b>(1,351,711)</b> | <b>(2,703,437)</b> |
| <b>Total comprehensive income</b> | <b>(1,351,711)</b> | <b>(2,703,437)</b> |

#### Parent entity contingencies

The details of all contingent liabilities in respect to TPC Consolidated Limited are disclosed in Note 23.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

### Note 31: Events Subsequent to the End of the Financial Year

No matter or circumstance, other than those referred to in the financial statements or notes thereto, has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### Note 32: Company Details

The Company is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is:  
Suite 802, Level 8, 1 York Street, Sydney NSW 2000, Australia

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Greg McCann'.

Greg McCann  
Chairman

A handwritten signature in black ink, appearing to read 'Chiao-Heng (Charles) Huang'.

Chiao-Heng (Charles) Huang  
Managing Director

Sydney, 29 August 2017

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Report to the Members of TPC Consolidated Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of TPC Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Going concern<br/>Note 1</b> <p>The group has net current liabilities of \$187,833 and cash on hand as at 30 June 2017 of \$585,376. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgments. Due to the level of estimation involved in forecasting cash flows, this is a key audit matter.</p>                                                                                                                                                                                                                                                                                                                                                | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining and reviewing management's assessment of going concern;</li> <li>testing mathematical accuracy of the forecasts</li> <li>challenging management's assumptions in the cash flow forecast;</li> <li>reviewing management's ability to accurately forecast by reference to the actual results for the year in comparison to the prior year forecast;</li> <li>assessing the appropriateness of the related disclosures included in the financial statements.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Unbilled revenue<br/>Note 1(q) and Note 9</b> <p>Unbilled revenue of \$3,064,230 represents the value of electricity and gas supplied to customers between the date of the last meter reading and the reporting date where no invoice has been issued by TPC Consolidated Limited's subsidiary CovaU to the customer at the reporting date. Detailed calculations utilising estimates of the electricity and gas consumption of CovaU's customers and applicable pricing plans are used to determine the estimate of unbilled revenue.</p> <p>This area is a key audit matter due to the estimation uncertainty involved in determining the estimated customer consumption between the last invoice date and the end of the reporting period to determine the gas and electricity unbilled revenue at the reporting date and the application of pricing assumptions to the calculation.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the key controls management has in place to determine and review the estimate of unbilled revenue;</li> <li>comparing the Group's previous estimates against subsequent billings to evaluate the historical accuracy of the Group's calculations and estimates;</li> <li>agreeing managements reconciliation of purchase volumes to revenue volumes recognised;</li> <li>challenging management's calculations and assumptions and comparing: <ul style="list-style-type: none"> <li>average pricing rates used in the accrual calculation to historical and current rates;</li> <li>internally generated estimates of physical energy loss levels through the distribution process to industry averages published by the Australian Energy Market Operator ('AEMO'); and</li> </ul> </li> <li>assessing the adequacy of the Group's disclosures in respect of unbilled revenue.</li> </ul>                                                                                         |
| <b>Derivative financial instruments<br/>Note 1(g) and Note 23</b> <p>The Group enters into derivative financial instruments, such as energy price caps and swaps, to hedge its exposure to variability in wholesale energy prices. These financial instruments are classified by the Group as cash-flow hedges.</p> <p>Accounting for derivative financial instruments involves judgement in the application of specific hedge accounting requirements of AASB 139 <i>Financial Instruments: recognition and measurement</i>. There is also a requirement to record the derivative financial instruments at fair value which involves the application of further judgement.</p> <p>This area is a key audit matter due to the complexities associated with the valuation and accounting for these financial instruments.</p>                                                                   | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the internal risk management procedures and systems and controls associated with the origination and maintenance of complete and accurate information relating to derivative contracts;</li> <li>obtaining details of all swap and cap contracts to which the Group is a counterparty at 30 June 2017 and confirming directly with the counterparty the key terms and conditions of the agreement and pricing of an equivalent contract as at 30 June 2017;</li> <li>comparing the year-end pricing provided by the counterparty to the contracted pricing, recalculating the fair value of the financial instrument and comparing the fair values to those recorded by management;</li> <li>obtaining and evaluating management's hedge documentation of significant hedge relationships for compliance with AASB 139 <i>Financial Instruments: recognition and measurement</i>; and</li> <li>assessing the appropriateness of the disclosures in the financial report.</li> </ul> |

### **Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of TPC Consolidated Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M R Leivesley  
Partner - Audit & Assurance

Sydney, 29 August 2017



Shareholder information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

### (a) Shares and Options as at 24 August 2017

| Equity Security | Number     |
|-----------------|------------|
| Shares on issue | 11,235,613 |

### (b) Distribution of Equity Securities as at 31 July 2017

| Range            | Class of Equity Securities |                       |
|------------------|----------------------------|-----------------------|
|                  | Ordinary Shares Holders    | Ordinary Shares Units |
| 1 - 1,000        | 222                        | 205,978               |
| 1,001 - 5,000    | 74                         | 185,005               |
| 5,001 - 10,000   | 24                         | 178,351               |
| 10,001 - 100,000 | 31                         | 848,335               |
| 100,001 and over | 15                         | 9,817,944             |
| Total            | 366                        | 11,235,613            |

There were 15 holders of less than a marketable parcel of 1,946 ordinary shares.

### (c) Substantial Shareholders as at 24 August 2017

| Rank | Shareholder                   | Number of Shares | % of Issued Capital |
|------|-------------------------------|------------------|---------------------|
| 1    | Mr Chiao Heng Huang           | 4,063,393        | 36.17               |
| 2    | Tel.Pacific ESOP Pty Limited  | 1,520,000        | 13.53               |
| 3    | Focus Capital Finance Limited | 544,500          | 4.85                |
| 4    | Megaway Group Limited         | 544,500          | 4.85                |
| 5    | Mr Barry Christopher Chan     | 500,000          | 4.45                |

### (d) Twenty Largest Shareholders as at 24 August 2017

| Rank | Shareholder                                               | Number of<br>Shares | % of Issued<br>Capital |
|------|-----------------------------------------------------------|---------------------|------------------------|
| 1    | Mr Chiao Heng Huang                                       | 4,063,393           | 36.17                  |
| 2    | Tel.Pacific ESOP Pty Limited                              | 1,520,000           | 13.53                  |
| 3    | Focus Capital Finance Limited                             | 544,500             | 4.85                   |
| 4    | Megaway Group Limited                                     | 544,500             | 4.85                   |
| 5    | Mr Barry Christopher Chan                                 | 500,000             | 4.45                   |
| 6    | Fortune Giant International Limited                       | 424,924             | 3.78                   |
| 7    | Ms Wei Chun Wu                                            | 415,000             | 3.69                   |
| 8    | Mr Bob Cheng                                              | 379,488             | 3.38                   |
| 9    | Mr Guonan Guan                                            | 364,048             | 3.24                   |
| 10   | Mrs Maobin Guan                                           | 228,888             | 2.04                   |
| 11   | Mrs Xiaohong Xue                                          | 228,888             | 2.04                   |
| 12   | Walker Group of Companies Retirement Fund                 | 177,500             | 1.58                   |
| 13   | CX & J Pty Ltd (CXJ Superannuation Fund A/C)              | 147,272             | 1.31                   |
| 14   | Mr Trevor Neil Hay                                        | 142,431             | 1.27                   |
| 15   | Global Property Services Pty Limited (Super Account)      | 137,112             | 1.22                   |
| 16   | Mr Jeffrey Wu Kin Ma                                      | 82,003              | 0.73                   |
| 17   | Mr Chiao Ting Huang                                       | 77,476              | 0.69                   |
| 18   | Mr Junwu Lian                                             | 70,000              | 0.62                   |
| 19   | Invia Custodian Pty Limited (Andrew William Blackman A/C) | 53,000              | 0.47                   |
| 20   | Mrs Samantha Vieira                                       | 42,744              | 0.38                   |
|      | Total                                                     | 10,143,167          | 90.29                  |

**Directors**

Greg McCann  
Chiao-Heng (Charles) Huang  
Jeffrey Ma  
Steven Goodarzi

**Company Secretary**

Jeffrey Ma

**Registered Office**

Suite 802, Level 8, 1 York Street  
Sydney NSW 2000  
Australia  
Telephone (02) 8448 0633  
Facsimile 1300 369 222  
Web Site [www.tpc.com.au](http://www.tpc.com.au)

**Share Registry**

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000

**Stock Exchange Listing**

Australian Securities Exchange Limited  
ASX Code: TPC

**Auditor**

Grant Thornton Audit Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

**Solicitor**

Lander & Rogers lawyers  
Level 19, 123 Pitt Street  
Sydney NSW 2000

**Banker**

Westpac Banking Corporation  
425 Victoria Avenue  
Chatswood NSW 2067

Commonwealth Bank  
48 Martin Place  
Sydney NSW 2000