

## Appendix 4D Half-year Report

### TPC CONSOLIDATED LIMITED

ABN 99 073 079 268

<b>Current Reporting Period:</b>	Half-year Ended 31 December 2018
<b>Previous Corresponding Period:</b>	Half-year Ended 31 December 2017

#### Results for Announcement to the Market

		Change		Amount
Revenue from ordinary activities		0%	To	\$39,282,609
Earnings before interest expense, taxation, depreciation and amortisation (EBITDA)	Down	-82%	To	\$192,663
Result from ordinary activities after tax attributable to members	Down	-77%	To	\$186,628
Result for the period attributable to members	Down	-71%	To	\$495,009

#### Earnings Per Share

	31 December 2018 Cents		31 December 2017 Cents
Basic earnings per share	1.66		7.18
Diluted earnings per share	1.66		7.18

#### Net Tangible Asset Backing

	31 December 2018 Cents		31 December 2017 Cents
Net tangible asset per share*	49.89		19.96

\* Net tangible asset is calculated based on net assets less intangible assets

#### Dividend

No interim dividend was declared or payable for the half year ended 31 December 2018.

## Review and Results of Operations

\$000's	Half-year Ended 31 December 2017	Half-year Ended 31 December 2018	% change
Revenue	39,408	39,283	0%
EBITDA <sup>(1)</sup>	1,089	193	-82%
NPAT	807	187	-77%

(1) 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 half year was \$39.3 million, decreased by \$0.1 million compared to the previous comparative period (PCP). The increase of \$0.4 million (up 1% from the PCP) arising from the energy services revenue stream was offset by the decrease of \$0.5 million (down 32% from PCP) from telecommunication services.

Gross profit of the consolidated entity decreased to \$6.9 million, (down 9% from the PCP). The decrease of gross profit of \$0.7 million represented \$0.6 million and \$0.1 million in energy services and telecommunication services respectively. Overall gross margin of 17.6%, for the half year ended 31 December 2018, was lower than the 19.4% in the PCP. The decrease in overall gross margin was due to the decrease in the energy gross margin from 18.5% to 16.7%, which was largely due to the decrease in retail price and the increase in wholesale energy costs over the period.

The total operating expenses and employee benefit expense of the consolidated entity increased by \$0.2 million, from \$6.6 million to \$6.8 million. Efficiency ratio of expenses over revenue increased from 16.9% to 17.4% for the half year ended 31 December 2018.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the half year ended 31 December 2018 was \$0.2 million (down 82% from the PCP). Net profit after tax (NPAT) was \$0.2 million (down 77% from the PCP).

Over the half year, net assets increased by \$0.2 million (up 4% from the PCP) to \$4.8 million, which was attributable to the current half year's profit after tax of \$0.2million.

Current assets increased by \$2.2 million (up 13% from the PCP) to \$19.5 million attributable to the increase in trade receivables of \$0.9 million, derivatives held at fair value of \$0.3 million and other current assets of \$1.0 million. Non-current assets increased by \$0.5 million (up 13% from the PCP) to \$4.4 million, in the current period.

Current liabilities increased by \$2.2 million (up 15% from the PCP) to \$17.6 million due to increase in trade payables of \$1.0 million and in borrowings of \$1.2 million. Non-current liabilities increased by \$0.2 million (up 21% from the PCP) to \$1.4 million, in the current period.

As at 31 December 2018, cash and bank deposits totalled at \$4.4 million, representing a decrease of \$0.1 million (down 2%) during the half year.

### Associated Entities

CovaU Pty Ltd, a wholly owned subsidiary of the Company, holds 41% of interest in Long Tail Property Ltd.

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

### Auditor review

This report is based on the financial statements reviewed by the auditor Grant Thornton Audit Pty Ltd which are not subject to any disputes or qualifications.

# **TPC CONSOLIDATED LIMITED**

A.B.N. 99 073 079 268

**Financial Report  
For The Half-Year Ended  
31 December 2018**

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## **CORPORATE DIRECTORY**

### **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

### **COMPANY SECRETARY**

Jeffrey Ma

### **REGISTERED OFFICE**

Suite 11.03, Level 11, 201 Kent Street, Sydney NSW 2000  
Telephone: (02) 9009 6888  
Facsimile: 1300 369 222

Website: [www.tpc.com.au](http://www.tpc.com.au)

### **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

### **SHARE REGISTRY**

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

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity for the half-year ended 31 December 2018.

### Directors

The names of the directors in office during the half-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 half-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.

### Review and Results of Operations

\$000's	Half-year Ended 31 December 2017	Half-year Ended 31 December 2018	% change
Revenue	39,408	39,283	0%
EBITDA <sup>(1)</sup>	1,089	193	-82%
NPAT	807	187	-77%

<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 half year was \$39.3 million, decreased by \$0.1 million compared to the previous comparative period (PCP). The increase of \$0.4 million (up 1% from the PCP) arising from the energy services revenue stream was offset by the decrease of \$0.5 million (down 32% from PCP) from telecommunication services.

Gross profit of the consolidated entity decreased to \$6.9 million, (down 9% from the PCP). The decrease of gross profit of \$0.7 million represented \$0.6 million and \$0.1 million in energy services and telecommunication services respectively. Overall gross margin of 17.6%, for the half year ended 31 December 2018, was lower than the 19.4% in the PCP. The decrease in overall gross margin was due to the decrease in the energy gross margin from 18.5% to 16.7%, which was largely due to the decrease in retail price and the increase in wholesale energy costs over the period.

The total operating expenses and employee benefit expense of the consolidated entity increased by \$0.2 million, from \$6.6 million to \$6.8 million. Efficiency ratio of expenses over revenue increased from 16.9% to 17.4% for the half year ended 31 December 2018.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the half year ended 31 December 2018 was \$0.2 million (down 82% from the PCP). Net profit after tax (NPAT) was \$0.2 million (down 77% from the PCP).

## DIRECTORS' REPORT (Continued)

### Review and Results of Operations (Continued)

Over the half year, net assets increased by \$0.2 million (up 4% from the PCP) to \$4.8 million, which was attributable to the current half year's profit after tax of \$0.2million.

Current assets increased by \$2.2 million (up 13% from the PCP) to \$19.5 million attributable to the increase in trade receivables of \$0.9 million, derivatives held at fair value of \$0.3 million and other current assets of \$1.0 million. Non-current assets increased by \$0.5 million (up 13% from the PCP) to \$4.4 million, in the current period.

Current liabilities increased by \$2.2 million (up 15% from the PCP) to \$17.6 million due to increase in trade payables of \$1.0 million and in borrowings of \$1.2 million. Non-current liabilities increased by \$0.2 million (up 21% from the PCP) to \$1.4 million, in the current period.

As at 31 December 2018, cash and bank deposits totalled at \$4.4 million, representing a decrease of \$0.1 million (down 2%) during the half year.

### Business Outlook

Structural change continues to influence the conditions in our industry in which we see opportunities for business development. We look forward to capitalise on trends and make marked progress within the renewable energy sector.

Our efforts in this have resulted with direct control of our outsourced overseas operation, which is now beginning to bear tangible results.

Our strategic goals remain the same within the past year. Our consistent emphasis with renewables demonstrates its high priority within the business as we aim to reposition as a renewable energy sources retailer. Furthering that aim, we are currently undertaking steps to implement a power purchase agreement with a renewable energy farm in order to power our CovaU retail business. Whilst this is in progress, the executive team remain vigilant for additional opportunities to develop our capabilities in this space.

Our embedded network business, iGENO, is anticipating a relative downturn in take up rates within the next year due to current market conditions. This is due to the fact that the business is synchronised to the property market, which has cooled in New South Wales and Victoria for the past six months. We have experienced that developers and builders are more conservative and less likely to pursue changes; less decisive to commit or change their site use.

During this period we had been approached and were in discussions with several companies regarding potential growth opportunities. Our requirement for any such opportunity is that they must be able to contribute reliable profit in the medium term. We will continue to be open to opportunities which demonstrate benefit to our shareholders.

Our revenues are on track and we are comfortable that we will be able to meet expectations within the next six to twelve months.

Our business plans are subject to risks that may impact on our future results and strategy, which may include conditions such as:

- Extreme and prolonged market competition with no regard to commercial viability; and
- Extreme and prolonged network events or weather conditions causing extreme wholesale energy prices.

### Dividend

No interim dividend was declared or payable for the half year ended 31 December 2018.

## DIRECTORS' REPORT (Continued)

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half year ended 31 December 2018.

### Auditor's Independence Declaration

The Auditor's independence declaration as required by s307c of the Corporations Act 2001, is set out on page 6 and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.



Greg McCann  
Chairman



Chiao-Heng (Charles) Huang  
Managing Director

Dated 26 February 2019

## 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 review of TPC Consolidated Limited for the half-year ended 31 December 2018. 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M R Leivesley  
Partner – Audit & Assurance

Sydney, 26 February 2019

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
		\$	\$
<b>Revenue</b>		39,282,609	39,408,115
Delivery of services		(32,351,794)	(31,765,692)
<b>Gross profit</b>		6,930,815	7,642,423
Other income		87,772	93,918
		<u>7,018,587</u>	<u>7,736,341</u>
Operating expenses		(3,551,390)	(3,688,928)
Employee benefits expense		(3,274,534)	(2,958,521)
<b>Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)</b>		192,663	1,088,892
Depreciation and amortisation		(145,675)	(89,972)
Impairment		-	(113,098)
		<u>-</u>	<u>(113,098)</u>
<b>Earnings before interest and taxation (EBIT)</b>		46,988	885,822
Finance revenue		48,337	50,678
Finance costs		(71,715)	(65,098)
Share of profit/(loss) of equity-accounted investees, net of tax		2,877	(64,381)
		<u>2,877</u>	<u>(64,381)</u>
<b>Profit before income tax</b>		26,487	807,021
Income tax benefit		160,141	-
<b>Profit for the period</b>		<u>186,628</u>	<u>807,021</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		12,835	446
Fair value movement on derivatives designated for Hedge Accounting		295,546	876,074
<b>Other comprehensive income for the period, net of tax</b>		<u>308,381</u>	<u>876,520</u>
<b>Total comprehensive income for the period</b>		<u>495,009</u>	<u>1,683,541</u>
Profit attributable to Members of TPC Consolidated Limited		<u>186,628</u>	<u>807,021</u>
Total comprehensive income attributable to Members of TPC Consolidated Limited		<u>495,009</u>	<u>1,683,541</u>
		<u>495,009</u>	<u>1,683,541</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for the period attributable to the members of TPC Consolidated Limited</b>			
<b>Earnings per share</b>			
- Basic earnings per share	5	1.66	7.18
- Diluted earnings per share	5	1.66	7.18

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2018

	Note	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,434,545	588,513
Trade and other receivables	6	13,046,341	12,093,472
Inventories		67,272	64,801
Derivatives held at fair value	14	443,513	147,967
Bank deposits	7	2,972,101	3,887,101
Other current assets	8	1,493,718	505,833
<b>Total Current Assets</b>		<u>19,457,490</u>	<u>17,287,687</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		1,024,393	1,055,016
Equity-accounted investments	9	115,625	112,748
Deferred Tax Assets		3,271,243	2,724,707
<b>Total Non-Current Assets</b>		<u>4,411,261</u>	<u>3,892,471</u>
<b>TOTAL ASSETS</b>		<u>23,868,751</u>	<u>21,180,158</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	11,333,311	10,276,062
Borrowings		3,437,158	2,191,885
Short term provisions		1,108,486	1,052,183
Unearned revenue	11	1,726,165	1,849,007
<b>Total Current Liabilities</b>		<u>17,605,120</u>	<u>15,369,137</u>
<b>Non-Current Liabilities</b>			
Long term provisions		260,511	272,419
Deferred tax liabilities		1,155,551	894,222
<b>Total Non-Current Liabilities</b>		<u>1,416,062</u>	<u>1,166,641</u>
<b>TOTAL LIABILITIES</b>		<u>19,021,182</u>	<u>16,535,778</u>
<b>NET ASSETS</b>		<u>4,847,569</u>	<u>4,644,380</u>
<b>EQUITY</b>			
Issued capital	12	9,825,028	9,825,028
Reserves		(246,885)	(555,266)
Accumulated losses		(4,730,574)	(4,625,382)
<b>TOTAL EQUITY</b>		<u>4,847,569</u>	<u>4,644,380</u>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2017</b>	9,825,028	(1,774,981)	(7,793,879)	256,168
Profit for the period	-	-	807,021	807,021
Other comprehensive income	-	876,520	-	876,520
Total comprehensive income for the period	-	876,520	807,021	1,683,541
<b>Balance at 31 December 2017</b>	<u>9,825,028</u>	<u>(898,461)</u>	<u>(6,986,858)</u>	<u>1,939,709</u>
<b>Balance at 1 July 2018 (Reported)</b>	9,825,028	(555,266)	(4,625,382)	4,644,380
Adjustment from adoption of AASB 9	-	-	(291,820)	(291,820)
<b>Balance at 1 July 2018</b>	9,825,028	(555,266)	(4,917,202)	4,352,560
Profit for the period	-	-	186,628	186,628
Other comprehensive income	-	308,381	-	308,381
Total comprehensive income for the period	-	308,381	186,628	495,009
<b>Balance at 31 December 2018</b>	<u>9,825,028</u>	<u>(246,885)</u>	<u>(4,730,574)</u>	<u>4,847,569</u>

The accompanying notes form part of these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>Half-year Ended 31 December 2018</b>	<b>Half-year Ended 31 December 2017</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	41,556,108	41,796,279
Payments to suppliers and employees (inclusive of GST)	(42,725,863)	(40,391,368)
Interest received	42,281	51,642
Interest and other financial costs paid	(71,715)	(65,098)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<u>(1,199,189)</u>	<u>1,391,455</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(115,052)	(556,766)
Drawdown/(Increase in) of bank deposits	915,000	(1,621,069)
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<u>799,948</u>	<u>(2,177,835)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	40,320,000	38,595,000
Repayment of borrowings	(39,074,727)	(36,836,519)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>1,245,273</u>	<u>1,758,481</u>
Net increase in cash held	846,032	972,101
Cash and cash equivalents at beginning of period	588,513	585,376
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>1,434,545</u>	<u>1,557,477</u>

The accompanying notes form part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 CORPORATE INFORMATION

The financial report of TPC Consolidated Limited and its controlled entities for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 26 February 2019.

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

### 2 GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2018 and are presented in Australian Dollar (\$AUD), which is the functional currency of the Parent Company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

AASB 9 Financial Instruments (2014) and AASB 15 Revenue from Contracts with Customers became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

#### New standards adopted as at 1 July 2018

##### AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to impairment are recognised in opening retained earnings as at 1 July 2018. Further, the Group chose to continue applying the hedge accounting requirements in AASB 139 as permitted by AASB 9.

The adoption of AASB 9 has mostly impacted the following area:

##### *Impairment of financial assets*

AASB 9 introduces an expected credit loss model for impairment of financial assets which replaces the existing incurred loss model. For trade and other receivables the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. The impairment allowance for trade and other receivables was increased by \$416,886 at 1 July 2018.

##### *Hedge accounting*

All of the Group's forward derivative contracts had been designated as hedging instruments in cash flow hedges under AASB 139. All hedging relationships that were hedging relationships under AASB 139 at the 30 June 2018 reporting date, meet AASB 9's criteria for hedge accounting at 1 July 2018 and are therefore regarded as continuing hedging relationships.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

#### AASB 15 Revenue from Contracts with Customers

AASB 15 and its associated amendments supersede AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires new disclosures.

The entity adopted AASB 15 using the full retrospective method of adoption with the date of initial application of 1 July 2018. In accordance with this method, to the extent the impact is material, the entity is required to restate comparative information for the 2018 financial period.

While the retrospective adoption of AASB 15 resulted in changes in accounting policies which are discussed below, it has nil impact in the current or preceding financial reporting years which is why there are no adjustments shown below relating to the impact of AASB 15 on comparative financial information.

#### *Impact on adoption*

The Group undertook a comprehensive analysis of the impact of the new revenue standard with the primary focus being to understand whether the timing, amount and nature of revenue recognised could differ pursuant to AASB 15.

Based on this assessment, the application of AASB 15 has nil impact on the recognition, timing or measurement of the Group's revenue.

### 3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the interim period ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

#### *Revenue*

The Group's primary revenue streams relate to the retail sale of electricity and gas to residential and business customers in Australia. Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled to receive in exchange for those goods or services.

The majority of contractual energy supply arrangements with customers have no fixed duration, generally require no minimum consumption by the customer and are able to be terminated by either party at any time without incurring significant penalty. Given this, the enforceable contracts are considered short term (less than 12 months) in nature.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has generally concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer. The Group's primary performance obligations are the supply of energy (gas or electricity) over the contractual term. There are either individual contracts representing separate purchasing decisions of customers, or the units of supply of energy represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer and hence is considered one performance obligation satisfied over time. For the shorter term contracts, the performance obligations are considered to be satisfied, and revenue is recognised, as and when the units of energy are delivered.

#### Residential electricity and gas sales

Residential energy sales relate to the sales of energy (gas and electricity) to retail customers. Residential sales are classified as individual, short term, day-by-day contracts and are recognised as revenue on a day-by-day basis upon delivery of energy to customers. The Group recognises revenue from contracts with its residential customers at the electricity and gas portfolio levels.

#### Business electricity and gas sales

Business sales represent the sale of energy to business customers. The nature and accounting treatment of this revenue stream is consistent with residential sales.

#### Revenue from the rendering of telecommunication service

Revenue from the rendering of telecommunication 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.

#### *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses an allowance matrix to measure expected credit losses of trade receivables and unbilled revenue from its customers. Trade receivable amounts are disaggregated into customer segments. Loss rates are estimated in each age category and are based on the probability of a receivable progressing through to write-off. Factors to estimate the loss rate are based on risk assessment performed per customer segment and economic factors such as wholesale electricity forward curves, commodity fuel forward curves and prevailing macro-economic information.

#### *Expected credit loss on trade receivables and unbilled revenue*

The Group uses an allowance matrix to measure expected credit losses of trade receivables and unbilled revenue from its customers. Trade receivable amounts are disaggregated into customer segments.

#### *Unbilled revenue*

The Group recognises revenue from gas and electricity sales once the gas and/or electricity has been consumed by the customer. Management estimates customer consumption between the last invoice date and the end of the reporting period when determining gas and electricity revenue for the financial period. Various assumptions and financial models are used to determine the estimated unbilled consumption.

Some of the assumptions and estimates include:

- Volume and timing of energy consumed by the customers
- Various pricing plans and allocation of the estimated volume to such pricing plans
- Loss factors
- Behavioural discounts

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 ESTIMATES AND JUDGEMENTS

The estimates and judgements used in these financial statements are consistent with those used for the year end accounts.

### 5 EARNINGS PER SHARE

	Half-year Ended 31 December 2018 Cents	Half-year Ended 31 December 2017 Cents
Basic earnings per share	1.66	7.18
Diluted earnings per share	1.66	7.18
	\$	\$
Net earnings used in the calculation of basic and diluted EPS	186,628	807,021
	Number	Number
Weighted average number of ordinary shares outstanding during the period used: in the calculation of basic EPS	11,235,613	11,235,613
in the calculation of diluted EPS	11,235,613	11,235,613

### 6 TRADE AND OTHER RECEIVABLES

	As at 31 December 2018 \$	As at 30 June 2018 \$
Trade receivables	10,254,009	8,675,422
Provision for impairment of receivables	(2,473,391)	(1,804,162)
Accrued Income (a)	5,258,180	5,215,624
Other receivables	7,544	6,588
	<u>13,046,342</u>	<u>12,093,472</u>
(a) Accrued income comprises of:		
- Unbilled Revenue	5,248,402	5,211,902
- Other Accrued Income	9,778	3,722
	<u>5,258,180</u>	<u>5,215,624</u>

### 7 BANK DEPOSITS

	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>Current</b>		
Bank Deposits	<u>2,972,101</u>	<u>3,887,101</u>

Bank deposits are term deposits which are held as security for bank guarantee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 OTHER CURRENT ASSETS

	As at 31 December 2018	As at 30 June 2018
	\$	\$
Deferred Commission Costs	26,320	41,097
Prepayments	1,425,205	414,431
Security Deposit	42,193	50,305
	<u>1,493,718</u>	<u>505,833</u>

### 9 EQUITY-ACCOUNTED INVESTMENTS

The Group has a 41% equity interest in Long Tail Property Ltd.

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

	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
	\$	\$
Profit/(Loss) from continuing operations	2,877	(11,395)
Total comprehensive profit/(loss)	<u>2,877</u>	<u>(11,395)</u>

  

	As at 31 December 2018	As at 30 June 2018
	\$	\$
Aggregate carrying amount of the Group's interests in associates	<u>115,625</u>	<u>112,748</u>

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

	\$
Balance at 1 July 2018	112,748
Share of results for the period	<u>2,877</u>
Balance at 31 December 2018	<u>115,625</u>

### 10 TRADE AND OTHER PAYABLES

	As at 31 December 2018	As at 30 June 2018
	\$	\$
Trade payables	890,884	340,940
Accrued expenses	9,942,347	9,374,334
Sundry payables	150,663	213,448
Goods and services tax payable	349,417	347,340
	<u>11,333,311</u>	<u>10,276,062</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 UNEARNED REVENUE

	As at 31 December 2018	As at 30 June 2018
	\$	\$
Unearned revenue relating to energy services	1,170,426	1,241,022
Unearned revenue relating to telecommunication services	555,740	607,985
	<u>1,726,166</u>	<u>1,849,007</u>

Unearned revenue relates to contract liabilities.

### 12 ISSUED CAPITAL

	As at 31 December 2018	As at 30 June 2018
	\$	\$
<b>Ordinary Shares</b>		
Issued and fully paid	9,797,668	9,797,668
Issued and partially paid	27,360	27,360
	<u>9,825,028</u>	<u>9,825,028</u>

#### Movements in Ordinary Shares on Issue

	Number	\$
Balance at 1 July 2018 and 31 December 2018	<u>11,235,613</u>	<u>9,825,028</u>

### 13 CONTINGENT LIABILITIES

As at 31 December 2018 the consolidated entity has issued bank guarantees totalling \$2,972,101 (30 June 2018: \$3,887,101) for which term deposits are held to secure this amount. Refer to Note 7.

There are no other contingent liabilities as at the date of signing of this report.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 FAIR VALUES 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 \$	Carrying Amount \$
<b>Current Assets</b>		
Derivative financial instruments		
- Designated	443,513	443,513
- Non designated	-	-
	<u>443,513</u>	<u>443,513</u>
<b>Current Liabilities</b>		
Derivative financial instruments		
- Designated	-	-
- Non designated	-	-
	<u>-</u>	<u>-</u>
	<u>443,513</u>	<u>443,513</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 Amount \$	Level 2 \$	Total \$
<b>Financial assets</b>			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	443,513	443,513	443,513
	<u>443,513</u>	<u>443,513</u>	<u>443,513</u>
<b>Financial liabilities</b>			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

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

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

### 15 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of these operations, or the Group's state of affairs in future financial years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 OPERATING SEGMENTS

#### Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports 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.

#### 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 (Telecommunication Services), and the provision of retail electricity and gas services to residential and business customers in Australia (Energy Services).

#### 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 those adopted in the annual financial statements of the consolidated entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 OPERATING SEGMENTS (Continued)

#### Accounting policies and inter-segment transactions (Continued)

	Energy Services \$	Tele- communication Services \$	Total \$
<b>Half-year Ended 31 December 2018</b>			
<b>Revenue</b>			
Energy Services Revenue from external commercial customers	33,937,305	-	33,937,305
Energy Services Revenue from external residential customers	4,109,275	-	4,109,275
Telecommunication Services Revenue from external customers	-	1,236,029	1,236,029
	<u>38,046,580</u>	<u>1,236,029</u>	<u>39,282,609</u>
Other income	25,061	62,711	87,772
Total revenue and other income	<u>38,071,642</u>	<u>1,298,739</u>	<u>39,370,381</u>
<b>Result</b>			
Earnings before interest expense and taxation (EBIT)	(272,812)	319,800	46,988
Finance revenue			48,337
Finance costs			(71,715)
Share of profit of equity-accounted investments, net of tax			2,877
<b>Profit before income tax</b>			<u>26,487</u>
<b>Other Segment Information</b>			
Depreciation	145,675	-	145,675

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 OPERATING SEGMENTS (Continued)

#### Accounting policies and inter-segment transactions (Continued)

	Energy Services \$	Tele- communication Services \$	Total \$
<b>Half-year Ended 31 December 2017</b>			
<b>Revenue</b>			
Energy Services Revenue from external commercial customers	33,499,757	-	33,499,757
Energy Services Revenue from external residential customers	4,101,313	-	4,101,313
Telecommunication Services Revenue from external customers	-	1,807,044	1,807,044
	<u>37,601,070</u>	<u>1,807,044</u>	<u>39,408,115</u>
Other income	34,138	59,780	93,918
Total revenue and other income	<u><u>37,635,208</u></u>	<u><u>1,866,825</u></u>	<u><u>39,502,033</u></u>
<b>Result</b>			
Earnings before interest expense and taxation (EBIT)	652,888	232,934	885,822
Finance revenue			50,678
Finance costs			(65,098)
Share of loss of equity-accounted investments, net of tax			(64,381)
<b>Profit before income tax</b>			<u>807,021</u>
<b>Other Segment Information</b>			
Depreciation	84,144	5,828	89,972

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

## DIRECTORS' DECLARATION

In the opinion of the directors:

- the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*;
- (a) and
- (i) comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of the performance for the half-year ended on that date.
- (b) as at the date of the declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

On behalf of the Board



Greg McCann  
Chairman



Chiao-Heng (Charles) Huang  
Managing Director

Dated 26 February 2019

# Independent Auditor's Review Report

To the Members of TPC Consolidated Limited

Report on the review of the half year financial report

## Conclusion

We have reviewed the accompanying half year financial report of TPC Consolidated Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of TPC Consolidated Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

## Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations*

*Regulations 2001*. As the auditor of TPC Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M R Leivesley

Partner – Audit & Assurance

Sydney, 26 February 2019