

Appendix 4D

Half-year Report

TPC CONSOLIDATED LIMITED

ABN 99 073 079 268

Current Reporting Period:	Half-year Ended 31 December 2020
Previous Corresponding Period:	Half-year Ended 31 December 2019

Results for Announcement to the Market

		Change		Amount
Revenue from ordinary activities	Up	0.5%	To	\$44,687,235
Earnings before interest expense, taxation, depreciation and amortisation (EBITDA)	Up	22.4%	To	\$6,005,262
Result from ordinary activities after tax attributable to members	Up	54.1%	To	\$3,801,726
Result for the period attributable to members	Up	165.3%	To	\$6,453,906

Earnings Per Share

	31 December 2020 Cents	31 December 2019 Cents
Basic earnings per share	33.80	21.96
Diluted earnings per share	33.80	21.96

Net Tangible Asset Backing

	31 December 2020 Cents	31 December 2019 Cents
Net tangible asset per share*	122.20	66.23

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

Dividend

	Amount per Security Cents	Franked amount per Security Cents
Interim dividend for current reporting period (Payable 24 March 2021)	8.00	8.00
Record date for determining entitlements to dividend	10 March 2021	n/a

Review and Results of Operations

\$000's	Half-year Ended 31 December 2019	Half-year Ended 31 December 2020	% change
Revenue	44,478	44,687	0.5%
EBITDA ⁽¹⁾	4,908	6,005	22.4%
NPAT	2,468	3,802	54.1%

(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 increased by \$0.2 million to \$44.7 million, up 0.5% from the previous comparative period (PCP). The increase of \$0.2 million represented the increase of \$0.7 million in energy services, which was offset by the decrease of \$0.5 million in telecommunication services.

Gross profit of the consolidated entity increased by \$1.7 million to \$13.1 million (up 14.6% from the PCP). The increase of \$1.7 million was attributable to the increase of \$2.0 million in energy services, which was offset by the decrease of \$0.3 million in telecommunication services. Overall gross margin for the half year ended 31 December 2020 increased by 3.6% from the 25.8% to 29.4%. The increase in overall gross margin was due to the increase in the energy gross margin from 25.3% to 29.4%, which was mainly attributable to the exceptionally low wholesale gas costs during the period.

The total operating expenses and employee benefit expense of the consolidated entity increased by \$1.2 million to \$8.1 million (up 17.4% from the PCP). Efficiency ratio of expenses over revenue increased from 15.6% to 18.2% for the half year ended 31 December 2020.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the half year ended 31 December 2020 increased by \$1.1 million to \$6.0 million (up 22.4% from the PCP).

Net profit after tax (NPAT) was \$3.8 million (up 54.1% from the PCP).

Over the half year, net assets increased by \$6.1 million to \$15.0 million (up 69.2% from the PCP). This was attributable to the current half year's profit after tax of \$3.8 million, the fair value movement on derivatives designated for hedge accounting of \$2.7 million and the receipt of \$0.5 million from partially paid share capital, which was offset by the dividend payment of \$0.9 million.

Current assets increased by \$9.7 million to \$28.6 million (up 51.3% from the PCP). This was primarily attributable to the increase in cash and bank deposits of \$5.7 million and the increase in derivatives held at fair value of \$2.5 million. Non-current assets decreased by \$0.6 million to \$2.8 million (down 18.5% from the PCP). This was on the account of the decrease in deferred tax assets of \$0.6 million in the current period.

Current liabilities increased by \$2.9 million to \$15.5 million (up 22.5% from the PCP). This was mainly contributed by the increase in trade and other payables of \$2.7 million and increase in current tax liabilities of \$1.1 million, which were offset by the decrease in borrowings of \$0.8 million and the decrease in derivatives held at fair value of \$0.4 million. Non-current liabilities increased by \$0.1 million to \$0.9 million (up 10.1% from the PCP) as a result of the increase in lease liabilities of \$0.1 million in the current period.

As at 31 December 2020, cash and bank deposits increased by \$5.7 million to \$8.8 million (up 186.4% from the PCP).

Associated Entities

TPC Consolidated Limited holds 41% of interest in Long Tail Property Pty 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 2020

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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

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AUDITOR

Grant Thornton Audit Pty Ltd

Level 17, 383 Kent Street, Sydney NSW 2000

SOLICITOR

Baker & McKenzie

Level 46, 100 Barangaroo Avenue, 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 2020

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 2019	Half-year Ended 31 December 2020	% change
Revenue	44,478	44,687	0.5%
EBITDA ⁽¹⁾	4,908	6,005	22.4%
NPAT	2,468	3,802	54.1%

⁽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.

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Gross profit of the consolidated entity increased by \$1.7 million to \$13.1 million (up 14.6% from the PCP). The increase of \$1.7 million was attributable to the increase of \$2.0 million in energy services, which was offset by the decrease of \$0.3 million in telecommunication services. Overall gross margin for the half year ended 31 December 2020 increased by 3.6% from the 25.8% to 29.4%. The increase in overall gross margin was due to the increase in the energy gross margin from 25.3% to 29.4%, which was mainly attributable to the exceptionally low wholesale gas costs during the period.

The total operating expenses and employee benefit expense of the consolidated entity increased by \$1.2 million to \$8.1 million (up 17.4% from the PCP). Efficiency ratio of expenses over revenue increased from 15.6% to 18.2% for the half year ended 31 December 2020.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the half year ended 31 December 2020 increased by \$1.1 million to \$6.0 million (up 22.4% from the PCP).

Net profit after tax (NPAT) was \$3.8 million (up 54.1% from the PCP).

DIRECTORS' REPORT (Continued)

Review and Results of Operations (Continued)

Over the half year, net assets increased by \$6.1 million to \$15.0 million (up 69.2% from the PCP). This was attributable to the current half year's profit after tax of \$3.8 million, the fair value movement on derivatives designated for hedge accounting of \$2.7 million and the receipt of \$0.5 million from partially paid share capital, which was offset by the dividend payment of \$0.9 million.

Current assets increased by \$9.7 million to \$28.6 million (up 51.3% from the PCP). This was primarily attributable to the increase in cash and bank deposits of \$5.7 million and the increase in derivatives held at fair value of \$2.5 million. Non-current assets decreased by \$0.6 million to \$2.8 million (down 18.5% from the PCP). This was on the account of the decrease in deferred tax assets of \$0.6 million in the current period.

Current liabilities increased by \$2.9 million to \$15.5 million (up 22.5% from the PCP). This was mainly contributed by the increase in trade and other payables of \$2.7 million and increase in current tax liabilities of \$1.1 million, which were offset by the decrease in borrowings of \$0.8 million and the decrease in derivatives held at fair value of \$0.4 million. Non-current liabilities increased by \$0.1 million to \$0.9 million (up 10.1% from the PCP) as a result of the increase in lease liabilities of \$0.1 million in the current period.

As at 31 December 2020, cash and bank deposits increased by \$5.7 million to \$8.8 million (up 186.4% from the PCP).

Business Outlook

The executive team welcome the results for the first half-year, which demonstrates the judiciousness behind the business decisions enacted for that time period.

This half-year started off being especially uncertain with the onset of Covid19. We were monitoring business activities both internally and externally carefully. Our main concern was the ability of our customers to continue to pay their energy bills in light of business closures and employment uncertainties. We are pleased to report that, as a result of our diligence, the net impact was manageable although we continue to be cautious until full return to normalcy; post-Covid19 environment.

We are making headway into the renewable energies market that has taken longer than expected. We expect to be able to share the results of our efforts in 2021. This positioning will be able to support CovaU for the medium term and allow us to execute to an aggressive business plan. Our industry is changing and we too are adapting and evolving with it. Investing our energies to enable our customers to be powered with green power with innovative solutions is a key focus that determines our investment areas in order to properly implement this plan. We are committed on investing for growth.

Market entry into new territories of Queensland and South Australia are performing well. These new markets will contribute to the business even more in 2021. Our belief is that we will be able to continue the building momentum for the medium term.

Our revenues and earnings targets are on track and we are comfortable that we will be able to meet expectations within the next twelve months and beyond. With these expectations, we believe we are in a strong position to reward our patient investors with consistent returns for the same period.

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.

DIRECTORS' REPORT (Continued)

Dividend

On 26 February 2021, the directors of TPC Consolidated Limited declared an interim dividend on ordinary shares. The total amount of \$910,049 represents a fully franked dividend of 8 cents per share. The record date for the interim dividend is 10 March 2021. The intended date of payment is 24 March 2021. The interim dividend has not been provided for in the 31 December 2020 financial statements.

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 2020.

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 2021

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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 review of TPC Consolidated Limited for the half-year ended 31 December 2020. 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



S M Thomas
Partner – Audit & Assurance

Sydney, 26 February 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year Ended 31 December 2020 \$	Half-year Ended 31 December 2019 \$
Revenue from contracts with customers		44,687,235	44,477,671
Delivery of services		(31,547,796)	(33,009,093)
Gross profit		13,139,439	11,468,578
Other income		762,972	39,303
		13,902,411	11,507,881
Operating expenses		(4,098,622)	(3,379,339)
Employee benefits expense		(4,041,892)	(3,552,789)
Gain on fair value of derivatives		243,365	332,344
Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)		6,005,262	4,908,097
Depreciation and amortisation		(503,133)	(355,046)
Earnings before interest and taxation (EBIT)		5,502,129	4,553,051
Finance revenue		6,731	17,580
Finance costs		(42,190)	(126,782)
Profit before income tax		5,466,670	4,443,849
Income tax expenses		(1,664,944)	(1,976,025)
Profit for the period		3,801,726	2,467,824
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(7,690)	(5,430)
Fair value movement on derivatives designated for Hedge Accounting		2,659,870	(29,265)
Other comprehensive income for the period, net of tax		2,652,180	(34,695)
Total comprehensive income for the period		6,453,906	2,433,129
Profit attributable to Members of TPC Consolidated Limited		3,801,726	2,467,824
Total comprehensive income attributable to Members of TPC Consolidated Limited		6,453,906	2,433,129
		Cents	Cents
Earnings per share for the period attributable to the members of TPC Consolidated Limited			
Earnings per share			
- Basic earnings per share	4	33.80	21.96
- Diluted earnings per share	4	33.80	21.96

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2020**

	Note	As at 31 December 2020 \$	As at 30 June 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents		7,093,395	1,855,450
Trade and other receivables	6	14,527,666	13,778,972
Inventories		46,333	48,037
Derivatives held at fair value	13	2,473,424	-
Bank deposits	7	1,722,101	1,222,101
Other current assets	8	2,714,993	1,978,600
Total Current Assets		28,577,912	18,883,160
Non-Current Assets			
Property, plant and equipment		688,838	896,298
Right of use assets		1,090,719	910,375
Deferred tax assets		997,467	1,598,975
Total Non-Current Assets		2,777,024	3,405,648
TOTAL ASSETS		31,354,936	22,288,808
LIABILITIES			
Current Liabilities			
Trade and other payables	9	10,240,286	7,531,554
Borrowings		-	751,368
Current tax liabilities		1,330,978	267,542
Derivatives held at fair value	13	-	429,811
Lease liabilities		546,726	488,682
Short term provisions		1,443,568	1,315,435
Contract liabilities	10	1,958,185	1,880,240
Total Current Liabilities		15,519,743	12,664,632
Non-Current Liabilities			
Long term provisions		94,548	99,194
Lease liabilities		748,417	666,645
Total Non-Current Liabilities		842,965	765,839
TOTAL LIABILITIES		16,362,708	13,430,471
NET ASSETS		14,992,228	8,858,337
EQUITY			
Issued capital	11	10,481,668	9,920,068
Reserves		1,730,150	(939,264)
Retained Earnings/(Accumulated losses)		2,780,410	(122,467)
TOTAL EQUITY		14,992,228	8,858,337

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital \$	Reserves \$	(Accumulated Losses)/ Retained Earnings \$	Total \$
Balance at 1 July 2019 (Reported)	9,833,668	(275,325)	(3,434,644)	6,123,699
Adjustment from adoption of AASB 16	-	-	(49,416)	(49,416)
Balance at 1 July 2019	9,833,668	(275,325)	(3,484,060)	6,074,283
Profit for the period	-	-	2,467,824	2,467,824
Other comprehensive income	-	(34,695)	-	(34,695)
Total comprehensive income for the period	-	(34,695)	2,467,824	2,433,129
<i>Transactions with Shareholders</i>				
Payment related to partially paid shares	86,400	-	-	86,400
Balance at 31 December 2019	<u>9,920,068</u>	<u>(310,020)</u>	<u>(1,016,236)</u>	<u>8,593,812</u>
Balance at 1 July 2020	9,920,068	(939,264)	(122,467)	8,858,337
Profit for the period	-	-	3,801,726	3,801,726
Other comprehensive income	-	2,652,180	-	2,652,180
Total comprehensive income for the period	-	2,652,180	3,801,726	6,453,906
<i>Transactions with Shareholders</i>				
Payment related to partially paid shares	561,600	-	-	561,600
Dividend paid	-	-	(898,849)	(898,849)
Employee equity benefits reserve	-	17,234	-	17,234
Balance at 31 December 2020	<u>10,481,668</u>	<u>1,730,150</u>	<u>2,780,410</u>	<u>14,992,228</u>

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS **FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year Ended 31 December 2020 \$	Half-year Ended 31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	49,347,545	48,145,909
Payments to suppliers and employees (inclusive of GST)	(42,130,386)	(46,218,595)
Interest received	6,778	29,230
Interest and other financial costs paid	(42,190)	(126,782)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,181,747	1,829,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(62,001)	(76,901)
(Payment to)/drawdown of bank deposits	(500,000)	1,050,000
NET CASH PROVIDED (USED IN)/BY INVESTING ACTIVITIES	(562,001)	973,099
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from partially paid share capital	561,600	86,400
Dividends paid	(898,849)	-
Proceeds from borrowings	3,398,995	37,250,000
Repayment of borrowings and lease liabilities	(4,443,547)	(39,307,964)
NET CASH USED IN FINANCING ACTIVITIES	(1,381,801)	(1,971,564)
Net increase in cash held	5,237,945	831,297
Cash and cash equivalents at beginning of period	1,855,450	1,045,304
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,093,395	1,876,601

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 2020 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 26 February 2021.

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 2020 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 2020 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.

Accounting policies are consistent with those used at 30 June 2020.

3 ESTIMATES AND JUDGEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 EARNINGS PER SHARE

	Half-year Ended 31 December 2020 Cents	Half-year Ended 31 December 2019 Cents
Basic earnings per share	33.80	21.96
Diluted earnings per share	33.80	21.96
Net earnings used in the calculation of basic and diluted EPS	\$ 3,801,726	\$ 2,467,824
Weighted average number of ordinary shares outstanding during the period used:		
in the calculation of basic EPS	Number 11,248,548	Number 11,235,613
in the calculation of diluted EPS	11,248,548	11,235,613

5 DIVIDENDS PAID AND PROPOSED

	Half-year Ended 31 December 2020 \$	Half-year Ended 31 December 2019 \$
a) Dividends paid during the period:		
Final franked dividends for financial year 30 June 2020: 8 cents (2019: Nil)	898,849	-
b) Dividends declared and not recognised as a liability:		
Interim franked dividends for financial year 30 June 2021: 8 cents (2020: Nil)	910,049	-

On 26 February 2021, the Directors declared a fully franked interim dividend for the year ended 30 June 2021 of 8 cents per ordinary share, to be paid on 24 March 2021 to eligible shareholders on the register at 10 March 2021. The equates to an estimated distribution of \$910,049 based on the number of ordinary shares in issue at 31 December 2020.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December 2020 \$	As at 30 June 2020 \$
Trade receivables	12,687,930	9,426,839
Expected credit losses	(4,515,646)	(4,344,517)
Contract Assets (a)	6,327,779	8,665,203
Other receivables	27,603	31,447
	<u>14,527,666</u>	<u>13,778,972</u>
(a) Contract Assets comprises of:		
- Unbilled Revenue	6,242,666	8,515,093
- Other Accrued Income	85,113	150,110
	<u>6,327,779</u>	<u>8,665,203</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 BANK DEPOSITS

	As at 31 December 2020 \$	As at 30 June 2020 \$
Current		
Bank Deposits	1,722,101	1,222,101

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

8 OTHER CURRENT ASSETS

	As at 31 December 2020 \$	As at 30 June 2020 \$
Deferred Commission Costs	19,594	11,365
Prepayments	2,525,086	1,824,969
Security Deposit	170,313	142,266
	<u>2,714,993</u>	<u>1,978,600</u>

9 TRADE AND OTHER PAYABLES

	As at 31 December 2020 \$	As at 30 June 2020 \$
Trade payables	3,410,240	1,888,072
Accrued expenses	6,516,712	5,366,829
Sundry payables	186,745	155,972
Goods and services tax payable	126,589	120,681
	<u>10,240,286</u>	<u>7,531,554</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 CONTRACT LIABILITIES

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Unearned revenue relating to energy services	1,561,934	1,487,789
Unearned revenue relating to telecommunication services	396,251	392,451
	<u>1,958,185</u>	<u>1,880,240</u>

The amounts recognised as a contract liability will generally be utilised within the next reporting period.

11 ISSUED CAPITAL

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Ordinary Shares		
Issued and fully paid	10,481,668	9,896,668
Issued and partially paid	-	23,400
Issued and unpaid	-	-
	<u>10,481,668</u>	<u>9,920,068</u>

Movements in Ordinary Shares on Issue

	Number	\$
Balance at 1 July 2020	11,235,613	9,920,068
Issued of 140,000 ordinary ESOP shares at \$1.35 per share on 15 December 2020	140,000	-
Payment related to partially paid shares	-	561,600
Balance at 31 December 2020	<u>11,375,613</u>	<u>10,481,668</u>

12 CONTINGENT LIABILITIES

As at 31 December 2020 the consolidated entity has issued bank guarantees totalling \$1,722,101 (30 June 2020: \$1,222,101) 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

13 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 \$
Current Assets		
Derivative financial instruments		
Opening Balance		
- Designated	-	-
- Non designated	-	-
	<u>-</u>	<u>-</u>
Acquired		
Recognised in the statement of profit or loss and other comprehensive income	2,500,414	2,500,414
	<u>2,500,414</u>	<u>2,500,414</u>
Closing Balance		
- Designated	2,500,414	2,500,414
- Non designated	-	-
	<u>2,500,414</u>	<u>2,500,414</u>
Current Liabilities		
Derivative financial instruments		
Opening Balance		
- Designated	377,149	377,149
- Non designated	52,662	52,662
	<u>429,811</u>	<u>429,811</u>
Acquired		
Recognised in the statement of profit or loss and other comprehensive income	(402,821)	(402,821)
	<u>(402,821)</u>	<u>(402,821)</u>
Closing Balance		
- Designated	-	-
- Non designated	26,990	26,990
	<u>26,990</u>	<u>26,990</u>
Net Closing Balance	<u>2,473,424</u>	<u>2,473,424</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

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 \$
Balance at 31 December 2020			
Financial assets			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	2,500,414	2,500,414	2,500,414
	<u>2,500,414</u>	<u>2,500,414</u>	<u>2,500,414</u>
Financial liabilities			
Derivative financial instruments			
- Foreign currency derivatives - cash flow hedges	26,990	26,990	26,990
	<u>26,990</u>	<u>26,990</u>	<u>26,990</u>
Balance at 30 June 2020			
Financial liabilities			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	377,149	377,149	377,149
- Foreign currency derivatives - cash flow hedges	52,662	52,662	52,662
	<u>429,811</u>	<u>429,811</u>	<u>429,811</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.

14 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Apart from the dividend declared, as disclosed in Note 5, no other matters or circumstance has arisen since 31 December 2020 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

15 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.

	Energy Services \$	Tele- communication Services \$	Total \$
Half-year Ended 31 December 2020			
Revenue			
Revenue from external customers	44,173,470	513,765	44,687,235
Other income	649,857	113,115	762,972
Inter-segment revenue			-
Total revenue and other income	<u>44,823,327</u>	<u>626,880</u>	<u>45,450,207</u>
Result			
Earnings before interest expense and taxation (EBIT)	5,559,508	(57,379)	5,502,129
Finance revenue			6,731
Finance costs			(42,190)
Profit before income tax			<u>5,466,670</u>
Other Segment Information			
Depreciation	503,133	-	503,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 OPERATING SEGMENTS (Continued)

Accounting policies and inter-segment transactions (Continued)

	Energy Services \$	Tele- communication Services \$	Total \$
Half-year Ended 31 December 2019			
Revenue			
Revenue from external customers	43,505,884	971,787	44,477,671
Other income	351	38,952	39,303
Inter-segment revenue	-	-	-
Total revenue and other income	<u>43,506,235</u>	<u>1,010,739</u>	<u>44,516,974</u>
Result			
Earnings before interest expense and taxation (EBIT)	4,377,959	175,092	4,553,051
Finance revenue			17,580
Finance costs			(126,782)
Profit before income tax			<u>4,443,849</u>
Other Segment Information			
Depreciation	355,046	-	355,046

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 2020 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 2021

Independent Auditor's Report

To the Members of TPC Consolidated Limited

Report on 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 2020, 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 TPC Consolidated Limited as at 31 December 2020, 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 TPC Consolidated Limited's financial position as at 31 December 2020 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.

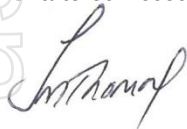
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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



S M Thomas
Partner – Audit & Assurance

Sydney, 26 February 2021