

Appendix 4D Half-year Report

TPC CONSOLIDATED LIMITED
ABN 99 073 079 268

Current Reporting Period:	Half-year Ended 31 December 2021
Previous Corresponding Period:	Half-year Ended 31 December 2020

Results for Announcement to the Market

		Change		Amount
Revenue from ordinary activities	Up	26.8%	To	\$56,656,300
Earnings before interest expense, taxation, depreciation and amortisation (EBITDA)	Down	-91.7%	To	\$500,194
Result from ordinary activities after tax attributable to members	Down	-99.9%	To	\$3,359
Result for the period attributable to members	Down	-22.9%	To	\$4,973,518

Earnings Per Share

	31 December 2021 Cents	31 December 2020 Cents
Basic earnings per share	0.03	33.80
Diluted earnings per share	0.03	33.80

Net Tangible Asset Backing

	31 December 2021 Cents	31 December 2020 Cents
Net tangible asset per share*	177.66	122.20

* 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 23 March 2022)	3.00	3.00
Record date for determining entitlements to dividend	9 March 2022	n/a

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Review and Results of Operations

Highlights

- Group revenue totalled \$56.7 million in 1H FY22, up 26.8% from the previous comparative period (PCP)
- Growth in revenue was powered by the CovaU business, which grew its customer base across several Australian states and territories
- A reduced gross margin was reported in 1H FY22, as the energy gross margin dropped on much higher wholesale energy costs
- The end-1H FY22 cash and bank deposits figure was a healthy \$6.3 million
- A fully franked FY22 interim dividend of 3.0 cents per share declared, reflecting the TPC Consolidated Board's confidence in the long-term outlook for the Company's core business

\$000's	Half-year Ended 31 December 2020	Half-year Ended 31 December 2021	% change
Revenue	44,687	56,656	26.8%
EBITDA ⁽¹⁾	6,005	500	-91.7%
NPAT	3,802	3	-99.9%

(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.

Strong double-digit revenue growth delivered in 1H FY22

Group revenue totalled \$56.7 million in 1H FY22, up 26.8% from the PCP. This excellent gain was wholly attributable to higher energy services-sourced revenues, as TPC's CovaU business grew its customer base across several Australian states and territories. Reflective of CovaU's successful market penetration, the number of billable meters increased to around 27,000 by end-1H FY22 (up 37.8% on a PCP basis).

TPC's 1H FY22 gross profit of \$9.3 million was down 29.6% on PCP. This decline reflected a large 13.1 percentage point drop to 16.3% in TPC's 1H FY22 gross margin. This was, in turn, the result of a much softer energy gross margin, which fell back to 16.2% (versus 29.4% in 1H FY21).

The reduced energy margin over TPC's 1H FY22 was in large part the result of significantly higher wholesale energy costs, something outside of the Company's control. In a challenge that confronted all domestic energy retailers, substantial base load power price increases occurred in both New South Wales and Queensland over TPC's 1H FY22. These price spikes flowed from generator downtime that lasted until late in the reporting period. Another issue outside of TPC's control was a doubling in the gas spot price to over \$20/gigajoule early in the Company's 1H FY22, on the back of a large shortfall of gas supply following the incident at the Iona storage facility. Higher than expected LNG exports and shortages in southern states also played a part in creating a testing energy price environment, which saw gas prices climb from \$6-8/gigajoule in 2020 to about \$10/gigajoule in late 2021.

The Company's operating expenses, inclusive of employee benefit expenses, rose to \$9.6 million in 1H FY22 (up 17.4% on PCP). This increase was partly due to outlays accompanying TPC's expansion into the Australian Capital Territory and Tasmania markets.

The bigger operating expense total was also partly attributable to a higher bad debt expense, which totalled \$2.1 million in the Company's 1H FY22 (up 41.8% on PCP).

This bad debt expense rise, like the jump in energy prices, was not something TPC-specific. As was the case with many other Australian companies servicing retail consumers and the small business sector, some customers' credit quality has been temporarily damaged by the prolonged COVID-19 pandemic. On a brighter note, the consensus view is that credit quality metrics will likely normalise as the general business environment stabilises in the months ahead.

As a consequence of the softer gross margin and rise in operating expenses experienced, TPC Group earnings before interest, taxation, depreciation and amortisation (EBITDA) in 1H FY22 were \$0.5 million, down 91.7% on PCP. A marginal H1 FY22 net profit after tax (NPAT) of \$0.003 million was also reported (down 99.9% on PCP).

TPC's balance sheet remains very robust

Total shareholders' equity advanced to \$20.8 million by end 1H FY22, up 22.6% on PCP. This uplift was underwritten by a \$5.0 million increase in reserves (a fair value adjustment on derivatives designated for hedge accounting). This gain was partially offset by a \$1.1m PCP basis decrease in retained earnings. While the end-1H FY22 cash and bank deposits figure fell 38.0% on a PCP basis, it was still a healthy \$6.3 million.

Associated Entities

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.

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TPC CONSOLIDATED LIMITED

A.B.N. 99 073 079 268

**Financial Report
For The Half-Year Ended
31 December 2021**

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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

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 2021

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

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DIRECTORS' REPORT (Continued)

Review and Results of Operations (Continued)

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TPC's balance sheet remains very robust

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The FY22 outlook



TPC intends investing in further growth initiatives over the balance of FY22 and into FY23. These are expected to deliver further penetration of the Company's target addressable markets of retail consumer and SME clients.

In a clear positive for margin performance, TPC management now anticipates bad debt levels will normalise over coming months as the economic challenges confronting the Company's retail consumer and small business clients over the past 12-24 months finally start to fade – the latter expectation is, in part, premised on the continued wind-back of lockdown conditions that have severely curtailed economic activity. A key 'factor x' to future performance continues to be the direction of wholesale power prices. TPC management currently remains cautious and acknowledges that the risk of extreme and prolonged network events or weather conditions causing extreme wholesale energy prices remains. It also continues to monitor competitor behaviour for any evidence of extreme and prolonged market competition with no regard to commercial viability.

Despite prevailing challenges in the retail energy sector, TPC is in a strong position to reward patient investors with consistent returns over the longer term.

DIRECTORS' REPORT (Continued)

Dividend

On 25 February 2022, the directors of TPC Consolidated Limited declared an interim dividend on ordinary shares. The total amount of \$341,268 represents a fully franked dividend of 3 cents per share. The record date for the interim dividend is 9 March 2022. The intended date of payment is 23 March 2022. The interim dividend has not been provided for in the 31 December 2021 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 2021.

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 25 February 2022

Auditor's Independence Declaration

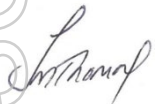
To the Directors of TPC Consolidated Limited

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 2021, 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



S M Thomas
Partner – Audit & Assurance

Sydney, 25 February 2022

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Half-year Ended 31 December 2021 \$	Half-year Ended 31 December 2020 \$
Revenue from contracts with customers		56,656,300	44,687,235
Delivery of services		(47,406,188)	(31,547,796)
Gross profit		9,250,112	13,139,439
Other income		815,480	762,972
		<u>10,065,592</u>	<u>13,902,411</u>
Operating expenses		(5,227,644)	(4,098,622)
Employee benefits expense		(4,329,940)	(4,041,892)
(Loss)/Gain on fair value of derivatives		(7,814)	243,365
Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)		500,194	6,005,262
Depreciation and amortisation		(398,783)	(503,133)
Earnings before interest and taxation (EBIT)		101,411	5,502,129
Finance revenue		3,758	6,731
Finance costs		(22,830)	(42,190)
Profit before income tax		82,339	5,466,670
Income tax expenses		(78,980)	(1,664,944)
Profit for the period		<u>3,359</u>	<u>3,801,726</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(5,098)	(7,690)
Fair value movement on derivatives designated for Hedge Accounting		4,975,257	2,659,870
Other comprehensive income for the period, net of tax		<u>4,970,159</u>	<u>2,652,180</u>
Total comprehensive income for the period		<u>4,973,518</u>	<u>6,453,906</u>
Profit attributable to Members of TPC Consolidated Limited		<u>3,359</u>	<u>3,801,726</u>
Total comprehensive income attributable to Members of TPC Consolidated Limited		<u>4,973,518</u>	<u>6,453,906</u>
		Cents	Cents
Earnings per share for the period attributable to the members of TPC Consolidated Limited			
Earnings per share			
- Basic earnings per share	4	0.03	33.80
- Diluted earnings per share	4	0.03	33.80

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 \$	As at 30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,137,206	7,026,110
Trade and other receivables	6	16,974,274	13,393,476
Inventories		45,423	45,791
Current tax receivables		87,894	-
Derivatives held at fair value	13	8,678,707	3,711,263
Bank deposits	7	3,196,676	3,196,676
Other current assets	8	2,839,321	1,050,088
Total Current Assets		<u>34,959,501</u>	<u>28,423,404</u>
Non-Current Assets			
Property, plant and equipment		581,089	659,092
Right of use assets		622,319	851,736
Deferred tax assets		1,777,092	1,856,072
Total Non-Current Assets		<u>2,980,500</u>	<u>3,366,900</u>
TOTAL ASSETS		<u>37,940,001</u>	<u>31,790,304</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	12,210,682	8,957,430
Current tax liabilities		-	868,919
Lease liabilities		609,701	572,677
Short term provisions		1,654,248	1,668,047
Contract liabilities	10	2,430,684	2,137,110
Total Current Liabilities		<u>16,905,315</u>	<u>14,204,183</u>
Non-Current Liabilities			
Long term provisions		94,548	144,335
Lease liabilities		107,686	453,691
Total Non-Current Liabilities		<u>202,234</u>	<u>598,026</u>
TOTAL LIABILITIES		<u>17,107,549</u>	<u>14,802,209</u>
NET ASSETS		<u>20,832,452</u>	<u>16,988,095</u>
EQUITY			
Issued capital	11	10,496,788	10,488,388
Reserves		8,687,691	3,717,532
Retained Earnings		1,647,973	2,782,175
TOTAL EQUITY		<u>20,832,452</u>	<u>16,988,095</u>

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Reserves \$	(Accumulated Losses)/ Retained Earnings \$	Total \$
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>
Balance at 1 July 2021	10,488,388	3,717,532	2,782,175	16,988,095
Profit for the period	-	-	3,359	3,359
Other comprehensive income	-	4,970,159	-	4,970,159
Total comprehensive income for the period	-	4,970,159	3,359	4,973,518
<i>Transactions with Shareholders</i>				
Payment related to partially paid shares	8,400	-	-	8,400
Dividend paid	-	-	(1,137,561)	(1,137,561)
Balance at 31 December 2021	<u>10,496,788</u>	<u>8,687,691</u>	<u>1,647,973</u>	<u>20,832,452</u>

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-year Ended 31 December 2021	Half-year Ended 31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	58,671,862	49,347,545
Payments to suppliers and employees (inclusive of GST)	(60,050,398)	(42,130,386)
Interest received	3,783	6,778
Interest and other financial costs paid	(22,830)	(42,190)
Income tax paid	(956,813)	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(2,354,396)	7,181,747
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(79,870)	(62,001)
Payment to bank deposits	-	(500,000)
NET CASH USED IN INVESTING ACTIVITIES	(79,870)	(562,001)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from partially paid share capital	8,400	561,600
Dividends paid	(1,137,561)	(898,849)
Proceeds from borrowings	824,806	3,398,995
Repayment of borrowings and lease liabilities	(1,150,283)	(4,443,547)
NET CASH USED IN FINANCING ACTIVITIES	(1,454,638)	(1,381,801)
Net (decrease)/increase in cash held	(3,888,904)	5,237,945
Cash and cash equivalents at beginning of period	7,026,110	1,855,450
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,137,206	7,093,395

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 2021 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 25 February 2022.

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 2021 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 2021.

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 2021 Cents	Half-year Ended 31 December 2020 Cents
Basic earnings per share	0.03	33.80
Diluted earnings per share	0.03	33.80
	\$	\$
Net earnings used in the calculation of basic and diluted EPS	3,359	3,801,726
Weighted average number of ordinary shares outstanding during the period used:	Number	Number
in the calculation of basic EPS	11,375,613	11,248,548
in the calculation of diluted EPS	11,375,613	11,248,548

5 DIVIDENDS PAID AND PROPOSED

	Half-year Ended 31 December 2021 \$	Half-year Ended 31 December 2020 \$
a) Dividends paid during the period: Final franked dividends for financial year 30 June 2021: 10 cents (2020: 8 cents)	<u>1,137,561</u>	<u>898,849</u>
b) Dividends declared and not recognised as a liability: Interim franked dividends for financial year 30 June 2022: 3 cents (2021: 8 cents)	<u>341,268</u>	<u>910,049</u>

On 25 February 2022, the Directors declared a fully franked interim dividend for the year ended 30 June 2022 of 3 cents per ordinary share, to be paid on 23 March 2022 to eligible shareholders on the register at 9 March 2022. The equates to an estimated distribution of \$341,268 based on the number of ordinary shares in issue at 31 December 2021.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December 2021 \$	As at 30 June 2021 \$
Trade receivables	15,241,324	12,139,340
Expected credit losses	(5,314,119)	(4,264,534)
Contract Assets (a)	7,012,018	5,424,242
Goods and Services Tax Receivable	-	68,751
Other receivables	35,051	25,677
	<u>16,974,274</u>	<u>13,393,476</u>
(a) Contract Assets comprises of:		
- Unbilled Revenue	6,711,353	5,424,210
- Other Accrued Income	300,665	32
	<u>7,012,018</u>	<u>5,424,242</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 BANK DEPOSITS

	As at 31 December 2021 \$	As at 30 June 2021 \$
Current		
Bank Deposits	3,196,676	3,196,676

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

8 OTHER CURRENT ASSETS

	As at 31 December 2021 \$	As at 30 June 2021 \$
Deferred Commission Costs	-	3,499
Prepayments	2,175,058	862,323
Security Deposit	664,263	184,266
	<u>2,839,321</u>	<u>1,050,088</u>

9 TRADE AND OTHER PAYABLES

	As at 31 December 2021 \$	As at 30 June 2021 \$
Trade payables	2,820,350	2,851,771
Accrued expenses	9,139,249	5,929,900
Sundry payables	226,337	175,760
Goods and services tax payable	24,748	-
	<u>12,210,684</u>	<u>8,957,431</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 CONTRACT LIABILITIES

	As at 31 December 2021	As at 30 June 2021
	\$	\$
Unearned revenue relating to energy services	2,095,648	1,776,636
Unearned revenue relating to telecommunication services	335,036	360,474
	<u>2,430,684</u>	<u>2,137,110</u>

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

11 ISSUED CAPITAL

	As at 31 December 2021	As at 30 June 2021
	\$	\$
Ordinary Shares		
Issued and fully paid	10,481,668	10,481,668
Issued and partially paid	15,120	6,720
	<u>10,496,788</u>	<u>10,488,388</u>

Movements in Ordinary Shares on Issue

	Number	\$
Balance at 1 July 2021	11,375,613	10,488,388
Payment related to partially paid shares	-	8,400
Balance at 31 December 2021	<u>11,375,613</u>	<u>10,496,788</u>

12 CONTINGENT LIABILITIES

As at 31 December 2021 the consolidated entity has issued bank guarantees totalling \$3,196,676 (30 June 2021: \$3,196,676) 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

	As at 31 December 2021 \$	As at 30 June 2021 \$
Current Assets		
Derivative financial instruments	8,678,707	3,711,263
	<u>8,678,707</u>	<u>3,711,263</u>

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	3,703,158	3,703,158
- Non designated	8,105	8,105
	<u>3,711,263</u>	<u>3,711,263</u>
Acquired	4,975,258	4,975,258
Recognised in the statement of profit or loss and other comprehensive income	<u>(7,814)</u>	<u>(7,814)</u>
Closing Balance		
- Designated	8,678,415	8,678,415
- Non designated	292	292
	<u>8,678,707</u>	<u>8,678,707</u>

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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 2021			
Financial assets			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	8,678,415	8,678,415	8,678,415
- Foreign currency derivatives - cash flow hedges	292	292	292
	<u>8,678,707</u>	<u>8,678,707</u>	<u>8,678,707</u>
Balance at 30 June 2021			
Financial assets			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	3,703,158	3,703,158	3,703,158
- Foreign currency derivatives - cash flow hedges	8,105	8,105	8,105
	<u>3,711,263</u>	<u>3,711,263</u>	<u>3,711,263</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 twelve 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 2021 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 2021			
Revenue			
Revenue from external customers	56,208,049	448,251	56,656,300
Other income	808,753	6,727	815,480
Inter-segment revenue			-
Total revenue and other income	57,016,802	454,978	57,471,780
Result			
Earnings before interest expense and taxation (EBIT)	98,300	3,111	101,411
Finance revenue			3,758
Finance costs			(22,830)
Profit before income tax			82,339
Other Segment Information			
Depreciation	398,783	-	398,783

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 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

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 2021 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 25 February 2022

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 2021, 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 2021, 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 2021 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.

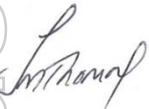
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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, 25 February 2022