



ASX Announcement/Press Release | 31 August 2022
TPC Consolidated Limited (ASX:TPC)

TPC Consolidated releases its Appendix 4E and FY22 Annual Report

TPC Consolidated Limited (ASX:TPC) provides the attached Appendix 4E and Annual Report for the year ended 30 June 2022 (FY22).

Authorised for release by the Board of TPC.

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About TPC Consolidated

TPC Consolidated Limited (ASX:TPC) owns and operates leading Australian-based electricity and gas retailer CovaU (pronounced “cover you”), which offers competitively priced products to household as well as business (Small Medium enterprises and Commercial and Industrial) customers.

The client base of TPC’s CovaU business, spread across most Australian states and territories, can choose from a wide range of products, from conventional gas and electricity through to solar, wind and ‘greenpower’ plans.

TPC is focussed on further expanding CovaU’s market presence in the energy segment of the Australian utilities sector. The Company’s expansion plans include additions to its current suite of renewables segment-related energy products, as consumers preference energy sources that accelerate the decarbonisation process.

To learn more, please visit:

www.tpc.com.au
www.covau.com.au

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Appendix 4 E

Final Report

TPC CONSOLIDATED LIMITED

ABN 99 073 079 268

Current Reporting Period: Year Ended 30 June 2022
Previous Corresponding Period: Year Ended 30 June 2021

Results for Announcement to the Market

		Change		Amount
Revenue from ordinary activities	Up	31.4%	To	\$122,984,701
Earnings from continuing operations before interest expense, taxation, depreciation, amortisation and impairment (EBITDA)	Up	44.3%	To	\$9,052,210
Profit from continuing operations after tax	Up	11.2%	To	\$5,212,706
Net profit for the period attributable to members	Up	11.2%	To	\$5,212,706

Dividends

	Amount per Security Cents	Franked amount per Security Cents
Final dividend for current reporting period	10.00	10.00
Interim dividend for current reporting period	3.00	3.00
Total dividend for current reporting period	13.00	13.00

Record date for determining entitlements to final dividend:

7 September 2022 and payable on 21 September 2022

Review of Operations

\$000's	Year ended 30 June 2022	Year ended 30 June 2021	% Change
Revenue	122,985	93,629	31.4%
EBITDA ⁽¹⁾	9,052	6,271	44.3%
NPAT	5,213	4,687	11.2%

⁽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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Revenue from operations for the consolidated entity was \$123 million in FY22, which was up by \$29.4 million or 31.4% on the previous corresponding period (PCP). This gain was attributable to the continuing growth of TPC's core energy business, with its revenues increasing by \$29.6 million or 32.0% to \$122.2 million in FY22. This was underwritten by an increase of \$20.7 million or 30.4% in the electricity service segment and a gain of \$8.9 million or 36.1% in the gas service segment. However, telecommunication revenue decreased by \$0.2 million (or 24.6%) from \$1.0 million to \$0.8 million in FY22, due to a further decline in prepaid mobile revenue.

Gross profit and gain on sale of derivatives totalling \$27.8 million in FY22, up by \$5.6 million or 25.4% on PCP. This included the gains realised on the sale of some future derivative instruments, as the TPC Group strategically realigned its hedging position during the last quarter of its FY22.

Total operating expenses and employee benefit expense for the consolidated entity increased to \$19.2 million in its FY22, up 11.9% on the PCP figure of \$17.1 million. Despite this increase in operating expenses, the consolidated entity's efficiency ratio (expenses divided by revenue) improved to 15.6% in FY22, from 18.3% in the prior year.

Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) from operations in FY22 was \$9.1 million, up by 44.3% or \$2.8 million on the PCP total of \$6.3 million.

Profit before tax of the consolidated entity totalled \$8.3 million in FY22, up by \$2.9 million or 53.9% on the PCP figure of \$5.4 million.

Net profit after tax (NPAT) from operations in FY22 was \$5.2 million, up 11.2% on the PCP result of \$4.7 million.

TPC Group net assets as at end-FY22 totalled \$52.3 million, up \$35.3 million or 207.9% on PCP. This big increase was mainly attributable to the current year's profit after tax of \$5.2 million and the increase reported in the positive fair value movement on derivatives of \$31.6 million.

Current assets for the consolidated entity were \$80.4 million as at end-FY22, up \$52.0 million or 182.8% on PCP. This significant increment was mainly attributable to a \$0.3 million gain in cash and bank deposits, a sizable \$46.7 million increase in derivatives held at fair value, and a \$4.8 million rise in trade receivables. The end-FY22 non-current assets were total of \$0.9 million, down \$2.5 million or 74.5% on PCP. The drop was mainly due to a \$1.9 million decrease in deferred tax assets.

Current liabilities for the consolidated group were \$16.3 million as at end-FY22, up \$2.1 million or 14.8% on PCP. This gain was due to higher borrowings (up \$1.5 million), tax liabilities (up \$2.3 million) and contract liabilities (up \$0.5 million), which were partially offset by a \$2.3 million decrease in trade payables. Non-current liabilities increased to \$12.6 million, up by \$12.0 million or 2,010.2% on PCP. The latter up was mainly due to a \$12.5 million increase in deferred tax liabilities.

As at end-FY22, cash and bank deposits totalled \$10.6 million (including an amount of \$5.3 million held as security for bank facilities). This cash and bank balances total was up \$0.3 million or 3.3% on the year-earlier figure.

Net Tangible Asset Backing

	30 June 2022	30 June 2021
	Cents	Cents
Net tangible assets per security	456.6	141.9

Controlled Entities

The Group does not have any interests in associates or joint ventures outside the group.

Audit Report

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



TPC CONSOLIDATED LIMITED

A.B.N. 99 073 079 268

Annual Report

For the year ended 30 June 2022

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Dear Shareholder,

On behalf of the Board of TPC Consolidated Limited ('TPC' or 'the Company'), I am pleased to present TPC's Annual Report for its financial year ended 30 June 2022 (FY22).

We are proud of our team's efforts over the course of the year. They delivered a satisfactory result in the face of a cavalcade of macroeconomic and geopolitical events, all of which were totally outside of our control. This included further waves of the COVID-19 pandemic. On a brighter note here, it is now clearly apparent that the world has come round to the view that it needed to live with the pandemic. At home, all levels of Australian government have gradually moved to re-open the domestic economy, a welcome move for our economic well-being. This move helped facilitate a pick-up in Australian business activity, which went hand in hand with a bounce in consumption levels of both power and gas services. While a return to pre COVID-19 trading conditions has still not occurred, we have continued to monitor trends in the still-volatile operating environment and reacted appropriately to shifts occurring in customer requirements over the course of the year.

Your Company's operational performance over FY22 was also significantly impacted by the ongoing Russia-Ukraine war. This geopolitical event underwrote a material increase in global energy commodity prices, as it severely disrupted the flow of Russian gas exports to countries across Western Europe and beyond. This supply squeeze prompted a bidding frenzy for available global gas supplies, including those produced in Australia. It, in turn, delivered a sharp uplift in international energy prices, key gas price benchmarks included. Indicative of these gains, the closely watched Henry Hub gas price in mid-August 2022 was around 150% above its level at the end of calendar 2021. The jumps seen in Australian Energy Regulator-determined wholesale gas prices over the past six months or so have been even larger.

Despite the tough operating environment confronting your Company over its FY22, we achieved above-expectations growth in earnings over the year, a testament to the TPC team's commitment to successfully executing our business strategy. Revenue of the consolidated entity increased to \$123.0 million in FY22, up 31.4% on the previous year. Gross profit decreased by 25.3% on a previous corresponding period basis. However, on a brighter note, other earnings and profit metrics were bolstered by a gain of \$11.2 million realised on the sale of some future derivative instruments. EBITDA increased to \$9.1 million in FY22, up by 44.3% on last year's level, while TPC's FY22 NPAT of \$5.2 million was up by 11.2% on its year-earlier figure.

Due to the TPC management team's ability to deliver increased profits, I am pleased to announce the Board decision to declare a fully franked final dividend of 10 cents per share for the Company's FY22.

Looking to our 2023 financial year (FY23) outlook, we expect elevated gas prices to remain in place as long as the Russia-Ukraine war continues – and possibly even beyond the end of this conflict. This pricing challenge is not something that affects TPC alone. It presents an ongoing challenge to all players in retail energy markets both here in Australia and overseas.

All the signs are there that the operating environment for our core CovaU business will remain difficult for some time yet. Despite this, our management and staff remain committed to coming out of this situation better and stronger than ever and ready to deliver on our stated growth strategy.

Taking a longer-term perspective, the Board holds out hope that some improvement in the tough trading conditions currently being experienced in wholesale electricity pricing will materialise later in the new financial year. However, it has nevertheless decided to take a proactive approach to this challenge. We believe the best way to manage the ability for the Company to deliver continued satisfactory financial performance is to create a new wholly owned subsidiary focussed on investments that will enhance TPC's financial performance. The executive team is currently looking at the best way to implement this subsidiary and we will share more information on this process further down the track.

Should there be no further major deterioration in overall energy market conditions, the Group expects to maintain its profitability and cash flow in FY23. CovaU's energy business will remain the largest contributor to revenues and profits. Its performance will be underpinned by diligent management and stringent cost control alongside the implementation of initiatives targeting further growth in the energy business. This is the best way to have your Company primed for growth when operating conditions eventually return to more normal settings.



On behalf of the entire Board, I would like to thank our management and staff for their hard work over FY22 and our shareholders for their patience and continued support. I sincerely hope that we will be able to report improved financial results for the Company in the coming years as a reward for the continuing support provided by you, our stakeholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Greg McCann', is positioned below the closing. The signature is fluid and cursive.

Greg McCann
Chairman

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In the context of another year of seemingly never ending macroeconomic and geopolitical event challenges that adversely impacted TPC's operating environment, we delivered a quite satisfactory 2022 financial year (FY22) financial performance. Despite retail consumer demand for energy being checked by an ongoing COVID-19 pandemic and a sustained spike in wholesale electricity and gas prices brought on by the Russia/Ukraine war, our staff remained focussed on delivering TPC's plans to meet these external challenges. Upfront, I want to thank them for their efforts during what has been a testing year.

While COVID-19 failed to totally fade from view over FY22, as new variants materialised, countries across the globe, Australia included, developed strategies to live with the pandemic. This meant that its adverse impact on macroeconomic conditions abated over the course of year, engendering an improvement in business conditions, our own operations included. However, Russia's invasion of Ukraine in February 2022 destroyed nascent hopes of a gradual return to normal trading conditions in retail energy markets over our FY22. While this geopolitical event was Europe-focussed, it immediately had global ramifications from an energy commodity pricing perspective.

The coal and gas supply squeeze this ongoing war created, a direct result of disruptions to all-important Russian coal and gas exports, needing to find alternatives of the Russian coal and gas exports, has caused a sharp rise in global energy prices. Domestic power (NSW) price has also moved from \$60-70/megawatt hour (MWh) in early 2022 to \$320-400/MWh towards the end of FY2022. The accompanying jump in gas prices was even more pronounced, more than quadrupling, from \$8-10/gigajoules (GJ) to exceeding \$40/GJ (NSW) towards the end of FY 2022.

But the jump seen in domestic retail energy prices over the past 12 months is not just the result of the Russia/Ukraine conflict. Australian domestic energy prices have also been pushed higher by an outage at the Longford gas plant in Victoria and issues at Callide gas generator in Queensland.

These price spikes are also a function of the operating parameters of the broader Australian energy market. It is TPC's view that as long as Australian coal and gas manufacturers are exporting large amount of uncontracted coal and gas overseas, retail energy providers will be confronted by continued shortages of supply of coal and gas in domestic market – a shortfall that will likely be exacerbated by a failure to quickly resolve the current Russia/Ukraine war. CovaU has a conservative policy of hedging its load. However, with gas price curves now elevated, new hedges will be more expensive to procure, leading to higher prices for customers into the future. In the face of the challenges presented by currently high spot and futures prices, we will continue to manage our hedging strategies in a responsible manner, that balances the aim to be profitable, but also delivers on our mission to be a challenger retailer providing lower and more competitive energy prices to its client base.

The increased NPAT TPC achieved in FY22 was a direct consequence of our successful hedge book strategy over the year. While the Company is proud of this achievement, it prefers to operate in a less volatile pricing environment where the focus can be on further penetration of its addressable Australian retail energy consumer market.

While the spike in fossil energy prices since the start of calendar 2022 has received an inordinate amount of attention, TPC has continued to explore ways to broaden its product offering. In an initiative led by myself and our Chief Strategy Officer, TPC has laid the groundwork to further penetrate the renewable generation market segment. We are currently working on our second renewable Power Purchase Agreement with a major renewable power developer, the delivery of which will help strategically position CovaU as an energy retailer with a strong renewable future. We will continue to evolve our green power offering as opportunities arise.

We anticipate that energy prices will remain volatile in our 2023 financial year (FY23), reflective of ongoing tight demand/supply equation as well as a continued run of planned and unplanned outages across Australia's energy production infrastructure (that will add to the shutdown of the NSW-based Liddell Unit 3 generator that occurred in April 2022). Even with the implementation of a regulatory price cap of \$40/GJ and the creation of a pricing framework designed to protect Australian consumers, we expect domestic energy prices to remain elevated over the coming 12 months.

TPC's mobile phone business continued to operate over the course of the Company's FY22. We continue to explore the best options for this business over the longer-term.

As we enter FY23, our business remains subject to a number of risks that may impact our strategy even after careful planning and management. These risks include:

- Sales competition from rivals that have no regard for commercial viability
- The unreliability of aging fossil fuel-powered energy generation and the delivery volatility of still evolving green generation, which together could result in extreme or prolonged high wholesale energy prices.

Despite these risks and ongoing macroeconomic and geopolitical challenges that continue to impact the performance of our core energy retailer operation, we are confident that TPC is well-positioned to achieve a satisfactory FY23 result. This as the Company's senior executive team focusses on the delivery of prudent management practices that meet the expectations of shareholders and regulatory requirements and simultaneously protect profitability.

Be rest assured that your senior leadership team will continue to manage the TPC business well and target the simultaneous delivery of both profitable growth for our shareholders and the provision of competitively energy services to our retail customer base.



Chiao-Heng (Charles) Huang
CEO and Managing Director

Greg McCann B Bus, FCA, FAICD

Non-Executive Chairman

Appointed 2 April 2007

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

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

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

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

Chiao-Heng (Charles) Huang B Eng

Managing Director and Chief Executive Officer

Appointed 28 February 1996

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

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

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

Jeffrey Ma B A, FCA, F Fin

Executive Director, Chief Financial Officer and Company Secretary

Appointed 22 November 2004

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

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

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

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

Steven joined the Company as Chief Strategy Officer in 2013.

Steven has extensive management and operational experience internationally in strategy, business development, sales and marketing across the telecommunications and IT industries. He has been involved in leading the development of strategy of the financial markets across the major financial centres of Asia, North America and Europe. Most recently, Steven was based in Tokyo with KVH, a Fidelity Investment company, as Director of Strategy and Business Development.

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

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

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Your directors present the Group's report on the consolidated entity consisting of TPC Consolidated Limited (the Company) and the entities it controlled during the year ended 30 June 2022.

Directors

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

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

Principal Activities

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

Review of Operations

Key Highlights:

- TPC Consolidated Limited (TPC Group or consolidated entity) operating revenue was \$122,984,701 in the year ended 30 June 2022 (FY22), up 31.4% on the previous corresponding period (PCP) figure of \$93,628,570.
- Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) from operations in FY22 was \$9,052,210, up 44.3% on the PCP total of \$6,271,335.
- Net profit after tax (NPAT) from operations in FY22 was \$5,212,706, up 11.2% on the PCP result of \$4,686,824.

\$000's	Year ended 30 June 2022	Year ended 30 June 2021	% Change on PCP
Revenue	122,985	93,629	31.4%
EBITDA ⁽¹⁾	9,052	6,271	44.3%
NPAT	5,213	4,687	11.2%

⁽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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Revenue from operations for the consolidated entity was \$123 million in FY22, which was up by \$29.4 million or 31.4% on the previous corresponding period (PCP). This gain was attributable to the continuing growth of TPC's core energy business, with its revenues increasing by \$29.6 million or 32.0% to \$122.2 million in FY22. This was underwritten by an increase of \$20.7 million or 30.4% in the electricity service segment and a gain of \$8.9 million or 36.1% in the gas service segment. However, telecommunication revenue decreased by \$0.2 million (or 24.6%) from \$1.0 million to \$0.8 million in FY22, due to a further decline in prepaid mobile revenue.

Gross profit and gain on sale of derivatives totalling \$27.8 million in FY22, up by \$5.6 million or 25.4% on PCP. This included the gains realised on the sale of some future derivative instruments, as the TPC Group strategically realigned its hedging position during the last quarter of its FY22.

Total operating expenses and employee benefit expense for the consolidated entity increased to \$19.2 million in its FY22, up 11.9% on the PCP figure of \$17.1 million. Despite this increase in operating expenses, the consolidated entity's efficiency ratio (expenses divided by revenue) improved to 15.6% in FY22, from 18.3% in the prior year.

Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) from operations in FY22 was \$9.1 million, up by 44.3% or \$2.8 million on the PCP total of \$6.3 million.

Profit before tax of the consolidated entity totalled \$8.3 million in FY22, up by \$2.9 million or 53.9% on the PCP figure of \$5.4 million.

Net profit after tax (NPAT) from operations in FY22 was \$5.2 million, up 11.2% on the PCP result of \$4.7 million.

TPC Group net assets as at end-FY22 totalled \$52.3 million, up \$35.3 million or 207.9% on PCP. This big increase was mainly attributable to the current year's profit after tax of \$5.2 million and the increase reported in the positive fair value movement on derivatives of \$31.6 million.

Current assets for the consolidated entity were \$80.4 million as at end-FY22, up \$52.0 million or 182.8% on PCP. This significant increment was mainly attributable to a \$0.3 million gain in cash and bank deposits, a sizable \$46.7 million increase in derivatives held at fair value, and a \$4.8 million rise in trade receivables. The end-FY22 non-current assets were total of \$0.9 million, down \$2.5 million or 74.5% on PCP. The drop was mainly due to a \$1.9 million decrease in deferred tax assets.

Current liabilities for the consolidated group were \$16.3 million as at end-FY22, up \$2.1 million or 14.8% on PCP. This gain was due to higher borrowings (up \$1.5 million), tax liabilities (up \$2.3 million) and contract liabilities (up \$0.5 million), which were partially offset by a \$2.3 million decrease in trade payables. Non-current liabilities increased to \$12.6 million, up by \$12.0 million or 2,010.2% on PCP. The latter up was mainly due to a \$12.5 million increase in deferred tax liabilities.

As at end-FY22, cash and bank deposits totalled \$10.6 million (including an amount of \$5.3 million held as security for bank facilities). This cash and bank balances total was up \$0.3 million or 3.3% on the year-earlier figure.

Dividends

A fully franked interim dividend \$341,268 equivalent to 3 cents per share (11,235,613 shares) was declared on 22 February 2022 with a record date of 9 March 2022 and was paid on 23 March 2022. A fully franked final dividend \$1,137,561 equivalent to 10 cents per share (11,375,613 shares) was declared on 31 August 2022 with a record date of 7 September 2022 and payment date of 21 September 2022.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2022.

Events Subsequent to the End of the Financial Year

On 31 August 2022, the directors declared a fully franked final dividend for the year ended 30 June 2022 of 10 cents per share to be paid on 21 September 2022, a total estimated distribution of \$1,137,561 based on the number of ordinary shares on issue as at 7 September 2022.

Likely Developments and Expected Results

To date the Group, specifically the CovaU business, has experienced minimal financial impacts from COVID-19 in the year ended 30 June 2022. The Group recognises that the market situation continues to be influenced by such factors and remains vigilant in identifying, continuing and evaluating mechanisms that mitigate the risks posed. Overall, the Group considers such contextual factors within the broader scope of maintaining a robust and resilient business position.

The directors expect continued growth in the energy business and that the Group will maintain its profitability and cash flow in the financial year ending 30 June 2023. Management are exploring strategies to grow the energy business through strategic partnerships, acquisitions and organic means.

Environmental Issues

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

Directors' Securities Holdings

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

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

See the Remuneration Report for further details.

Directors' Meetings

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

	Board Meetings	Audit and Risk Committee
Number of Meetings	Attend / Held ⁽¹⁾	Attend / Held ⁽¹⁾
Greg McCann	7/7	2/2
Chiao-Heng (Charles) Huang	7/7	2/2
Jeffrey Ma	7/7	n/a
Steven Goodarzi	7/7	n/a

⁽¹⁾ Number of meetings held while a director or a member.

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

Members acting on the committee of the Board were:

Audit and Risk Committee

- Greg McCann (Chairman)
- Chiao-Heng (Charles) Huang

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

Indemnification and Insurance of Directors and Officers and Auditors

The entity has entered into a directors' & officers' insurance contract on 28 January 2022 for the purpose of insuring against any liability that may arise from the directors carrying out their duties and responsibilities in their capacity as officers of the Company. The amount of the premium was \$108,762.

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

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Remuneration Report (Audited)

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

Details of Directors and Executives

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

Directors

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

Executives

Bing Zhou	Chief Revenue Officer
Gang Gu	General Manager, Technology

Remuneration Policy

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

Employee Share Ownership Plan

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

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

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

Non-executive Director Remuneration

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

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

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

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

Executive Director and Executives Remuneration

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

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

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

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

Voting and Comments made at the Company's 2021 Annual General Meeting ("AGM")

At the 2021 AGM, shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2021.

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

Remuneration of Directors and Executives

The following tables set out the remuneration received by the directors and executives of the Company during the financial years ended 30 June 2022 and 30 June 2021.

2022	Short Term Benefits			Post Employment	Long Term Benefits	Equity Based	Total
	Salary and Fees	Cash Benefits ⁽¹⁾	Non-Cash Benefits	Super-annuation	Accrued Leave Entitlement	Share-based Payments ⁽²⁾	
	\$	\$	\$	\$	\$	\$	\$
Chairman (Non-Executive Director)							
Greg McCann	72,765	-	-	7,277	-	-	80,042
Executive Directors							
Chiao-Heng (Charles) Huang	476,068	48,000	-	27,500	8,242	-	559,810
Jeffrey Ma	236,068	-	-	27,500	5,254	-	268,822
Steven Goodarzi	240,000	34,462	2,253	23,568	-	-	300,283
Executives							
Bing Zhou	213,000	-	8,826	20,000	22,231	-	219,595
Gang Gu	160,138	-	4,401	15,500	3,417	-	183,456
	1,398,039	82,462	15,480	121,345	5,318	-	1,612,008

2021	Short Term Benefits		Post Employment		Long Term Benefits	Equity Based	Total
	Salary and Fees \$	Cash Benefits ⁽¹⁾ \$	Non-Cash Benefits \$	Super-annuation \$	Accrued Leave Entitlement \$	Share-based Payments ⁽²⁾ \$	
Chairman (Non-Executive Director)							
Greg McCann	72,765	-	-	6,913	-	-	79,678
Executive Directors							
Chiao-Heng (Charles) Huang	386,694	-	-	25,000	8,020	-	419,714
Jeffrey Ma	236,694	-	-	25,000	5,392	-	267,086
Steven Goodarzi	277,308	-	2,212	21,694	-	-	301,214
Executives							
Bing Zhou	217,072	-	9,288	18,604	21,828	17,234	284,026
Gang Gu	155,949	-	4,417	14,725	3,376	-	178,467
	<u>1,346,482</u>	<u>-</u>	<u>15,917</u>	<u>111,936</u>	<u>38,616</u>	<u>-</u>	<u>1,530,185</u>

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

	Fixed Remuneration		Performance	
	2022	2021	2022	2021
Chairman (Non-Executive Director)				
Greg McCann	100%	100%	0%	0%
Executive Directors				
Chiao-Heng (Charles) Huang	79%	93%	21%	7%
Jeffrey Ma	100%	100%	0%	0%
Steven Goodarzi	100%	92%	0%	8%
Executives				
Bing Zhou	99%	96%	1%	4%
Gang Gu	100%	100%	0%	0%

⁽¹⁾ Cash benefits represented the payout of unused annual leave entitlements.

⁽²⁾ This represents the value of shares that have been issued to the named directors and executives under the 2009 Employee Share Ownership Plan (2009 ESOP). The share of issue of shares under the 2009 ESOP has been treated as issue of share options and accounted for the Australian Accounting Standards AASB 2 Share-based Payment.

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Key Terms of Employment Agreements

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

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

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

Directors and Executives Share Holdings

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

	Total Shares Held at Beginning and End of Year
Greg McCann	85,000
Chiao-Heng (Charles) Huang	4,463,393
Jeffrey Ma	423,003
Steven Goodarzi	210,335
Bing Zhou	201,000
Gang Gu	83,826
	<u>5,466,557</u>

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

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

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Company Performance, Shareholder Wealth and Director and Executive Remuneration

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

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

	2022	2021	2020	2019	2018
Revenue	\$122.98 m	\$93.63 m	\$86.35 m	\$83.34 m	\$80.18 m
Profit after tax	\$5.27 m	\$4.69 m	\$3.36 m	\$2.21 m	\$3.17 m
Share price at year end	\$1.51	\$3.50	\$0.95	\$0.40	\$1.01
Interim dividend	3 cents	8 cents	0 cents	0 cents	0 cents
Final dividend	10 cents	10 cents	8 cents	0 cents	0 cents

This concludes the Remuneration Report which has been audited.

Shares under Options

There were no ordinary shares of the company issued on exercise of options during the year (2021:Nil), nor are there any ordinary shares under option at the end of the financial year and the date of this report.

Proceedings on Behalf of the Company

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

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

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been provided to the directors and is set out immediately after this directors' report.

Non-Audit Services

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

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

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

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Corporate Governance Statement

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

Rounding of Amounts

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

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

On behalf of the Directors,



Greg McCann
Chairman



Chiao-Heng (Charles) Huang
Managing Director

Dated this 31 August 2022

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The Company is committed to implementing standards of corporate governance consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

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

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Auditor's Independence Declaration

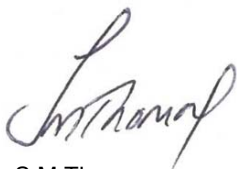
To the Directors of TPC Consolidated Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of TPC Consolidated Limited for the year ended 30 June 2022, 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, 31 August 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022



	Note	2022 \$	2021 \$
Revenue			
Delivery of services	2	122,984,701	93,628,570
		(106,427,702)	(71,465,097)
Gross profit		<u>16,556,999</u>	<u>22,163,473</u>
Gain on sale of derivatives	2	11,226,781	-
Gross profit and gain on sale of derivatives		<u>27,783,780</u>	<u>22,163,473</u>
Other income	2	534,902	974,210
		<u>28,318,682</u>	<u>23,137,683</u>
Operating expenses	3	(10,188,362)	(8,511,647)
Employee benefits expense	3	(9,059,516)	(8,633,161)
(Loss)/gain on fair value of derivatives		(18,594)	278,460
Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)		<u>9,052,210</u>	<u>6,271,335</u>
Depreciation and amortisation	3	(794,630)	(904,153)
Earnings before interest and taxation (EBIT)		<u>8,257,580</u>	<u>5,367,182</u>
Finance revenue		7,969	10,338
Finance costs	3	(70,360)	(76,211)
Profit before income tax	3	<u>8,195,189</u>	<u>5,301,309</u>
Income tax expense	4	(2,982,483)	(614,485)
Profit for the year		<u><u>5,212,706</u></u>	<u><u>4,686,824</u></u>
Other comprehensive income for the year, net of tax			
<i>Amounts that may subsequently be transferred to profit or loss</i>			
Exchange differences on translating foreign operations		(19,780)	(3,648)
Fair value movement on derivatives designated for Hedge Accounting		46,731,335	4,669,925
Tax relating to gain in fair value of cash flow hedges		(15,130,348)	-
Other comprehensive income for the year, net of tax		<u>31,581,207</u>	<u>4,666,277</u>
Total comprehensive income for the year		<u><u>36,793,913</u></u>	<u><u>9,353,101</u></u>
Profit attributable to Members of TPC Consolidated Limited		<u><u>5,212,706</u></u>	<u><u>4,686,824</u></u>
Total comprehensive income attributable to Members of TPC Consolidated Limited		<u><u>36,793,913</u></u>	<u><u>9,353,101</u></u>
Earnings per share for the year attributable to the members of TPC Consolidated Limited		Cents	Cents
Earnings per share			
- Basic earnings per share	5	45.82	41.43
- Diluted earnings per share	5	45.82	41.43

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

Consolidated Statement of Financial Position
As at 30 June 2022



	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	5,264,938	7,026,110
Trade and other receivables	9	18,154,730	13,393,476
Inventories		45,376	45,791
Derivatives held at fair value	23	50,434,492	3,711,263
Bank deposits	10	5,296,676	3,196,676
Other assets	11	1,183,541	1,050,088
Total Current Assets		80,379,753	28,423,404
Non-Current Assets			
Property, plant and equipment	13	482,363	659,092
Right of use assets	14	374,992	851,736
Deferred tax assets	4	-	1,856,072
Total Non-Current Assets		857,355	3,366,900
TOTAL ASSETS		81,237,108	31,790,304
LIABILITIES			
Current Liabilities			
Trade and other payables	15	6,732,985	8,957,430
Borrowings	16	1,455,481	-
Derivatives held at fair value	23	10,488	-
Lease liabilities	14	385,818	572,677
Current tax liabilities	4	3,135,339	868,919
Short term provisions	17	1,995,564	1,668,047
Contract liabilities	18	2,587,726	2,137,110
Total Current Liabilities		16,303,401	14,204,183
Non-Current Liabilities			
Long term provisions	17	99,592	144,335
Lease liabilities	14	26,399	453,691
Deferred tax liabilities	4	12,493,619	-
Total Non-Current Liabilities		12,619,610	598,026
TOTAL LIABILITIES		28,923,011	14,802,209
NET ASSETS		52,314,097	16,988,095
EQUITY			
Issued capital	19	10,499,308	10,488,388
Reserves	20	35,298,739	3,717,532
Retained earnings		6,516,050	2,782,175
TOTAL EQUITY		52,314,097	16,988,095

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022



	Note	Issued Capital \$	Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2021		9,920,068	(939,264)	(122,467)	8,858,337
Profit for the year		-	-	4,686,824	4,686,824
Other comprehensive income		-	4,666,277	-	4,666,277
Total comprehensive income for the year		-	4,666,277	4,686,824	9,353,101
<i>Transactions with Shareholders</i>					
Payment related to partially paid shares	19	568,320	-	-	568,320
Dividend paid		-	-	(1,808,897)	(1,808,897)
Employee equity benefits reserve		-	17,234	-	17,234
Transfer relating to Employee equity benefits reserve		-	(26,715)	26,715	-
Balance at 30 June 2021		<u>10,488,388</u>	<u>3,717,532</u>	<u>2,782,175</u>	<u>16,988,095</u>
Balance at 1 July 2021		10,488,388	3,717,532	2,782,175	16,988,095
Profit for the year		-	-	5,212,706	5,212,706
Other comprehensive income		-	31,581,207	-	31,581,207
Total comprehensive income for the year		-	31,581,207	5,212,706	36,793,913
<i>Transactions with Shareholders</i>					
Received related to partially paid shares	19	10,920	-	-	10,920
Dividend paid		-	-	(1,478,831)	(1,478,831)
Balance at 30 June 2022		<u>10,499,308</u>	<u>35,298,739</u>	<u>6,516,050</u>	<u>52,314,097</u>

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2022



	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	130,959,691	105,037,424
Payments to suppliers and employees (inclusive of GST)	(128,296,120)	(94,811,775)
Interest received	7,991	10,416
Interest and other financial costs paid	(51,267)	(76,211)
Income tax paid	(1,505,480)	(270,205)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8(b) 1,114,815</u>	<u>9,889,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(142,225)	(191,424)
Payment to bank deposits	(2,100,000)	(1,974,575)
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,242,225)</u>	<u>(2,165,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from partially paid share capital	10,920	568,320
Proceeds from borrowings	5,333,439	3,398,995
Repayment of borrowings	(3,877,958)	(4,150,363)
Repayment of lease liabilities	(621,331)	(561,045)
Dividends paid	(1,478,832)	(1,808,897)
NET CASH USED IN FINANCING ACTIVITIES	<u>(633,762)</u>	<u>(2,552,990)</u>
Net increase in cash held	(1,761,172)	5,170,660
Cash held at the beginning of the financial year	7,026,110	1,855,450
CASH AT THE END OF FINANCIAL YEAR	<u>8(a) 5,264,938</u>	<u>7,026,110</u>

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

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Note 1: Statement of Significant Accounting Policies

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

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

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

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

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

Basis of Preparation

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

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

The financial report of TPC Consolidated Limited and its controlled entities for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 31 August 2022.

Parent Entity Information

In accordance with Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

Accounting Policies

New, Revised or Amended Accounting Standards and Interpretations Adopted

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

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

(a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(a) Principles of Consolidation (continued)

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

(b) Income Tax

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

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

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

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

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

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

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

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

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

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

(c) Inventories

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

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(d) Property, Plant and Equipment

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

Plant and Equipment

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

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

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

Depreciation

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

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

Plant & Equipment	10%
Office Fittings & Furniture	13%
Office Equipment	20% - 33%
Network Equipment	20% - 33%

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

(e) Leases

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(e) Leases (continued)

Measurement and recognition of leases as a lessee (continued)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(f) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(f) Financial Instruments (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(f) Financial Instruments (continued)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(g) Impairment of Assets

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

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

(h) Foreign Currency Transactions and Balances

Functional and Presentational Currency

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

Transactions and Balances

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

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

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

Group Companies

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

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

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

(i) Employee Benefits

Annual Leave/Long Service Leave

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

Superannuation

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

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(i) Employee Benefits (continued)

Share-based Payments

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

(j) Cash and Cash Equivalents

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

(k) Trade Receivables

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

Expected Credit Loss

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The loss allowance 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 contract assets 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.

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

Expected credit loss on trade receivables and contract assets

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

(l) Trade and Other Payables

Trade and other payables are stated at amortised cost.

(m) Provisions

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

(n) Contract Liabilities

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

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

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(o) Revenue Recognition

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.

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.

Customer contract liabilities are recognised for cash received in advance and services not used yet.

Costs to obtain and fulfil a contract

Costs that are incurred regardless of whether an energy contract is obtained are expensed as incurred, unless those costs are explicitly chargeable to the customer.

Variable consideration and constraints

The Group includes variable consideration in the transaction price as estimated at the inception of a contract. However, if it is considered 'highly probable' that a significant reversal of revenue recognised will occur in the future, the variable consideration is constrained and not included in the transaction price. The Group's contractual arrangements contain a number of variable pricing elements including discounts. Some of these variable elements are resolved during the reporting periods. Where they are not, management estimates the likelihood of the variable pricing element eventuating and recognises the variable pricing element to the extent it is not highly probable that it will reverse.

Government Grant Income - Jobkeepers Payment

Intended to help keep more Australians in jobs and support businesses affected by the significant economic impact of COVID-19, the Government announced Jobkeeper Payment Scheme that provides eligible employers with wages subsidy for wages paid to eligible employees started on 30 March 2020 and finished 28 March 2021. The Jobkeeper payment grant is recognised as income when the Group is reasonably assured that it will comply with the conditions attaching to it, and the grant will be received.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(o) Revenue Recognition (continued)

Government Grant Income - Jobsavers Payment

Intended to help business maintain their NSW employee headcount, NSW and Commonwealth Governments announced Josaver Payment Scheme that provides eligible employers with wages subsidy for wages paid to eligible NSW employees started on 18 July 2021 and finished 30 November 2021. The Jobsaver payment grant is recognised as income when the Group is reasonably assured that it will comply with the conditions attaching to it, and the grant will be received.

Interest revenue is recognised using the effective interest method.

(p) Goods and Services Tax

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

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

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

(q) Earnings per Share

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

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

(r) Segment Reporting

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

(s) Comparatives

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

(t) Critical Accounting Estimates and Judgments

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

Expected Credit Loss of Receivables

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 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.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(t) Critical Accounting Estimates and Judgments (continued)

Contract Assets

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

The Group makes uses of simplified approach in accounting for contract assets and records the loss allowance as life expected credit losses.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 26 for further discussion.

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Note 2: Revenue

	2022 \$	2021 \$
Disaggregated Revenue		
Services transferred over time		
- Electricity Service	88,653,094	67,960,501
- Gas Service	33,582,362	24,674,598
- Telecommunication Services	749,245	993,471
	<u>122,984,701</u>	<u>93,628,570</u>
Gain on sale of derivatives ⁽¹⁾	<u>11,226,781</u>	<u>-</u>
Other Income		
- Foreign Exchange Gain	12,133	-
- Government Grant Income - Jobsaver/Jobkeeper Payment	332,192	889,350
- Sundry Income	190,577	84,860
	<u>534,902</u>	<u>974,210</u>

⁽¹⁾ This represents the gains recognised on the sale of energy derivatives to third parties. As detailed in note 26 (a) the group is exposed to energy price risks and manages these through entering into derivative instruments. The group strategically enters into these arrangements to manage this risk and the intention is not to trade their position to make a profit, however, from time to time there is a commercial rationale to exit the hedged position. Any material surplus / (loss) is recognised separately on the face of the profit and loss.

AASB 15 requires entities to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has determined that a disaggregation of revenue using existing segments and the nature of revenue best depicts the Group's revenue.

For 2022, revenue includes \$1,789,763 (2021: \$1,816,276) included in contract liability balance at the beginning of the period.

Note 3: Profit Before Income Tax

	2022 \$	2021 \$
Short Term Lease Expense	518,418	270,650
Advertising and Promotion Expense	836,074	791,692
Communication Expense	90,624	109,983
Professional Fees	1,275,543	921,824
Bank and Merchant Fees	519,335	498,408
Travel Expense	185,293	205,694
Expected Credit Losses	3,207,592	2,686,105
Foreign Exchange Losses	-	100,591
Other Expenses	3,555,483	2,926,700
Total Operating Expenses	<u>10,188,362</u>	<u>8,511,647</u>
Employee Benefits Expenses	8,383,922	8,046,161
Superannuation	675,593	587,000
Total Employee Benefits Expenses	<u>9,059,515</u>	<u>8,633,161</u>
Depreciation of Non-current Assets	794,630	904,153
Total Depreciation and Amortisation	<u>794,630</u>	<u>904,153</u>
Finance Costs	<u>70,360</u>	<u>76,211</u>

Note 4: Income Tax Expense

(a) Income Tax Expense

The major components of income tax expense are:

	2022 \$	2021 \$
Income tax payable for the year	3,355,439	893,179
Underprovision in respect of prior years	407,701	14,299
Movement in deferred tax	(780,657)	(257,098)
Movement in deferred tax in respect of prior periods	-	(35,895)
Income tax expense	<u>2,982,483</u>	<u>614,485</u>

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

	2022 \$	2021 \$
Profit before income tax expense	<u>8,195,189</u>	<u>5,301,309</u>
Prima facie tax expense on profit from ordinary activities at 30% (2021: 30%)	2,458,557	1,590,393
Non-assessable items	116,225	(990,207)
Underprovision in respect of prior years	407,701	14,299
Income tax expense attributable to profit from ordinary activities	<u>2,982,483</u>	<u>614,485</u>

(c) Current Tax Balances

Current tax liabilities

	2022 \$	2021 \$
Income tax payable	<u>3,135,339</u>	<u>868,919</u>

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Note 4: Income Tax Expense (continued)

(e) Tax Consolidation

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

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

Note 5: Earnings Per Share

	2022 Cents	2021 Cents
Basic earnings per share	<u>45.82</u>	<u>41.43</u>
Diluted earnings per share	<u>45.82</u>	<u>41.43</u>
Net earnings used in the calculation of basic and diluted EPS	5,212,706	4,686,824
Weighted average number of ordinary shares outstanding during the year in the calculation of basic EPS	Number 11,375,613	Number 11,311,558
in the calculation of diluted EPS	11,375,613	11,311,558

Note 6: Dividends Paid and Proposed

(a) Recognised Amounts

	2022		2021	
	Cents per Share	Total \$	Cents per Share	Total \$
(i) Dividends paid during the year:				
Final dividend (prior year) - fully franked	10.0	1,137,561	8.0	898,849
Interim dividend - fully franked	<u>3.0</u>	<u>341,268</u>	<u>8.0</u>	<u>910,049</u>
Total	<u>13.0</u>	<u>1,478,829</u>	<u>16.0</u>	<u>1,808,898</u>
(ii) Dividends declared and not recognised as a liability:				
Final dividends - fully franked ⁽¹⁾	<u>10.0</u>	<u>1,137,561</u>	<u>10.0</u>	<u>1,137,561</u>

⁽¹⁾ The final dividend was proposed on 31 August 2022. This amount has not been recognised as a liability in the 2022 financial year but will be brought into account in the 2023 financial year.

Note 6: Dividends Paid and Proposed (continued)

Franking Credit Balance

	2022	2021
	\$	\$
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2021: 30%)	1,637,892	970,796
The amount of franking credits available for future reporting periods:	1,637,892	970,796
- Impact on franking account balance of dividends proposed after the reporting date	(487,526)	(487,526)
	<u>1,150,366</u>	<u>483,270</u>

Note 7: Auditor's Remuneration

	2022	2021
	\$	\$
During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:		
Auditors of Parent Entity		
Audit and Review of Financial Reports	120,750	111,235
Non-assurance Services		
Taxation Services	16,850	15,850
Total Auditors Remuneration	<u>137,600</u>	<u>127,085</u>

Note 8: Cash and Cash Equivalents

	2022	2021
	\$	\$
(a) Cash Balance		
Cash at bank and in hand	5,264,938	7,026,110
	<u>5,264,938</u>	<u>7,026,110</u>

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

	2022	2021
	\$	\$
Profit after income tax	5,212,706	4,686,824
Non-cash flows in profit		
Depreciation and amortisation	794,630	904,153
Loss/(gain) on fair value of derivatives	18,594	(278,460)
Changes in assets and liabilities		
Decrease in prepayments	238,151	962,646
(Increase)/decrease in trade & other receivables	(5,200,548)	465,479
Increase in trade & other payables	549,165	3,008,351
Increase in other provisions	282,774	397,753
Increase in deferred tax liabilities	(780,657)	(257,097)
	<u>1,114,815</u>	<u>9,889,649</u>

Note 9: Trade and Other Receivables

	2022 \$	2021 \$
Current		
Trade Receivables	14,918,635	12,139,340
Expected Credit Losses of Receivables	(4,703,829)	(4,264,534)
Contract Assets (a)	6,514,256	5,424,242
Goods and Services Tax Receivable	1,392,156	68,751
Other Receivables	33,511	25,677
	<u>18,154,729</u>	<u>13,393,476</u>
(a) Contract Assets comprises of:		
- Contract Assets	6,514,246	5,424,210
- Other Accrued Income	10	32
	<u>6,514,256</u>	<u>5,424,242</u>
Opening contract assets	5,424,210	8,515,093
Contract assets billed during the year	(74,823,770)	(80,588,722)
Contract assets accrued for the year	75,913,806	77,497,839
Closing contract assets	<u>6,514,246</u>	<u>5,424,210</u>

The movement in the expected credit losses in respect of trade receivables and other receivables are detailed below:

Opening balance	(4,264,534)	(4,344,517)
- Expected credit losses recognised during the year	(4,143,545)	(3,090,852)
- Expected credit losses reversed during the year	935,953	404,747
- Receivables written off during the year as uncollectible	2,768,297	2,766,088
Closing balance	<u>(4,703,829)</u>	<u>(4,264,534)</u>

Credit Policy

The Group requires customers to pay in accordance with agreed terms. Trade receivables are non-interest bearing and are generally on 20-90 days terms. A provision for impairment is recognised based on expected credit loss model. All credit and recovery risk associated with trade receivables has been provided for in the consolidated statement of financial position.

Ageing of trade receivables at the reporting date was:

Not past due	8,577,308	6,047,765
Past due 0 - 30 days	1,751,336	1,518,484
Past due 31 - 60 days	758,139	656,717
Past due 61 - 90 days	635,088	543,434
Past due 90 days over	3,196,764	3,372,939
Total	<u>14,918,635</u>	<u>12,139,340</u>
Expected credit losses	<u>(4,703,829)</u>	<u>(4,264,534)</u>
Trade receivables net of expected credit losses	<u>10,214,806</u>	<u>7,874,806</u>

Note 9: Trade and Other Receivables (continued)

The expected credit loss for trade receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

At 30 June 2022

	Expected Credit Loss Rate %	Gross Carrying Amount \$	Expected Credit Loss \$
Not past due	6.24%	8,577,308	535,170
Past due 0 - 30 days	23.94%	1,751,336	419,211
Past due 31 - 60 days	44.87%	758,139	340,209
Past due 61 - 90 days	76.66%	635,088	486,884
Past due 90 days over	91.42%	3,196,764	2,922,355
Total		<u>14,918,635</u>	<u>4,703,829</u>

At 30 June 2021

	Expected Credit Loss Rate %	Gross Carrying Amount \$	Expected Credit Loss \$
Not past due	5.99%	6,047,765	362,016
Past due 0 - 30 days	22.74%	1,518,484	345,272
Past due 31 - 60 days	41.99%	656,717	275,760
Past due 61 - 90 days	77.02%	543,434	418,554
Past due 90 days over	84.88%	3,372,939	2,862,932
Total		<u>12,139,339</u>	<u>4,264,534</u>

Note 10: Bank Deposits

	2022 \$	2021 \$
Current		
Bank Deposits	<u>5,296,676</u>	<u>3,196,676</u>

Bank deposits include term deposits which are held as security for bank guarantee amounting to \$5,296,676 (2021: \$3,196,676).

Note 11: Other Assets

	2022 \$	2021 \$
Current		
Deferred Commission Costs	3,358	3,499
Prepayments	624,172	862,323
Security Deposit	<u>556,011</u>	<u>184,266</u>
	<u>1,183,541</u>	<u>1,050,088</u>

Note 12: Controlled Entities

	Country of Incorporation	Effective Interest		Company's recorded amount of Investment	
		2022 %	2021 %	2022 \$	2021 \$
Parent Entity TPC Consolidated Limited	Australia				
Controlled Entities Interest at Cost					
CovaU Pty Limited	Australia	100%	100%	12	12
iGENO Pty Limited	Australia	100%	100%	100	100
Tel.Pacific ESOP Pty Limited	Australia	100%	100%	1	1
Gen Earth Pty Limited	Australia	100%	100%	200	200
Kinect Inc.	Philippines	100%	100%	115,693	115,693
Investment in controlled entities				116,006	116,006
Impairment losses				-	-
Total investment in controlled entities				116,006	116,006

Note 13: Property, Plant and Equipment

	2022 \$	2021 \$
Plant & Equipment	57,264	57,264
Less: Accumulated Depreciation	(11,452)	(5,726)
	45,812	51,538
Network Equipment & Software	826,271	801,700
Less: Accumulated Depreciation	(763,698)	(735,443)
	62,573	66,257
Office Equipment	1,626,608	1,545,404
Less: Accumulated Depreciation	(1,397,913)	(1,304,213)
	228,695	241,191
Office Fittings & Furniture	1,953,409	1,935,133
Less: Accumulated Depreciation	(1,808,126)	(1,635,027)
	145,283	300,106
	482,363	659,092

Note 13: Property, Plant and Equipment (continued)

Movement in Carrying Amount

	Plant & Equipment	Network Equipment & Software	Office Equipment & Software	Office Fittings & Furniture	Total
	\$	\$	\$	\$	\$
2022					
Balance at the beginning of the year	51,538	66,257	241,191	300,106	659,092
Additions	-	24,571	90,752	26,902	142,225
Disposal	-	-	(577)	-	(577)
Depreciation expense	(5,726)	(28,255)	(98,889)	(181,423)	(314,293)
Foreign currency exchange difference	-	-	(3,782)	(302)	(4,084)
Balance at the end of the year	<u>45,812</u>	<u>62,573</u>	<u>228,695</u>	<u>145,283</u>	<u>482,363</u>
	Plant & Equipment	Network Equipment & Software	Office Equipment & Software	Office Fittings & Furniture	Total
	\$	\$	\$	\$	\$
2021					
Balance at the beginning of the year	-	90,774	218,135	587,389	896,298
Additions	57,264	5,372	123,693	5,095	191,424
Disposal	-	-	-	(1,631)	(1,631)
Depreciation expense	(5,726)	(29,889)	(92,350)	(284,874)	(412,839)
Foreign currency exchange difference	-	-	(8,287)	(5,873)	(14,160)
Balance at the end of the year	<u>51,538</u>	<u>66,257</u>	<u>241,191</u>	<u>300,106</u>	<u>659,092</u>

Note 14: Leases

(a) Amounts recognised in the balance sheet

	2022 \$	2021 \$
The balance sheet shows the following amounts relating to leases:		
Right-of-use asset		
- Properties		
At cost	2,107,520	2,103,060
Less: Accumulated depreciation	<u>(1,732,528)</u>	<u>(1,251,324)</u>
	<u>374,992</u>	<u>851,736</u>
Balance at 1 July 2020		910,375
Addition		436,784
Depreciation		(491,313)
Foreign currency exchange difference		(4,110)
Balance at 30 June 2021		<u>851,736</u>
Balance at 1 July 2021		851,736
Addition		-
Depreciation		(480,336)
Foreign currency exchange difference		3,592
Balance at 30 June 2022		<u>374,992</u>
	2022	2021
	\$	\$
Lease liabilities		
Current	385,818	572,677
Non-current	<u>26,399</u>	<u>453,691</u>
	<u>412,217</u>	<u>1,026,368</u>

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	Within 1 year \$	1-2 year \$	2-3 year \$	3-4 year \$	Total \$
At 30 June 2022					
Lease payments	392,137	26,423	-	-	418,560
Finance charges	<u>(6,319)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(6,343)</u>
Net present value	<u>385,818</u>	<u>26,399</u>	<u>-</u>	<u>-</u>	<u>412,217</u>
At 30 June 2021					
Lease payments	616,496	397,823	68,474	-	1,082,793
Finance charges	<u>(43,820)</u>	<u>(11,762)</u>	<u>(843)</u>	<u>-</u>	<u>(56,425)</u>
Net present value	<u>572,676</u>	<u>386,061</u>	<u>67,631</u>	<u>-</u>	<u>1,026,368</u>

(b) Amounts recognised in the statement of profit or loss

	2022 \$	2021 \$
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use asset		
Right-of-use asset	<u>480,336</u>	<u>491,313</u>
Interest expense (included in finance cost)	34,385	65,739
Expense relating to short-term leases	<u>152,689</u>	<u>149,665</u>

Note 15: Trade and Other Payables

	2022	2021
	\$	\$
Current		
Trade Payables	2,998,165	2,851,770
Accrued Expenses	3,345,751	5,929,900
Sundry Payables	389,068	175,760
	<u>6,732,984</u>	<u>8,957,430</u>

Note 16: Borrowings

	2022	2021
	\$	\$
Current		
Bank borrowings - Trade finance facility	1,455,481	-
	<u>1,455,481</u>	<u>-</u>

Note 17: Provisions

	2022	2021
	\$	\$
Short Term Provisions		
Leave Entitlement ⁽¹⁾	1,745,564	1,668,047
Make Good	250,000	-
	<u>1,995,564</u>	<u>1,668,047</u>
Long Term Provisions		
Leave Entitlement ⁽¹⁾	99,592	144,335
	<u>99,592</u>	<u>144,335</u>

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

Note 18: Contract Liabilities

	2022	2021
	\$	\$
Unearned revenue relating to energy services	2,255,381	1,776,636
Unearned revenue relating to telecommunication services	332,345	360,474
	<u>2,587,726</u>	<u>2,137,110</u>

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

Opening contract liabilities	2,137,110	1,880,240
Contract liabilities extinguished during the year	(24,311,177)	(19,666,990)
Contract liabilities accrued for the year	24,761,793	19,923,860
Closing contract liabilities	<u>2,587,726</u>	<u>2,137,110</u>

Note 19: Issued Capital

	2022		2021	
	Number	\$	Number	\$
(a) Ordinary Shares				
Issued and Fully Paid	11,235,613	10,481,668	11,235,613	10,481,668
Issued and Partially Paid ⁽¹⁾	140,000	17,640	140,000	6,720
	<u>11,375,613</u>	<u>10,499,308</u>	<u>11,375,613</u>	<u>10,488,388</u>
(b) Movements in Ordinary Shares on Issue				
Balance at the beginning of the year	11,375,613	10,488,388	11,235,613	9,920,068
Issue of 140,000 ordinary ESOP shares at \$1.35 per share on 15 December 2020	-	-	140,000	-
Received related to ESOP shares	-	10,920	-	568,320
Balance at the end of the year	<u>11,375,613</u>	<u>10,499,308</u>	<u>11,375,613</u>	<u>10,488,388</u>

⁽¹⁾ The issue of shares under the 2009 Employee Shares Ownership Plan (2009 ESOP) has been treated as issue of share options in accordance with the pronouncement of the International Financial Reporting Interpretations Committee. Where the company funds the acquisition of its own shares via a loan to employees with recourse only to the shares, it is treated as an option grant and accounted for under AASB 2 Share-based Payment. No loan or equity is booked initially. The Company has effectively given the employee an option exercisable sometime in the future to buy a share at a set price. For information relating to shares issued under the 2009 ESOP during the financial year, refer to Note 25(a).

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

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

Note 19: Issued Capital (continued)

(c) Capital Management

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

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

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

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

Note 20: Reserves

	2022 \$	2021 \$
Foreign Currency Translation Reserve		
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.		
Balance at the beginning of the year	(2,860)	788
Loss on translation of overseas controlled entities	(19,780)	(3,648)
Balance at the end of the year	<u>(22,640)</u>	<u>(2,860)</u>
Employee Equity Benefits Reserve		
The employee equity benefits reserve records the value of equity benefits provided to employees and directors as part of their remuneration.		
Balance at the beginning of the year	17,234	26,715
Share-based payment	-	17,234
Transferred to retained earnings	-	(26,715)
Balance at the end of the year	<u>17,234</u>	<u>17,234</u>
Cash flow Hedge Reserve		
Balance at the beginning of the year	3,703,158	(966,767)
Cash flow hedge gain recognised in equity (net of tax)	31,600,987	4,669,925
Balance at the end of the year	<u>35,304,145</u>	<u>3,703,158</u>
Total Reserves	<u>35,298,739</u>	<u>3,717,532</u>

Note 21: Contingent Liabilities

As at 30 June 2022 the consolidated entity has issued bank guarantees totalling \$5,296,676 (2021: 3,196,676) for which term deposits are held to secure this amount.

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

Note 22: Related Party Transactions

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

During the year, the Company has paid loan standby fee totalling \$6,164 (2021: \$Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to Chiao-Heng (Charles) Huang.

During the year, the Company has paid loan standby fee totalling \$822 (2021: \$Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to Jeffrey Ma.

During the year, the Company has paid loan standby fee totalling \$96 (2021: \$Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to Steven Goodarzi.

During the year, the Company has paid loan standby fee totalling \$384 (2021: \$Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to Bing Zhou.

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Note 23: Fair Value of Financial Instruments

	2022 \$	2021 \$
Current Assets		
Derivative financial instruments	50,434,492	3,711,263
	<u>50,434,492</u>	<u>3,711,263</u>
Current Liabilities		
Derivative financial instruments	10,488	-
	<u>10,488</u>	<u>-</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	46,723,229	46,723,229
Closing Balance		
- Designated	50,434,492	50,434,492
- Non designated	-	-
	<u>50,434,492</u>	<u>50,434,492</u>
Current Liabilities		
Derivative financial instruments		
Opening Balance		
- Designated	-	-
- Non designated	-	-
	<u>-</u>	<u>-</u>
Acquired	10,488	10,488
Closing Balance		
- Designated	-	-
- Non designated	10,488	10,488
	<u>10,488</u>	<u>10,488</u>

Note 23: Fair Value of Financial Instruments

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 \$
Financial assets			
Derivative financial instrument			
- Energy derivatives - cash flow hedges	50,434,492	50,434,492	50,434,492
	<u>50,434,492</u>	<u>50,434,492</u>	<u>50,434,492</u>
Financial liabilities			
Derivative financial instrument			
- Foreign currency derivatives - cash flow hedges	10,488	10,488	10,488
	<u>10,488</u>	<u>10,488</u>	<u>10,488</u>

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

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

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Note 24: Directors and Executives Disclosures

(a) Remuneration of Key Management Personnel

	2022	2021
	\$	\$
Short-term Employee Benefits	1,495,981	1,362,399
Long-term Employee Benefits	(5,318)	38,616
Post-employment Benefits	121,345	111,936
Equity Based Benefits	-	17,234
	<u>1,612,008</u>	<u>1,530,185</u>

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

Note 25: Employee Benefits

(a) Employee Share Ownership Plan

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

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

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

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

On 15 December 2020, a total of 140,000 shares were granted to an employee of the company under the 2009 ESOP.

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

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

Number of Options on Issue	140,000
Exercise Price	\$1.350
Time to Maturity	3 years
Underlying Share Price	\$1.340
Expected Share Price Volatility	24.73%
Risk-free Interest Rate	0.87%
Dividend Yield	5.97%

Note 25: Employee Benefits (continued)

(a) Employee Share Ownership Plan (continued)

	Number of shares	Exercise Price \$
ESOP shares in issue		
- At started of year	140,000	1.350
- At year ended	<u>140,000</u>	<u>1.350</u>

The number of ESOP shares on issue represents the number of shares issued under the 2009 ESOP on 15 January 2016 and 15 December 2020. The expected life of the shares is based on historical data, which may not eventuate in the future. The expected share price volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 12-16.

(b) Expenses Arising from Share-based Payment Transactions

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

	2022 \$	2021 \$
Payments related to 2009 ESOP Shares	<u>-</u>	<u>17,234</u>

(c) Superannuation Plan

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

	2022 \$	2021 \$
Defined contribution superannuation expense	<u>675,593</u>	<u>587,000</u>

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Note 26: Financial Instruments and Financial Risk Management Objectives and Policies

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

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

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

(a) Energy Price Risk

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

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

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

The Group uses the following types of derivative instruments to mitigate energy price risk.

- Forwards: A contract documenting the underlying reference rate (such as benchmark price or exchange rate) to be paid or received on a notional principal obligation at a future date.
- Futures: An exchange-traded contract to buy or sell an asset for an agreed price at a future date. Futures are net-settled in cash without physical delivery of the underlying asset.
- Swaps: A contract in which two parties exchange a series of cash flows for another.
- Options: A contract in which the buyer has the right, but not the obligation, to buy (a call option) or sell (a put option) an instrument at a fixed price in the future. The seller has the corresponding obligation to fulfil the transaction if the buyer exercises the option.

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

The Group currently uses Cashflow hedge accounting relationships as detailed below:

Objective of hedging arrangement

To hedge our exposure to variability in the cash flows of a recognised asset or liability, or a highly probable forecast transaction caused by commodity price movements.

Effective hedge portion

The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the hedge reserve.

Hedge ineffectiveness

Certain determinants of fair value, such as credit charges included in derivatives, or mismatches between the timing of the instrument and the underlying item in the hedge relationship, can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as a change in the fair value of derivatives.

Hedged item sold or repaid

Amounts accumulated in the hedge reserve are transferred immediately to profit or loss.

**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)**

(a) Energy Price Risk (continued)

Hedging instrument expires, is sold, is terminated or no longer qualifies for hedge accounting

The amount previously deferred in the hedge reserve is only transferred to profit or loss when the hedged item is also recognised in profit or loss.

Set out below are the fair values of derivatives designated in hedge accounting relationships at reporting date.

	Current Assets \$	Current Liabilities \$
Cashflow Hedge	50,434,492	10,488
	<u>50,434,492</u>	<u>10,488</u>

A number of derivative contracts have been designated as cash flow hedges of the Group's exposure to foreign exchange, interest rate and commodity price fluctuations. Designated derivatives include swaps, options, futures and

	Electricity	Gas	RECs	FX	
Nominal hedge volume	376,005 MWh	687,800 GJ	140,000 units	PHP 35M	
Hedge rates	\$15.00 - \$370.00	\$7.70 - \$17.00	\$14.75 - \$70.05	37.13 - 38.58	
	Electricity	Gas	RECs	FX	Total
Carry amounts	\$	\$	\$	\$	\$
Hedging instrument - assets/(liabilities)	36,818,042	11,944,700	1,671,750	(10,488)	50,424,004
Hedge reserve	25,772,630	8,361,290	1,170,225	-	35,304,144
Fair value increase/(decrease)					
Hedging instrument	34,177,225	11,979,360	574,750	(18,594)	46,712,741
Hedged item	(34,177,225)	(11,979,360)	(574,750)	-	(46,731,335)
Hedge ineffectiveness	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,594)</u>	<u>(18,594)</u>
Reconciliation of hedge reserve					
Effective portion of hedge gains	34,177,225	11,979,360	574,750	-	46,731,335
Tax relating to gain in fair value of cash flow hedges	(11,045,413)	(3,583,410)	(501,525)	-	(15,130,348)
Change in hedge reserve	<u>23,131,812</u>	<u>8,395,950</u>	<u>73,225</u>	<u>-</u>	<u>31,600,987</u>

Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)

(b) Interest Rate Risk

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

	Note	Total \$	Average Effective Interest Rate
2022			
Financial Assets			
Cash	8	5,264,938	0.00%
Trade and other receivables ⁽¹⁾	9	18,154,730	0.00%
Bank deposit ⁽¹⁾	11	<u>5,296,676</u>	0.35%
		<u><u>28,716,344</u></u>	
Financial Liabilities			
Trade and other payables ⁽²⁾	15	6,732,985	0.00%
Borrowing ⁽²⁾	16	<u>1,455,481</u>	11.40%
		<u><u>8,188,466</u></u>	
2021			
Financial Assets			
Cash	8	7,026,110	0.01%
Trade and other receivables ⁽¹⁾	9	13,393,476	0.00%
Bank deposit ⁽¹⁾	11	<u>3,196,676</u>	0.17%
		<u><u>23,616,262</u></u>	
Financial Liabilities			
Trade and other payables ⁽²⁾	15	8,957,430	0.00%
Borrowing ⁽²⁾	16	<u>-</u>	2.63%
		<u><u>8,957,430</u></u>	

⁽¹⁾ Loans and receivables category

⁽²⁾ Financial liabilities at amortised cost category, excluding GST payable

Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)

(c) Foreign Currency Risk

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

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

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

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

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

	Assets		Liabilities	
	2022	2021	2022	2021
Consolidated				
US dollars	18,432	225,054	18,920	16,342
New Zealand dollars	17,461	18,018	-	-
Philippine Peso	153,530	157,453	3,622	11,953
	<u>189,423</u>	<u>400,525</u>	<u>22,542</u>	<u>28,295</u>

(d) Credit Risk

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

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

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

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

**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)**

(e) Liquidity Risk

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

Remaining contractual maturities

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

		1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total \$
2022					
Non-derivatives financial assets					
<i>Non-interest bearing</i>					
Trade and other receivables		18,154,730	-	-	18,154,730
<i>Interest-bearing</i>					
Cash and cash equivalents		5,264,938	-	-	5,264,938
Bank Deposits		5,296,676	-	-	5,296,676
Non-derivatives financial liabilities					
<i>Non-interest bearing</i>					
Trade and other payables		(6,732,985)	-	-	(6,732,985)
<i>Interest-bearing</i>					
Borrowing	11.40%	(1,455,481)	-	-	(1,455,481)
Total non-derivatives		<u>20,527,878</u>	<u>-</u>	<u>-</u>	<u>20,527,878</u>
Derivatives financial assets					
<i>Non-interest bearing</i>					
Derivatives held at fair value		50,434,492	-	-	50,434,492
Derivatives financial liabilities					
<i>Non-interest bearing</i>					
Derivatives held at fair value		(10,488)	-	-	(10,488)
Total derivatives		<u>50,424,004</u>	<u>-</u>	<u>-</u>	<u>50,424,004</u>

**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)**

(e) Liquidity Risk (continued)

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total \$
2021				
Non-derivatives financial assets				
<i>Non-interest bearing</i>				
Trade and other receivables	13,393,476	-	-	13,393,476
<i>Interest-bearing</i>				
Cash and cash equivalents	7,026,110	-	-	7,026,110
Bank Deposits	3,196,676	-	-	3,196,676
Non-derivatives financial liabilities				
<i>Non-interest bearing</i>				
Trade and other payables	(8,957,430)	-	-	(8,957,430)
<i>Interest-bearing</i>				
Borrowing	2.63%	-	-	-
Total non-derivatives	<u>14,658,832</u>	<u>-</u>	<u>-</u>	<u>14,658,832</u>
Derivatives financial assets				
<i>Non-interest bearing</i>				
Derivatives held at fair value	3,711,263	-	-	3,711,263
Derivatives financial liabilities				
<i>Non-interest bearing</i>				
Derivatives held at fair value	-	-	-	-
Total derivatives	<u>3,711,263</u>	<u>-</u>	<u>-</u>	<u>3,711,263</u>

As at 30 June 2022, the group maintained a total \$10,561,614 in cash balance and bank deposits.

**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)**

(f) Summarised Sensitivity Analysis

Energy Price Risk

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

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

	Year Ended 30 June 2022				Year Ended 30 June 2021			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$	\$	\$	\$	\$	\$	\$	\$
(Decrease)/increase								
- Electricity	2,606,716	(2,606,716)	2,606,716	(2,606,716)	(184,725)	230,632	(184,725)	230,632
- Gas	(1,284,665)	1,284,665	(1,284,665)	1,284,665	(587,565)	587,565	(587,565)	587,565
	<u>1,322,051</u>	<u>(1,322,051)</u>	<u>1,322,051</u>	<u>(1,322,051)</u>	<u>(772,290)</u>	<u>818,197</u>	<u>(772,290)</u>	<u>818,197</u>

Interest Rate Risk

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

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

	Year Ended 30 June 2022				Year Ended 30 June 2021			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>								
Cash and cash equivalents	21,512	(21,512)	21,512	(21,512)	15,543	(15,543)	15,543	(15,543)
Other assets - term deposit	14,863	(14,863)	14,863	(14,863)	7,733	(7,733)	7,733	(7,733)
<i>Financial Liabilities</i>								
Borrowings	(2,547)	2,547	(2,547)	2,547	(1,315)	1,315	(1,315)	1,315
Increase/(decrease)	<u>33,828</u>	<u>(33,828)</u>	<u>33,828</u>	<u>(33,828)</u>	<u>21,961</u>	<u>(21,961)</u>	<u>21,961</u>	<u>(21,961)</u>

Note 26: Financial Instruments and Financial Risk Management Objectives and Policies
(continued)

(f) Summarised Sensitivity Analysis (Continued)

Foreign Exchange Risk

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

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

	Year Ended 30 June 2022				Year Ended 30 June 2021			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$	\$	\$	\$	\$	\$	\$	\$
(Decrease)/increase	(10,620)	12,980	(10,620)	12,980	(23,687)	28,951	(23,687)	28,951
	(10,620)	12,980	(10,620)	12,980	(23,687)	28,951	(23,687)	28,951

Note 27: Segment Reporting

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

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

The consolidated entity operates in the provision of retail electricity and gas services to residential and businesses and of the of pre-paid mobile and related services in Australia. However, the revenue contributed by pre-paid mobile and related services is minimal. Therefore, management has concluded that the consolidated entity has one reportable segment, being the provision of retail electricity and gas services.

Note 28: Parent Entity Disclosures

	Company	
	2022 \$	2021 \$
Current assets	6,169,687	2,690,874
Total assets	<u>7,338,553</u>	<u>4,424,834</u>
Current liabilities	4,269,131	8,978,826
Total liabilities	<u>4,351,167</u>	<u>9,427,111</u>
Issued capital	10,499,308	10,488,388
Employee equity benefits reserve	17,234	17,234
Retained earnings	<u>(7,529,156)</u>	<u>(15,507,899)</u>
Shareholders' equity	<u>2,987,386</u>	<u>(5,002,277)</u>
Profit for the year	<u>9,457,574</u>	<u>2,293,878</u>
Total comprehensive income	<u>9,457,574</u>	<u>2,293,878</u>
Parent entity contingencies		

The details of all contingent liabilities in respect to TPC Consolidated Limited are disclosed in Note 21.

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

Note 29: Events Subsequent to the End of the Financial Year

On 31 August 2022, the directors declared a fully franked final dividend for the year ended 30 June 2022 of 10 cents per share to be paid on 21 September 2022, a total estimated distribution of \$1,137,561 based on the number of ordinary shares on issue as at 7 September 2022.

Note 30: Company Details

The Company is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is:
Suite 1103, Level 11, 201 Kent Street, Sydney NSW 2000, Australia

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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



Greg McCann
Chairman



Chiao-Heng (Charles) Huang
Managing Director

Sydney, 31 August 2022

Independent Auditor's Report

To the Members of TPC Consolidated Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of TPC Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Contract asset recognition - Note 9</p>	
<p>Contract Assets</p> <p>Contract Assets of \$6,514,256 disclosed in Note 9 of the financial statements represents the value of electricity and gas supplied to customers between the date of the last meter reading and the reporting date, where no bill has been issued by TPC's subsidiary CovaU to the customer at the reporting date.</p> <p>Detailed calculations utilising estimates of the electricity and gas consumption of CovaU's customers and applicable pricing plans are used to estimate contract assets.</p> <p>This area is a key audit matter due to the significant estimation uncertainty involved in determining the estimated customer consumption between the last invoice date and the end of the reporting period to determine the gas and electricity contract assets at the reporting date and the application of pricing assumptions to the calculation including energy losses.</p>	<p>For contract assets, our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the key controls management has in place to determine and review the estimate of contract assets; • Compared the Group's previous estimates against subsequent billings to evaluate the historical accuracy of the Group's calculations and estimates; • Agreed managements reconciliation of purchase volumes to revenue volumes recognised; • Challenged management's calculations and assumptions and comparing: <ul style="list-style-type: none"> - average pricing rates used in the accrual calculation to historical and current rates; - internally generated estimates of physical energy loss levels through the distribution process to published industry averages; and • Assessed the adequacy of the Group's disclosures in respect of contract assets.
<p>Accrued Expenses – Note 15</p>	
<p>Management estimates energy consumption between the date of the last invoice from the energy distributor to the Group, and the end of the reporting period when estimating accrued expenses.</p> <p>Detailed calculations utilising estimates of the electricity and gas consumption of CovaU's customers are used to determine the estimate of accrued expenses.</p> <p>This area is a key audit matter due to the significant estimation uncertainty involved in determining the estimated customer consumption between the last invoice date and the end of the reporting period to determine distribution costs payable at the reporting date.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process flows and key controls management has in place to determine the estimate of the accrued expenses; • Tested the volume of wholesale energy purchased by the Group to AEMO and network invoices on a sample basis; • Reconciled purchase volumes to consumption volumes recognised; • Compared post period-end invoices to management's estimate of accrued expenses; and • Assessed the appropriateness and adequacy of the disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 16 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of TPC Consolidated Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

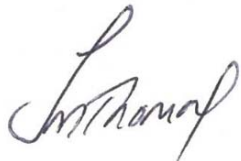
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Responsibilities

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Thomas
Partner – Audit & Assurance

Sydney, 31 August 2022

Shareholder Information



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

(a) Shares and Options as at 26 August 2022

Equity Security	Number
Shares on issue	11,375,613

(b) Distribution of Equity Securities as at 26 August 2022

Range	Class of Equity Securities		
	Ordinary Shares Holders	Ordinary Shares Units	% of Issued Capital
1 - 1,000	270	217,210	1.91
1,001 - 5,000	102	243,238	2.14
5,001 - 10,000	22	173,979	1.53
10,001 - 100,000	39	1,278,434	11.24
100,001 and over	17	9,462,752	83.18
Total	450	11,375,613	100.00

There were 35 holders of less than a marketable parcel of 3,306 ordinary shares.

(c) Substantial Shareholders as at 26 August 2022

Rank	Shareholder	Number of Shares	% of Issued Capital
1	Mr Chiao Heng Huang	4,163,393	36.60
2	Mr Barry Christopher Chan	700,000	6.15
3	Focus Capital Finance Limited	544,500	4.79
4	Megaway Group Limited	544,500	4.79
5	Mr Guonan Guan	440,809	3.88

(d) Twenty Largest Shareholders as at 26 August 2022

Rank	Shareholder	Number of Shares	% of Issued Capital
1	Mr Chiao Heng Huang	4,163,393	36.60
2	Mr Barry Christopher Chan	700,000	6.15
3	Focus Capital Finance Limited	544,500	4.79
4	Megaway Group Limited	544,500	4.79
5	Mr Guonan Guan	440,809	3.88
6	Fortune Giant International Limited	424,924	3.74
7	Mr Bob Cheng	379,488	3.34
8	Mr Jeffrey Wu Kin Ma	340,000	2.99
9	Ms Wei Chun Wu	332,105	2.92
10	CTC Supa Pty Ltd (CTC Superfund A/C)	300,000	2.64
11	Mr Maobin Guan	228,888	2.01
12	Mrs Xiaohong Xue	228,888	2.01
13	CX & J Pty Ltd (CXJ Superannuation Fund A/C)	222,851	1.96
14	Mr Steven Goodarzi	210,335	1.85
15	Tel.Pacific ESOP Pty Limited	140,000	1.23
16	Global Property Services Pty Limited (Global Property SPL SF A/C)	137,112	1.21
17	Mr Chiao Ting Huang	124,959	1.10
18	Mr Gang Gu	83,826	0.74
19	JMM Wealth Management Pty Ltd (Ma Superfund A/C)	83,003	0.73
20	Dr David George M Welsh	80,000	0.70
	Total	<u>9,709,581</u>	<u>85.35</u>

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Directors

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

Company Secretary

Jeffrey Ma

Registered Office

Suite 1103, Level 11, 201 Kent Street
Sydney NSW 2000
Australia
Telephone (02) 8448 0633
Facsimile 1300 369 222
Web Site www.tpc.com.au

Share Registry

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

Stock Exchange Listing

Australian Securities Exchange Limited
ASX Code: TPC

Auditor

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

Solicitor

Baker & McKenzie
Level 46, 100 Barangaroo Avenue
Sydney NSW 2000

Banker

Commonwealth Bank
48 Martin Place
Sydney NSW 2000

Westpac Banking Corporation
425 Victoria Avenue
Chatswood NSW 2067

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