



TPG Telecom Pte. Ltd.
Registration Number: 201617990D

Annual Report
Year ended 31 July 2018

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 July 2018.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 July 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Stephen Banfield
Frederick Ronald Rajkumar Massillamoni

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Stephen Banfield Ordinary shares in TPG Telecom Limited	215,000	245,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors



Stephen Banfield
Director



Frederick Ronald Rajkumar Massillamoni
Director

26 October 2018



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Independent auditors' report

Member of the Company
TPG Telecom Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TPG Telecom Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 July 2018, the statement of 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, as set out on pages FS1 to FS23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 July 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information comprises the Directors' statement.

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SSAs 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 these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
26 October 2018

Statement of financial position
As at 31 July 2018

	Note	2018 \$	2017 \$
Assets			
Property, plant and equipment	4	74,160,373	1,156,712
Intangible assets	5	130,438,816	130,182,845
Deferred tax assets	6	311,317	–
Other receivables	7	405,099	106,336
Non-current assets		205,315,605	131,445,893
Deferred tax assets	6	–	54,170
Other receivables	7	1,733,085	1,891,639
Cash and cash equivalents		16,653,880	1,059,848
Current assets		18,386,965	3,005,657
Total assets		223,702,570	134,451,550
Equity			
Share capital	8	1,000,000	1,000,000
Accumulated losses		(1,519,963)	(264,478)
Total equity		(519,963)	735,522
Liabilities			
Other payables	11	151,612	–
Non-current liabilities		151,612	–
Convertible notes	9	214,235,180	133,585,180
Trade and other payables	11	9,835,741	130,848
Current liabilities		224,070,921	133,716,028
Total liabilities		224,222,533	133,716,028
Total equity and liabilities		223,702,570	134,451,550

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 July 2018

		Period from
		1/7/2016
		(date of
	Note	incorporation)
	31/7/2018	to 31/7/2017
	\$	\$
Administrative expenses		(384,504)
Other expenses		(1,128,128)
Loss before tax	12	(1,512,632)
Tax income	13	54,170
Loss after tax and total comprehensive loss for the year/period		(1,255,485)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 July 2018

	Note	Share capital \$	Accumulated losses \$	Total \$
At 1 July 2016 (date of incorporation)		–	–	–
Loss for the year/Total comprehensive loss for the year		–	(264,478)	(264,478)
Shares issued during the period	8	1,000,000	–	1,000,000
At 31 July 2017		1,000,000	(264,478)	735,522
At 1 August 2017		1,000,000	(264,478)	735,522
Loss for the year/Total comprehensive loss for the year		–	(1,255,485)	(1,255,485)
At 31 July 2018		1,000,000	(1,519,963)	(519,963)

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 July 2018

	Year ended	Period from
Note	31/7/2018	1/7/2016 (date of incorporation) to 31/7/2017
	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employees	(1,571,735)	(2,178,057)
Cash used in operating activities	(1,571,735)	(2,178,057)
Tax paid	—	—
Net cash used in operating activities	(1,571,735)	(2,178,057)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(63,259,956)	(1,164,395)
Acquisition of intangibles	(224,277)	(130,182,880)
Net cash used in investing activities	(63,484,233)	(131,347,275)
Cash flows from financing activities		
Proceeds from issue of share capital	—	1,000,000
Proceeds from issue of convertible notes	9 80,650,000	133,585,180
Net cash from financing activities	80,650,000	134,585,180
Net increase in cash and cash equivalents	15,594,032	1,059,848
Cash and cash equivalents at beginning of the year/period	1,059,848	—
Cash and cash equivalents at end of the year/period	16,653,880	1,059,848

The addition for property, plant and equipment and intangibles during the year amounted to \$73,089,956 (Note 4) and \$256,277 (Note 5). As at 31 July 2018, amount of \$63,484,233 was paid with the rest remaining unpaid in payables.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 October 2018.

1 Domicile and activities

TPG Telecom Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 150 Beach Road, 07-05/08 Gateway West, Singapore 189720.

The Company is primarily involved in the construction and operation of a mobile cellular network.

The Company’s immediate and ultimate holding company is TPG Telecom Limited, a company incorporated in Australia.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest dollar, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no areas of critical judgement in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2.5 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net current liabilities position as the immediate and ultimate holding company, TPG Telecom Limited ("TPG"), has undertaken not to demand the settlement of the convertible notes balances of \$214,235,180 (2017: \$133,585,180) within the next twelve months and to continue to provide such financial and other support as necessary to the Company at least for the next twelve months to enable the Company to continue to trade and to meet its obligations.

In the event that the planned merger of TPG with Vodafone Hutchison Australia (refer note 17 – Subsequent Events) and proposed separation of the Company do occur, TPG has undertaken to ensure that prior to the separation, the Company will be capitalised with sufficient funds to finance its ongoing construction of a mobile network and to continue to trade and meet its obligations for at least the next twelve months

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets within loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities as other financial liabilities.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise convertible notes and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment is installed and ready for its intended use, or in respect of internally constructed assets, from the date that the asset is completed and ready for its intended use.

The estimated useful lives are as follows:

- Plant and equipment 3-10 years
- Office furniture and fittings 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Intangible assets with definite useful lives comprise the following:

Spectrum licences

Spectrum licences are stated at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets comprise software licences. Other intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for their intended use. The estimated useful lives for the current and comparative year are as follows:

- Spectrum licences - Amortised using the straight-line method over the licence term starting from the date the related network is ready for its intended use.
- Other intangible assets
 - Softwares - Amortised over the expected useful life

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.7 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 August 2017 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these statements.

The Company is currently assessing the potential impact of adopting the following new standards and interpretations that are relevant to its operations, on the financial statements of the Company. The Company does not plan to early adopt these standards.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It is mandatory for adoption by the Company for the annual period beginning 1 August 2018.

The expected impact on adoption of FRS 109 are described below.

(i) Classification and measurement: financial assets and liabilities

For convertible notes (see note 9), the Company expects to continue to measure it at amortised cost.

(ii) Impairment

FRS 109 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under FRS 109, loss allowances of the Company will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of FRS 115. The Company does not expect an increase in impairment of trade and other receivables as at 1 August 2018 because it has not commenced operations and does not have revenue.

FRS 115 Revenue from Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. It is mandatory for adoption by the Company for the annual period beginning 1 August 2018 and it plans to use the retrospective approach.

Based on the Company's initial assessment, the Company does not expect any significant impact to its financial statements on adoption of FRS 115 for financial year ended 31 July 2019 because it does not have revenue to date.

FRS 116 Leases

FRS 116 *Leases* eliminates the lessee's classification of lease as either operating lease or finance lease and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It is mandatory for adoption by the Company for the annual period beginning 1 August 2019.

The Company will perform a detailed analysis of the standard, including the transition options and practical expedients in 2018.

4 Property, plant and equipment

	Plant and equipment \$	Office furniture and fittings \$	Total \$
Cost			
At 1 July 2016 (date of incorporation)	—	—	—
Additions	1,112,427	51,968	1,164,395
At 31 July 2017	1,112,427	51,968	1,164,395
Additions	72,857,206	232,750	73,089,956
At 31 July 2018	73,969,633	284,718	74,254,351
Accumulated depreciation			
At 1 July 2016 (date of incorporation)	—	—	—
Depreciation	(5,828)	(1,855)	(7,683)
At 31 July 2017	(5,828)	(1,855)	(7,683)
Depreciation	(65,862)	(20,433)	(86,295)
At 31 July 2018	(71,690)	(22,288)	(93,978)
Carrying amounts			
At 1 July 2016 (date of incorporation)	—	—	—
At 31 July 2017	1,106,599	50,113	1,156,712
At 31 July 2018	73,897,943	262,430	74,160,373

5 Intangible assets

	Spectrum licences \$	Other intangibles \$	Total \$
Cost			
At 1 July 2016 (date of incorporation)	—	—	—
Additions	130,181,409	1,471	130,182,880
At 31 July 2017	130,181,409	1,471	130,182,880
Additions	—	256,277	256,277
At 31 July 2018	130,181,409	257,748	130,439,157
Accumulated amortisation			
At 1 July 2016 (date of incorporation)	—	—	—
Amortisation	—	(35)	(35)
At 31 July 2017	—	(35)	(35)
Amortisation	—	(306)	(306)
At 31 July 2018	—	(341)	(341)
Carrying amounts			
At 1 July 2016 (date of incorporation)	—	—	—
At 31 July 2017	130,181,409	1,436	130,182,845
At 31 July 2018	130,181,409	257,407	130,438,816

6 Deferred tax assets

There is no income tax expense for the current financial year as the Company did not have any chargeable income. As at 31 July 2018, the Company has unutilised tax losses, capital allowance and timing difference from provisions of \$1,831,280 (2017: \$318,648) which are available for offset against future taxable income subject to compliance with the relevant provisions of the Singapore Income Tax Act and agreement with the Comptroller of Income Tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are attributable to the following:

	2018 \$	2017 \$
Property, plant and equipment	15,976	1,306
Provisions	66,788	22,244
Tax benefit of losses carried forward	228,553	30,620
Deferred tax assets	<u>311,317</u>	<u>54,170</u>

Movement in deferred tax assets during the year are as follows:

	Balance as at 1 July 2016 \$	Recognised in profit or loss \$	Balance as at 31 July 2017 \$	Recognised in profit or loss \$	Balance as at 31 July 2018 \$
Property, plant and equipment	–	1,306	1,306	14,670	15,976
Provisions	–	22,224	22,224	44,564	66,788
Tax benefit of losses carried forward	–	30,620	30,620	197,933	228,553
	–	<u>54,170</u>	<u>54,170</u>	<u>257,147</u>	<u>311,317</u>

7 Other receivables

	2018 \$	2017 \$
Non-current		
Deposit for rental premises	<u>405,099</u>	<u>106,336</u>
Current		
Deposit for rental premises	79,294	–
GST receivable	1,348,302	1,720,464
Prepayments	305,489	171,175
	<u>1,733,085</u>	<u>1,891,639</u>

8 Share capital

	2018		2017	
	Ordinary shares	\$	Ordinary shares	\$
In issue at 1 August 2017/ 1 July 2016 (date of incorporation)	1,000,000	1,000,000	–	–
Issued for cash	–	–	1,000,000	1,000,000
In issue at 31 July	1,000,000	1,000,000	1,000,000	1,000,000

All issued shares are fully paid, with no par value.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the previous reporting period, the general meeting of shareholders approved the issue of 1,000,000 ordinary shares at an issue price of \$1.00 per share.

9 Convertible notes

	2018	2017
	\$	\$
As at 1 August 2017/1 July 2016 (date of incorporation)	133,585,180	–
Proceeds from issue of convertible notes	80,650,000	133,585,180
As at 31 July	214,235,180	133,585,180

- (a) During the current reporting period, the Company issued 80,650,000 (2017: 133,585,180) convertible notes to its ultimate holding company - TPG Telecom Limited to secure funds for building its mobile network. These notes have a face value and issue price of \$1 each, with zero-interest and no designated maturity date (similar terms for the notes issued in 2017).

The rights, preferences, privileges and restrictions of the convertible notes are summarised as follows:

- Each convertible note is issued by the Company and may be converted into shares or be redeemed for cash;
- Each convertible note, at the option of the holder, is convertible into shares, subject to certain conversion ratios; and
- All payments to the holder under the terms of the Convertible Note Deed in respect of the convertible notes will rank *pari passu* amongst themselves and behind any creditor holding security over the assets of the Company.

Each convertible note is repayable on demand at the option of the holder and therefore classified as a current liability.

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Note	<u>Liabilities</u> Convertible notes \$	Total \$
Balance at 1 August 2017		133,585,180	133,585,180
Changes from financing cash flows			
Proceeds from issue of convertible notes	9	<u>80,650,000</u>	<u>80,650,000</u>
Total changes from financing cash flows		<u>80,650,000</u>	<u>80,650,000</u>
Balance at 31 July 2018		<u>214,235,180</u>	<u>214,235,180</u>

10 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure from those assets. At the reporting date, the Company's maximum exposure to credit risk was:

	2018	2017
	\$	\$
Deposit for rental premises	484,393	106,336
Cash and cash equivalents	16,653,880	1,059,848
	<u>17,138,273</u>	<u>1,166,184</u>

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities due to shortage of funds. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operation expenses including the servicing of financial obligations. The Company has also received an undertaking from its immediate and ultimate holding company not to demand the settlement of the convertible notes balances of \$214,235,180 (2017: \$133,585,180) within the next twelve months and to provide such financial and other support as necessary for the Company to operate as a going concern.

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Contractual cash flows \$	Within 1 year \$	Between 1-5 years \$	Carrying amount \$
31 July 2018				
Non-derivative financial liabilities				
Convertible notes	(214,235,180)	(214,235,180)	–	(214,235,180)
Trade and other payables	(9,987,353)	(9,835,741)	(151,612)	(9,987,353)
	<u>(224,222,533)</u>	<u>(224,070,921)</u>	<u>(151,612)</u>	<u>(224,222,533)</u>

	Contractual cash flows \$	Within 1 year \$	Between 1-5 years \$	Carrying amount \$
31 July 2017				
Non-derivative financial liabilities				
Convertible notes	(133,585,180)	(133,585,180)	–	(133,585,180)
Other payables	(130,848)	(130,848)	–	(130,848)
	<u>(133,716,028)</u>	<u>(133,716,028)</u>	–	<u>(133,716,028)</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

Risk management policy

The Company is exposed to currency risk on purchases and inter-company balances, that are denominated in a currency other than the Company's functional currency, the Singapore dollar (SGD). These other currencies are primarily USD and AUD.

Interest rate risk

Risk management policy

The Company adopts a policy of ensuring an optimal balance between its fixed rate and floating rate borrowings to manage its interest rate risk exposure.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Nominal amount	
	2018 \$	2017 \$
Variable rate instruments		
Financial assets	16,653,880	1,059,848

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's interest income from cash at bank.

Fair value sensitivity analysis for fixed rate instruments

As at 31 July 2018, the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity or profit or loss based on the balance of its variable rate instruments as at 31 July 2018, of \$166,539 (2017: \$10,598). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Accounting classifications and fair values

Fair value versus carrying amounts

	Note	Loans and receivables \$	Liabilities at amortised cost \$	Total carrying amount \$	Fair value \$
31 July 2018					
Assets					
Deposit for rental premises	7	484,393	–	484,393	484,393
Cash and cash equivalents		16,653,880	–	16,653,880	16,653,880
		17,138,273	–	17,138,273	17,138,273
Liabilities					
Trade and other payables	11	–	(9,987,353)	(9,987,353)	(9,987,353)
Convertible notes	9	–	(214,235,180)	(214,235,180)	(214,235,180)
		–	(224,222,533)	(224,222,533)	(224,222,533)
31 July 2017					
Assets					
Deposit for rental premises	7	106,336	–	106,336	106,336
Cash and cash equivalents		1,059,848	–	1,059,848	1,059,848
		1,166,184	–	1,166,184	1,166,184
Liabilities					
Other payables	11	–	(130,848)	(130,848)	(130,848)
Convertible notes	9	–	(133,585,180)	(133,585,180)	(133,585,180)
		–	(133,716,028)	(133,716,028)	(133,716,028)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company is not subject to externally imposed capital requirements.

11 Trade and other payables

	2018	2017
	\$	\$
Non – Current		
Provision for reinstatement costs	151,612	–
Current		
Trade payables	9,504,121	–
Employee benefits	203,918	80,731
Accrued expenses	127,702	50,117
	9,835,741	130,848

12 Loss for the year/period

The following items have been included in arriving at the loss for the year/period:

		Year ended	Period from
	Note	31/7/2018	1/7/2016 (date of incorporation) to 31/7/2017
		\$	\$
Depreciation and amortisation expenses	4,5	(86,601)	(7,718)
Operating lease expense		(611,137)	(66,400)
Provision for reinstatement costs		(151,612)	–
Employee benefits expense:			
- Salaries, bonuses and other costs		(340,208)	(100,042)
- Contributions to defined contribution plans		(44,296)	(7,525)
		(384,504)	(107,567)

13 Tax income

Tax recognised in profit or loss

		Year ended 31/7/2018	Period from 1/7/2016 (date of incorporation) to 31/7/2017
	Note	\$	\$
Current tax expense			
Current year		—	—
Deferred tax income			
Origination and reversal of temporary differences	6	257,147	54,170
Tax income		<u>257,147</u>	<u>54,170</u>

Reconciliation of effective tax rate

Loss before tax		1,512,632	318,648
Tax using Singapore tax rate of 17% (2017: 17%)		—	—
Deferred tax not recognised	6	257,147	54,170
		<u>257,147</u>	<u>54,170</u>

14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	\$	\$
Within one year	874,341	410,904
Between one and five years	760,884	393,783
	<u>1,635,225</u>	<u>804,687</u>

During the year, an amount of \$611,137 (2017: \$66,400) was recognised as an expense in profit or loss in respect of operating leases.

15 Commitments

As at 31 July 2018, the Company has capital expenditure commitments of \$15,318,666 (2017: \$1,660,963). These commitments are expected to be settled within one year.

16 Related parties

Transactions with key management personnel

Key management personnel compensation comprised:

	Year ended 31/7/2018 \$	Period from 1/7/2016 (date of incorporation) to 31/7/2017 \$
Short-term employee benefits	36,000	21,000

Key management personnel and director transactions

During the year the Company purchased computers and office equipment from an entity related to a director of the Company, Mr Rajkumar Massillamoni. The total purchase for the year was \$128,971 (2017: \$90,345).

Other than disclosed elsewhere in the financial statements, there are no additional transactions with related parties.

17 Subsequent events

Proposed merger of TPG Telecom Limited (Ultimate holding company) with Vodafone Hutchison Australia

On 30 August 2018, the ultimate holding company - TPG Telecom Limited ("TPG") and Vodafone Hutchison Australia ("VHA") entered into a Scheme Implementation Deed under which the companies have agreed a proposed merger of equals to establish a fully integrated telecommunications operator in Australia.

Further details about the planned merger are set out in market announcements made to the Australian Stock Exchange on 30 August 2018.

Separation of TPG Telecom Pte. Ltd.

On or prior to the implementation of the merger, TPG intends to undertake a separation of the Company by way of an in-specie distribution of shares in the Company to TPG shareholders.

In the event that the planned merger with VHA and proposed separation of the Company do occur, TPG has undertaken to ensure that prior to the separation, the Company will be capitalised with sufficient funds to finance its ongoing construction of a mobile network and to continue to trade and meet its obligations for at least the next twelve months.

Other than the above, there have been no other reportable transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, that will affect the operations, results or state of affairs of the Company significantly that has arisen between the end of the financial year and the date of this report.

