Market Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney, NSW, 2000

ELECTRONIC LODGEMENT

21 August 2020

TPG Telecom Limited Results for Half Year ended 30 June 2020 – Appendix 4D

TPG Telecom Limited (ASX:TPM) today releases its financial results for the half year ended 30 June 2020.

Please find attached TPG Telecom Limited's Appendix 4D and Half Year Financial Report.

A results presentation will be webcast live at 10.00am (Sydney time) on Friday, 21 August 2020.

The webcast link is as follows: http://www.openbriefing.com/OB/3917.aspx

A replay of the webcast will be available via the same link in the afternoon following the presentation.

Authorised for lodgement with the ASX by:

Tony Moffatt
Company Secretary
TPG Telecom Limited
Investor.Relations@tpgtelecom.com.au

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)

ABN 76 096 304 620

and its controlled entities

ASX Appendix 4D and Half-Year Financial Report 30 June 2020

Lodged with the ASX under Listing Rule 4.2A

This financial report covers the group consisting of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited) ("TPG Telecom", "the Company") and its controlled entities (the "Group"). Vodafone Hutchison Australia Pty Limited ("VHA") converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, the Company changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited.

Reported results for TPG Telecom include the full six months' results of the company formerly known as VHA and four days' contribution from TPG Corporation Limited (the company formerly known as TPG Telecom), post the merger accounting effective date of 26 June 2020.

Contents

This financial report covers the group consisting of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited) ("TPG Telecom", "the Company") and its controlled entities (the "Group"). Vodafone Hutchison Australia Pty Limited ("VHA") converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, the Company changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited.

The financial report is presented in Australian dollars.

TPG Telecom is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 177 Pacific Highway
North Sydney NSW 2060

A description of the nature of the Group's operations and its principal activities is included in the Directors' report on pages 3 to 6.

The financial report was authorised for issue by the Directors on 20 August 2020. The Company has the power to amend and reissue the financial report.

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Results for announcement to the market

Half-Year ended 30 June 2020
(Previous corresponding period: Half-Year ended 30 June 2019)

Results for announcement to the market

Reported results

	30 June 2020	30 June 2019	Movement (%)
Revenue ($m)	1,540	1,723	(11%)
Profit/(Loss) for the period attributable to owners of the Company ($m)	83	(153)	154%
Earnings per share attributable to owners of the Company (basic and diluted) ($)	0.19	(0.37)	151%
Earnings before interest, tax, depreciation and amortisation ($m)	531	583	(9%)

Underlying results[1]

	30 June 2020	30 June 2019	Movement (%)
Underlying revenue ($m)	1,540	1,723	(11%)
Underlying (loss) for the period attributable to owners of the Company ($m)	(113)	(144)	22%
Underlying earnings per share attributable to owners of the Company (basic and diluted) ($)	(0.25)	(0.35)	29%
Underlying earnings before interest, tax, depreciation and amortisation ($m)	555	592	(6%)

Dividends

There were no ordinary dividends paid or declared by the Company during or since the current or previous corresponding periods. For information regarding the special dividends declared by TPG Corporation Limited (formerly named TPG Telecom Limited) ("TPG Corporation") prior to the merger, refer to Note 13 Business Combinations in the notes to the half-year consolidated financial statements.

Net Tangible Assets[2]

	30 June 2020	30 Jun 2019
Net tangible assets per security ($)	(1.65)	(5.99)

[1] Refer to page 4 for reconciliation between reported and underlying results. The above table of underlying results comprises non-IFRS financial information that has not been subject to audit or review but is extracted or derived from the financial report for the period ended 30 June 2020 that has been reviewed by the Group's auditors, PricewaterhouseCoopers ("PwC"). The table of underlying results is provided because, in the opinion of the Directors, it provides additional information about the underlying performance of the Group by excluding material non-recurring and/or non-cash items.

[2] Net tangible assets are calculated by deducting the value of intangible assets from the net assets of the Group. It should be noted that valuable assets owned by the Group such as mobile spectrum licences and indefeasible rights of use of bandwidth capacity are classified as intangible assets and are therefore excluded from the Group's net tangible assets. Furthermore, at 30 June 2020, as the Group has yet to finalise the purchase price allocation exercise as a result of the merger between the Company and TPG Corporation, the acquired assets and liabilities relating to TPG Corporation have been recorded at provisional amounts at 30 June 2020.

The Directors present their report for the Group for the half-year ended 30 June 2020.

Directors

The Directors of the Company during or since the end of the half-year period are set out below:

Name	
FOK Kin Ning, Canning	
Frank John SIXT	
Diego MASSIDDA	appointed 12 May 2020
Pierre KLOTZ	appointed 12 May 2020
Vivek BADRINATH	resigned 12 May 2020
Thomas REISTEN	resigned 12 May 2020
Iñaki BERROETA	appointed 29 June 2020
Francesco BIANCO	resigned 29 June 2020
Amanda HARKNESS	resigned 29 June 2020
LAI Kai Ming, Dominic	resigned 29 June 2020
Miguel Angel Marin PILZ	resigned 29 June 2020
Ronald SPITHILL	resigned 29 June 2020
Barry ROBERTS-THOMSON	resigned 13 July 2020
Arlene TANSEY	appointed 13 July 2020
Dr Helen NUGENT	appointed 13 July 2020
David TEOH	appointed 13 July 2020
Robert MILLNER	appointed 13 July 2020
Shane TEOH	appointed 13 July 2020

Principal activities

The principal activity of the Group is the provision of telecommunications services.

Review of operations

<u>Introduction</u>

On 29 June 2020, the company formerly known as TPG Telecom Limited (ASX code: TPM) ceased trading on the ASX and changed its name to TPG Corporation Limited. Throughout this document, this company is referred to as TPG Corporation.

On 29 June 2020, the company formerly known as Vodafone Hutchison Australia Limited changed its name to TPG Telecom Limited and on 30 June 2020 listed on the ASX (ASX code: TPG). Throughout this document, this company is referred to as TPG Telecom.

Following the merger of TPG Telecom and TPG Corporation, through a Scheme of Arrangement that was completed on 13 July 2020, under which TPG Telecom acquired all of the shares in TPG Corporation, these companies and their subsidiaries now form the TPG Telecom Group or "Group".

<u>Overview of the Group's accounts for the half-year ended 30 June 2020 ("1H20")</u>

Although the merger of TPG Telecom and TPG Corporation was not implemented until 13 July 2020, it became effective for accounting purposes on 26 June 2020.

The Group's statutory income statement for 1H20 therefore includes a full six months results of the company formerly known as VHA but only four days from TPG Corporation (the company formerly known as TPG Telecom).

TPG Corporation's assets and liabilities are consolidated within the Group's balance sheet as at 30 June 2020. However, significant pre-merger implementation restructuring steps occurred between 2 July 2020 and 13 July 2020, as a consequence of which the Group's 30 June 2020 consolidated balance sheet is not fully reflective of its balance sheet after the merger was implemented.

Review of operations (continued)

The principal restructuring steps not reflected in the Group's 30 June 2020 consolidated balance sheet are as follows:

1) TPG Corporation demerged its Singapore business through an in-specie distribution to TPG Corporation's pre-merger shareholders of shares in its subsidiary, Tuas Limited, on 13 July 2020. In the Group's 30 June 2020 consolidated balance sheet, the net assets of Tuas Limited are therefore disclosed as held for distribution with an equal and opposite amount disclosed as a liability for the in-specie dividend.

2) TPG Corporation paid a fully-franked special cash dividend of $479m to its pre-merger shareholders on 13 July 2020, which had the effect of increasing the Group's net debt by $479m by the merger implementation date. The special dividend is therefore disclosed as a liability in the Group's 30 June 2020 consolidated balance sheet.

3) TPG Telecom undertook a debt restructuring between 30 June 2020 and 13 July 2020 which had the overall effect of removing $4,475m of debt from the Group that it owed as at 30 June 2020.

Group 1H20 results overview

The Group's reported EBITDA for 1H20 was $531m. As reflected in the table below, this included an EBITDA contribution of $9m from TPG Corporation for the four days post the merger effective date and $24m of merger transaction costs, excluding which, underlying EBITDA for the period was $546m, $46m (8%) lower than 1H19.

The Group reported net profit after tax for 1H20 of $83m. This included a $226m one-off, non-cash credit to tax expense. Excluding this and the effect of the merger transaction costs and TPG Corporation contribution, the underlying net loss after tax was $117m, a $27m (19%) improvement relative to 1H19.

	1H20			1H19		
$m	**Revenue**	**EBITDA**	**NPAT**	**Revenue**	**EBITDA**	**NPAT**
Reported	**1,540**	**531**	**83**	**1,723**	**583**	**(153)**
Add: merger related costs	-	24	30	-	9	9
Less: one-off income tax credit	-	-	(226)	-	-	-
Underlying	**1,540**	**555**	**(113)**	**1,723**	**592**	**(144)**
Less 4 days' TPG Corporation	(27)	(9)	(4)	-	-	-
Underlying TPG Telecom (former VHA) standalone	**1,513**	**546**	**(117)**	**1,723**	**592**	**(144)**

TPG Telecom (former VHA) standalone 1H20 results

The underlying results for 1H20 after excluding the four days' contribution from TPG Corporation, are therefore the underlying results of TPG Telecom (former VHA).

The decrease in underlying EBITDA was driven by revenue, which declined by $210m (12%) from $1,723m in 1H19 to $1,513m in 1H20.

COVID impact on TPG Telecom (former VHA)

While the telecommunications industry is proving to be more resilient than some other sectors during the COVID-19 pandemic due to increased customer reliance on telecommunications services, TPG Telecom's results for 1H20 reflect a negative impact on the industry's mobile sector.

Global travel restrictions have had a significant impact on revenue and EBITDA, causing a ~80% reduction in roaming margins, a ~30% decline in prepaid connections and a ~20% decrease in post-paid connections.

The Company's ability to connect new customers was also impacted during March and April when call centre capacity was temporarily reduced due to local lockdown restrictions in India. Although operations have now returned almost to full capacity, higher costs are being incurred due to changes in service delivery.

About one third of retail stores were temporarily closed between April and June due to shut down and precautionary measures, also impacting sales. Throughout this pandemic, the Company is acting in line with the principles outlined in the telecommunications industry's joint statement with the Australian Government, as well as the relevant provisions in the Telecommunications Consumer Protections (TCP) Code.

Review of operations (continued)

To support customers' changed circumstances, extra data, free national calls and texts, and a temporary $10 'Stay Connected' financial hardship plan were made available during April and May, with these initiatives having some negative impact on mobile average revenue per user (ARPU).

Late payment fees and collection activities were also paused throughout April to June to support customers in financial hardship.

Due to global travel restrictions, there has been a significant decrease in new mobile connections from international arrivals, including students, which is a key segment for the Vodafone and Lebara brands. As at 30 June 2020, the Company had 5.469 million mobile subscribers, a decrease of 5% during the period.

Customer demand for services does, however, remain strong, driven by increased customer reliance on services for remote working and education arrangements, especially fixed broadband. The Vodafone nbn customer base increased 32% to 150k during the period.

TPG Corporation pre-merger results and pro forma financial information for the Merged Group

Information about the performance of TPG Corporation for the period up until the date of the merger, as well as pro forma financial information for the merged Group for the half-year ended 30 June 2020 has been included in the investor presentation and financial results commentary released by the Company on the ASX at the same time as the release of this half-year report.

Future developments

The TPG Telecom Group will continue to prioritise activities to realise merger synergies, while responding to the ongoing COVID-19 pandemic.

The telecommunications industry is proving to be more resilient than many sectors due to increased customer reliance on telecommunications services and the Company expects demand for fixed line services to remain strong. However, the Company expects continued negative impacts on mobile roaming revenue and new mobile connections while global travel restrictions remain in place.

Going concern

At 30 June 2020, the Group had a deficiency of net current assets of $5,255 million (31 December 2019: a deficiency of $5,205 million). This is due to the current classification of the Group's borrowings of $9,218 million at 30 June 2020, which were repaid on 14 July 2020 with new loan facilities entered into and drawn down as part of the execution of the merger implementation steps. Refer to the "Events occurring after the reporting date" section of the Directors' Report below for further details. At 30 June 2020, the Group had a net assets position of $11,240 million (31 December 2019: net liabilities of $1,202 million).

Following the completion of the merger on 13 July 2020, while the Group continued to have a deficiency in net current assets, the Group is comfortable that there is sufficient headroom under its new debt facilities to cover for any such shortfalls. Refer to "Events occurring after the reporting date" section of the Directors' Report below for more information. Having completed all merger activities subsequent to the half-year end 30 June 2020, the Directors have concluded that no material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Events occurring after the reporting date

On 13 July 2020, the Scheme was implemented when the agreed number of the Company's shares were issued to the TPG Corporation pre-merger shareholders.

The key merger implementation activities that occurred after the reporting date are set out below:

<u>TPG Telecom debt restructuring</u>

Between 2 July 2020 and 14 July 2020, the Company undertook the following steps which, together, had the effect of removing from the Group $4,475 million of debt that it owed as at 30 June 2020.

- On 2 July 2020, the Company drew down $2,270 million on its new loan facilities. This included the payment of $27 million of loan establishment fees.
- On 3 July 2020, the Company utilised its loan drawing to settle its existing $1,700 million loan facility and associated interest costs, $152 million working capital facility with entities in the CK Hutchison Holdings ("CKHH") and Vodafone Groups and associated interest costs and guarantee fees

Events occurring after the reporting date (continued)

- On 9 July 2020, the Company made a repayment, comprised of $379 million in cash, and $4,475 million in promissory notes, to Vodafone Hutchison Finance Pty Limited ("VHF") to settle its existing $4.8 billion loan facility and associated interest costs and guarantee fees.
- On 9 July 2020, the Company's 100% ownership in VHF was transferred to Vodafone Hutchison (Australia) Holdings Limited, a UK incorporated company jointly controlled by entities in the CKHH and Vodafone Groups.
- On 9 July 2020, the $4,475 million in promissory notes was settled through the debt restructuring receivable from entities in the CKHH and Vodafone Groups, in return for shares in the Company.
- On 14 July 2020, shares previously issued to CKHH and Vodafone Group entities on 9 July were transferred to Vodafone Hutchison (Australia) Holdings Limited.

TPG Corporation Dividends

- On 13 July 2020, an in specie dividend of one share in Tuas Limited for every two shares held in TPG Corporation, was paid to TPG Corporation's pre-merger shareholders. This settled the $512 million of acquired assets held for distribution and the corresponding $512 million pre-acquisition dividend payable held by the Group at 30 June 2020.
- On 13 July 2020, a $479 million special cash dividend was paid to TPG Corporation's pre-merger shareholders. To fund this cash dividend, TPG Corporation drew down the remaining $342 million of its existing loan facilities, drew down $119 million from a temporary debt facility established for the purpose of paying the special dividend, and used $18 million of its existing cash reserves. This settled the pre-acquisition dividend payable acquired by the Group at 30 June 2020.
- On 14 July 2020, the Group drew down a further $2,510 million of its new loan facilities to repay TPG Corporation's debt of $2,508 million acquired on merger.

COVID-19 Pandemic

Since the reporting date, containment policies by the Australian Government and Governments around the world remain in force to prevent the spread of COVID-19. The level of restrictions and measures to limit movement into and out of Australia, and also domestically, continues to evolve, as seen by stricter measures in certain parts of Australia introduced in July 2020. While there is prevailing uncertainty of the extent and duration of the COVID-19 pandemic, it is reasonably likely that the pandemic will continue to have an impact on the Group's operations and results in future periods.

There has been no other matter or circumstance that has arisen after the reporting date that has significantly affected, or may significantly affect:

(i) the operations of the Company and of the Group in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Company and of the Group in future financial years.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

Rounding of amounts

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that instrument, all financial information presented in the consolidated financial statements and Directors' report has been rounded to the nearest million dollars, unless otherwise indicated.

Iñaki Berroeta	David Teoh
Managing Director	Chairman
20 August 2020	20 August 2020
Sydney	Sydney
Australia	Australia

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Consolidated Income Statement

For the half-year ended 30 June 2020

	Notes	30 June 2020 $m	30 June 2019 $m
Revenue from contracts with customers	4	**1,540**	1,723
Other income		**6**	5
Cost of provision of telecommunication services		**(367)**	(342)
Cost of handsets sold		**(368)**	(539)
Employee benefits expense	5	**(112)**	(116)
Other operating expenses	5	**(168)**	(148)
Earnings before interest, tax, depreciation and amortisation		**531**	583
Depreciation and amortisation expense	5	**(479)**	(506)
Results from operating activities		**52**	77
Finance income	5	**2**	4
Finance expenses	5	**(197)**	(234)
Net financing costs	5	**(195)**	(230)
Loss before income tax		**(143)**	(153)
Income tax benefit / (expense)	6	**226**	-
Profit / (Loss) for the half-year		**83**	(153)
Attributable to:			
Owners of the Company		**83**	(153)
Non-controlling interests		**-**	-
		83	(153)
		Cents	Cents
Earnings per share for profit/(loss) attributable to owners of the Company			
Basic earnings per share		**0.19**	(0.37)
Diluted earnings per share		**0.19**	(0.37)

The above consolidated income statement should be read in conjunction with the accompanying notes.

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2020

	Notes	30 June 2020 $m	30 June 2019 $m
Profit / (Loss) for the half-year		**83**	(153)
Other comprehensive income/(loss) for the half-year, net of tax		**-**	-
Total comprehensive income/(loss) for the half-year		**83**	(153)
Attributable to:			
Owners of the Company		**83**	(153)
Non-controlling interests		**-**	-
		83	(153)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	**30 June 2020 $m**	31 December 2019 $m
ASSETS			
Current Assets			
Cash and cash equivalents	7	**470**	734
Trade and other receivables		**442**	391
Inventories		**64**	103
Debt restructuring receivable	11	**4,475**	-
Derivative financial instruments		**233**	129
Other current assets		**98**	64
		5,782	1,421
Assets classified as held for distribution	13	**512**	-
Total Current Assets		**6,294**	1,421
Non-current Assets			
Trade and other receivables		**73**	77
Property, plant and equipment	8	**2,983**	1,864
Right-of-use assets		**1,028**	1,454
Intangible assets	9	**13,275**	3,929
Deferred tax assets	6	**280**	-
Other non-current assets		**20**	-
Total Non-current Assets		**17,659**	7,324
Total Assets		**23,953**	8,745
LIABILITIES			
Current Liabilities			
Trade and other payables		**837**	1,035
Contract liabilities		**288**	122
Borrowings	10	**9,218**	5,256
Lease liabilities		**61**	84
Provisions		**73**	38
Derivative financial instruments		**1**	1
Acquired pre-acquisition dividends payable	13	**991**	-
Other current liabilities		**80**	90
Total Current Liabilities		**11,549**	6,626
Non-current Liabilities			
Contract liabilities		**26**	-
Borrowings	10	**-**	1,743
Lease liabilities		**1,070**	1,544
Provisions		**59**	22
Other non-current liabilities		**9**	12
Total Non-current Liabilities		**1,164**	3,321
Total Liabilities		**12,713**	9,947
Net Assets/(Liabilities)		**11,240**	(1,202)
EQUITY			
Contributed equity	11	**18,399**	6,047
Reserves		**(1)**	(1)
Accumulated losses		**(7,165)**	(7,248)
Equity attributable to owners of the Company		**11,233**	(1,202)
Non-controlling interests		**7**	-
Total Equity/(Deficiency in Equity)		**11,240**	(1,202)

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

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2020

		Attributable to the Owners of the Company					
	Notes	**Contributed equity $m**	**Cash flow hedging reserve $m**	**Accumulated losses $m**	**Equity Attributable to Owners of the Company $m**	**Non-controlling interests $m**	**Total equity $m**
Balance at 1 January 2019		**6,047**	**-**	**(6,969)**	**(922)**	**-**	**(922)**
Profit / (loss) for the period		-	-	(153)	**(153)**	-	(153)
Changes in the fair value of cash flow hedges		-	-	-	**-**	-	-
Total comprehensive profit / (loss) for the period		**-**	**-**	**(153)**	**(153)**	**-**	**(153)**
Balance at 30 June 2019		**6,047**	**-**	**(7,122)**	**(1,075)**	**-**	**(1,075)**
Balance at 1 January 2020		**6,047**	**(1)**	**(7,248)**	**(1,202)**	**-**	**(1,202)**
Profit / (loss) for the period		-	-	83	**83**	-	83
Changes in the fair value of cash flow hedges		-	-	-	**-**	-	-
Total comprehensive profit / (loss) for the period		-	-	83	**83**	-	83
Non-controlling interest acquired	13	-	-	-	**-**	7	7
Shares to be issued	11	12,352	-	-	**12,352**	-	12,352
Balance at 30 June 2020		**18,399**	**(1)**	**(7,165)**	**11,233**	**7**	**11,240**

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

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Consolidated Statement of Cash Flows

For the half-year ended 30 June 2020

	Notes	30 June 2020 $m	30 June 2019 $m
Cash Flows from Operating Activities			
Receipts from customers		**1,752**	1,955
Payments to suppliers and employees		**(1,440)**	(1,558)
		312	397
Other revenue		**6**	5
Net cash generated from operating activities		**318**	402
Cash Flows from Investing Activities			
Net cash acquired as a result of merger	13	**99**	-
Payments for property, plant and equipment		**(228)**	(207)
Payments for spectrum on behalf of Mobile JV	9	**(132)**	-
Payments for intangible assets		**(111)**	(178)
Transaction costs relating to merger		**(14)**	(8)
Net cash (outflows) from investing activities		**(386)**	(393)
Cash Flows from Financing activities			
Repayment of borrowings		**(4)**	(1)
Repayment of principal element of leases		**(63)**	(71)
Finance costs paid		**(131)**	(160)
Interest received		**2**	4
Net cash (outflows) from financing activities		**(196)**	(228)
Net (decrease) in cash and cash equivalents		**(264)**	(219)
Cash and cash equivalents at 1 January		**734**	643
Cash and cash equivalents at 30 June		**470**	424

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

Note 1 Basis of preparation

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited) ("the Company") is a for-profit company limited by shares, which is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX). The Company listed on the ASX on 30 June 2020.

The half-year consolidated financial statements as at, and for the half-year ended, 30 June 2020 comprise the accounts of the Company and its controlled entities (together referred to as "the Group").

The financial statements were authorised for issue in accordance with a resolution of the Directors on 20 August 2020.

This consolidated interim financial report for the half year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. In accordance with AASB 134, this half-year financial report does not include all information included within an annual financial report and should be read in conjunction with the Group's 2019 Annual Report, which is available on the Company's website at www.tpgtelecom.com.au, and other announcements made on the ASX. Vodafone Hutchison Australia Pty Limited ("VHA") converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, the Company changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited.

Accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its 2019 Annual Report, except for the adoption of new accounting standards applicable to the Group from 1 January 2020. The Group is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that instrument, all financial information presented in the consolidated financial statements and Directors' report has been rounded to the nearest million dollars, unless otherwise indicated.

In this half-year financial report, amendments have been made to certain prior period comparatives to enhance comparability.

Merger with TPG Corporation Limited (formerly named TPG Telecom Limited)

The merger of the Company and TPG Corporation became effective for accounting purposes shortly before the half-year end (on 26 June 2020 being the acquisition date) and was completed shortly after the half-year end (on 13 July 2020).

The merger was implemented through a Scheme of Arrangement ("Scheme") under which the Company acquired all of the shares in TPG Corporation in return for issuing shares in the Company to TPG Corporation shareholders.

Between the accounting acquisition date (26 June 2020) and the merger implementation date (13 July 2020), there were several significant restructuring steps that needed to be implemented by both the Company and TPG Corporation under the Scheme Implementation Deed dated 30 August 2018. As these steps all occurred post 30 June 2020, the Group's 30 June 2020 consolidated statement of financial position is not fully reflective of the Group's financial position after the merger was implemented.

The Group's consolidated income statement for the half-year ended 30 June 2020 includes four days of results from TPG Corporation (between the accounting effective date and 30 June 2020).

Further details of the merger accounting, and of the merger implementation steps that occurred after 30 June 2020 are set out in Note 13 'Business Combinations' and Note 18 'Events Occurring After Reporting Date'.

COVID-19 Pandemic

During the half-year period to 30 June 2020, the COVID-19 outbreak has developed rapidly with significant measures to contain the virus taken by the Australian Government and Governments around the world. These measures have affected economic activity and the telecommunications market, and also led to the Group undertaking measures to support customers, all of which have impacted the Group's financial performance during the period.

A thorough consideration of COVID-19 impacts on the business has not identified any significant impacts on the Group's 30 June 2020 asset values, or significant risks giving rise to additional liabilities to be recognised at 30 June 2020. Management notes that the Group's future financial performance, profitability and cash flow performance are critical inputs to certain significant accounting judgements as outlined in Note 2 Critical Estimates and Judgements. Management has not identified any significant changes to its accounting judgements and estimates when considering the impacts of COVID-19 on estimation uncertainty in preparing these accounting positions for the purposes of the half-year report.

Going Concern

At 30 June 2020, the Group had a deficiency of net current assets of $5,255 million (31 December 2019: a deficiency of $5,205 million). This is due to the current classification of the Group's borrowings of $9,218 million at 30 June 2020, which were repaid on 14 July 2020 with new loan facilities entered into and drawn down as part of the execution of the merger implementation steps. Refer to Note 18 Events Occurring After Reporting Date for further details. At 30 June 2020, the Group had a net assets position of $11,240 million (31 December 2019: net liabilities of $1,202 million).

Note 1 Basis of preparation (continued)

Following the completion of the merger on 13 July 2020, while the Group continues to have a deficiency in net current assets, the Group is comfortable that there is sufficient headroom under its new debt facilities to cover for any such shortfalls. Refer to Note 18 Events Occurring After Reporting Date for more information in relation to the merger implementation steps that occurred after 30 June 2020. Having completed all merger activities subsequent to the half-year ended 30 June 2020, the Directors have concluded that no material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

New accounting standards and interpretations

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New and amended standards adopted by the Group

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

AASB 16 Leases has been amended to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications. Instead, a lessee would not treat those rent concessions as lease modifications. AASB 2020-4 applies to annual periods beginning on or after 1 June 2020. While the Group has decided to early adopt this amendment, the adoption did not have a material impact on the Group in the current period, due to the immaterial nature of rent concessions received by the Group during the period.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note 2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas where management's critical estimates and judgements were applied in preparation of the half-year consolidated financial statements. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Detailed information in relation to each significant change in judgements and estimates is provided below.

Business combinations

Accounting for mergers and acquisitions is inherently complex, requiring a number of judgements and estimates to be made.

The merger of the Company and TPG Corporation became effective for accounting purposes during the period. The merger was effected through a Scheme of Arrangement under which the Company acquired all of the shares in TPG Corporation.

In relation to the fair value of the Scheme consideration, the Company acquired TPG Corporation through the issue of shares in the Company (one TPG Telecom share for every TPG Corporation share owned). For accounting purposes, the acquisition date was 26 June 2020. TPG Telecom was listed on the ASX on a deferred settled basis on 30 June 2020. TPG Telecom commenced trading on an ordinary settlement basis on 14 July 2020. Management has reviewed the reliability of available information and inputs on each relevant date, in particular with regard to the fair value hierarchy under AASB 13, and has assessed that the TPG Telecom quoted share price on 30 June 2020 represents the most reliable measure of the fair value of the Scheme consideration at the acquisition date (26 June 2020).

At 30 June 2020, the fair value of all the acquired assets, liabilities and non-controlling interests of TPG Corporation is provisional, pending finalisation of the valuations as part of the purchase price accounting exercise which is expected to be completed in the second half of 2020. Hence, the goodwill recognised on acquisition is also provisional at 30 June 2020. Management notes that a number of judgements in relation to the measurement of fair values attributable to separately identifiable assets and liabilities acquired will be required as part of this exercise.

Refer to Note 13 Business Combinations for further details relating to the merger between the Company and TPG Corporation.

Note 2 Critical estimates and judgements (continued)

Taxation

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, and the environment in which it operates. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statement of Financial Position and the amount of tax losses and temporary differences not yet recognised.

On 26 June 2020, the merger between the Company and TPG Corporation became effective for accounting purposes. Management has subsequently reassessed the assumptions about the generation of future taxable profits of the new merged Group and have recognised $226 million of deferred tax assets relating to temporary differences and a corresponding credit to the Consolidated Income Statement.

Separately, with regard to tax losses carried forward, the benefit of tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Company complies with the conditions for deductibility imposed by tax legislation. At 30 June 2020, no deferred tax assets from tax losses have been recognised for prudency reasons given the large quantum of these losses and the uncertainty at which these losses may be consumed in future periods. Once valuations for purchase price accounting and allocable cost amounts for tax purposes are finalised, the Group will be able to assess its future tax profile to better estimate the potential future rate of utilisation of tax losses. This, together with an assessment of the availability of the tax losses, is expected to be completed in the second half of 2020.

Impairment of goodwill

Goodwill is not subject to amortisation and is assessed for impairment at least on an annual basis, or whenever an indication of impairment arises. For the half-year reporting period, management assesses if there are any impairment indicators based on external and internal sources of information, both quantitative and qualitative. An impairment assessment is performed when there are any impairment triggers identified. At 30 June 2020, management have identified an impairment trigger given the impacts of COVID-19 on the Group’s financial performance and have hence performed an impairment assessment on the TPG Telecom (VHA) CGU. No impairment charge was required for the period based on management’s assessment of the recoverable amount of the CGU in light of its fair value less cost of disposal reflected by the recent merger transaction.

Loss allowance on trade and other receivables

During the half-year, the loss assumptions used in determining the provision for trade receivables were reviewed against, and updated to align with, actual debtor collectability using latest available data. At 30 June 2020, this included a thorough assessment of COVID-19 impacts on potential increases in the number of customers in financial hardship, future plans and measures to support customers, and inherent uncertainties of the ongoing COVID-19 pandemic. This assessment led to an additional provision for impairment of receivables estimate of $3 million (30 June 2019: nil) that was reflected in the Consolidated Income Statement.

Collectability of handset and accessories revenue

For the purposes of recognising handset and accessories revenue, the Group estimates the impacts of risks associated with the recovery of handset receivables paid through instalments. These are dependent on debtor collectability trends, and other loss risks relating to factors such as new plans, industry trends and company policies. During the half-year, the Group has performed a detailed analysis of historical data and future expected trends, to determine any required changes to the original transaction price. At 30 June 2020, this included an assessment of COVID-19 impacts on the aforementioned loss risk factors. Management has not made changes to the variable consideration estimate relating to handset and accessories receivables in the Consolidated income Statement for the half-year ended 30 June 2020.

For the half-year ended to 30 June 2019, the Group had recognised a $6 million increase in hardware revenue due to expected improved collectability.

Note 3 Segment reporting

The Group determines operating segments based on the information that is internally provided to the senior management team, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. For all operating segments, discrete financial information is available and their operating results are regularly reviewed by the Group's senior management team to make decisions about resources to be allocated to each segment and assess their performance.

Historically the Group has identified a single reportable segment, which was the TPG Telecom (then VHA) segment. However, as a result of the merger between the Company and TPG Corporation, which became effective for accounting purposes on 26 June 2020, the Group has now identified two operating segments as at 30 June 2020, being the TPG Telecom (then VHA) and TPG Corporation.

TPG Telecom (then VHA) and TPG Corporation's principal activity is the provision of consumer, wholesale and corporate telecommunications services. TPG Corporation's contribution during the four day period from the acquisition date to half-year ended 30 June 2020 was revenue of $27 million, EBITDA of $9 million and net profit after tax of $4 million.

The majority of the Group's revenues are derived from Australian based entities, and no single customer generates revenue greater than 10% of the Group's total revenue.

Information provided to the senior management team in respect of segment assets and liabilities is presented on a Group basis consistent with the consolidated financial statements. Refer to Note 13 Business Combinations for an understanding of TPG Corporation's assets and liabilities acquired by the Group.

Note 4 Revenue from contracts with customers

	Timing of revenue recognition	**30 June 2020 $m**	30 June 2019 $m
Revenue from contracts with customers			
Postpaid service revenue	Over time	**861**	920
Prepaid service revenue	Over time	**199**	219
Fixed and other service revenue	Over time	**107**	54
Hardware revenue	Point in time	**373**	530
		1,540	1,723

Note 5 Other profit and loss items

	30 June 2020 $m	30 June 2019 $m
(a) Employee benefits expense		
Superannuation expense	**9**	10
Other employee benefits expense	**103**	106
	112	**116**

During the half-year ended 30 June 2020, termination payments were made to key management personnel which comprised previously accrued incentives and leave balances, and $1 million of termination benefits recognised in employee benefits expense during the period (30 June 2019: $nil).

	30 June 2020 $m	30 June 2019 $m
(b) Other operating expenses		
Advertising and promotion expenses	**31**	29
Consulting and outsourced services costs	**52**	46
IT and facilities expenses	**8**	11
Transaction costs associated with the merger	**24**	9
Administration and other expenses	**53**	53
	168	148
(c) Depreciation and amortisation		
Depreciation of property, plant and equipment	**240**	252
Depreciation of right-of-use assets	**81**	80
Amortisation of intangible assets	**158**	174
	479	506
(d) Net financing costs		
Finance income:		
Interest income	**2**	4
Finance expenses:		
Amortisation of borrowing costs	**9**	3
Interest and finance charges	**188**	231
	197	234

Note 6 Income tax

The consolidated current tax payable or recoverable is based on taxable profit/(loss) for the year. Taxable profit differs from profit reported in the Consolidated Income Statement because some items of income or expense are taxable or deductible in different periods or may never be taxable or deductible. The Group's liability for current tax is calculated using Australian tax rates (and laws) that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Tax consolidation legislation

With effect from 13 July 2020, the wholly owned Australian subsidiaries acquired as part of the merger with TPG Corporation entered the tax consolidated group under Australian taxation law, of which the Company is the head entity. The tax sharing agreement entered into between the entities within the tax consolidated group provides for the determination of the allocation of the income tax liabilities between entities should the head entity default in its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

(a) Income tax expense	**30 June 2020 $m**	30 June 2019 $m
Current tax		
Current tax (credit) on profit/(loss) for the period	**-**	-
Adjustments for current tax in respect of prior periods	**-**	-
Total current tax expense	**-**	-
Deferred tax		
(Increase)/decrease in deferred tax assets	**(508)**	17
Increase/(decrease) in deferred tax liabilities	**282**	(17)
Adjustments for deferred tax of prior periods	**-**	-
Total deferred tax expense/(credit)	**(226)**	-
Income tax expense/(credit)	**(226)**	**-**
(b) Numerical reconciliation between tax expense and pre-tax accounting profit/(loss)		
Loss from operations before income tax	**(143)**	(153)
Income tax benefit at the Australian tax rate of 30% (2019: 30%)	**(43)**	(46)
Tax effect of amounts which are (not deductible)/taxable in calculating taxable income:		
- Interest expense	**-**	27
- Current year tax losses incurred, not recognised	**43**	19
- Initial recognition of deferred tax assets	**(226)**	-
Income tax expense/(credit)	**(226)**	-

(c) Tax losses	**30 June 2020 $m**	31 December 2019 $m
Unused tax losses for which no deferred tax asset has been recognised	**2,186**	2,081
Unused transferred tax losses for which no deferred tax asset has been recognised	**2,275**	2,275
Total tax losses	**4,461**	4,356
Potential tax benefit at 30% (2019: 30%)	**1,338**	1,307

The benefit of tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the company complies with the conditions for deductibility imposed by tax legislation. At 30 June 2020, no deferred tax assets from tax losses have been recognised for prudency reasons given the large quantum of these losses and the uncertainty at which these losses may be consumed in future periods. Once valuations for purchase price accounting and allocable cost amounts for tax purposes are finalised, the Group will be able to assess its future tax profile to better estimate the potential future rate of utilisation of tax losses. This, together with an assessment of the availability of the tax losses, is expected to be completed in the second half of 2020.

Note 6 Income tax (continued)

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the associated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(d) Deferred tax assets and liabilities	**30 June 2020 $m**	31 December 2019 $m
(i) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	**9**	8
Deferred revenue	**6**	7
Property, plant and equipment	**129**	143
Provisions and accruals	**39**	50
Lease liabilities	**312**	316
Other	**13**	5
	508	529
Unrealised foreign exchange movements	**62**	64
Addition from business combination[1]	**163**	-
Total deferred tax assets	**733**	593
Set off tax liabilities pursuant to set-off provisions (refer to Note 6(d)(ii))	**(391)**	(291)
Deferred tax assets not recognised (refer to Note 6(e))	**(62)**	(302)
Net deferred tax assets	**280**	-
Movements during the period comprised:		
Recognised through profit loss	**226**	-
Addition from business combination	**54**	-
Total deferred tax assets	**280**	**-**

Note 6 Income tax (continued)

(d) Deferred tax assets and liabilities (continued)

(ii) Deferred tax liabilities	**30 June 2020 $m**	31 December 2019 $m
The balance comprises temporary differences attributable to:		
Right-of-use assets	**281**	289
Other	**1**	2
	282	291
Addition from business combination[1]	**109**	-
	391	291
Set off tax liabilities pursuant to set-off provisions	**(391)**	(291)
Net deferred tax liabilities	**-**	-

[1] Addition from business combination relates to provisional deferred tax balances relating to TPG Corporation. This amount is provisional pending the finalisation of the valuations as part of the purchase price accounting expected to be completed in the second half of 2020. For further details, refer to Note 13 Business Combinations.

(e) Unrecognised temporary differences

	30 June 2020 $m	31 December 2019 $m
Temporary differences for which deferred tax assets have not been recognised	**62**	302
	62	302

As at 30 June 2020, unrecognised deferred tax assets of $62 million relates to cross currency swaps on the Group's US$3.5 billion loan facility still held within the Group at 30 June 2020. This loan facility, together with the cross currency swaps, was assumed by the Company's pre-merger shareholders as part of merger implementation steps that occurred in July 2020. As a result, the Group does not consider deferred tax assets on these balances to be recoverable and hence recognisable at 30 June 2020.

As at 31 December 2019, net temporary differences in 2019 of $302 million were not recognised as it was considered that they were not recoverable.

Note 7 Cash and cash equivalents

At 30 June 2020, the Group had a total cash balance of $470 million. Of this, $397 million was held for use in facilitating the merger implementation steps in July 2020.

- $379 million was used to help facilitate the restructuring of the Group's US$3.5 billion loan facility, with the remaining amount of the loan repaid through the issue of shares on 9 July 2020 to Hutchison 3G Australia Holdings Pty Limited ("H3GAH") and Vodafone Oceania Limited ("VOL"), who have assumed this loan facility.

- $18 million was used to partly fund the Special Dividend paid to TPG Corporation's pre-merger shareholders on 13 July 2020. The remaining $461 million of the dividend was funded through drawdowns of TPG Corporation's loan facilities.

Note 8 Property, plant and equipment

	Land and Building $m	Fixtures, fitting, and other equipment $m	Computer equipment $m	Network equipment and infrastructure $m	Assets under construction $m	Total $m
At 31 December 2019						
Cost	-	102	488	4,121	240	4,951
Accumulated depreciation	-	(72)	(370)	(2,640)	(5)	(3,087)
Net book amount	**-**	**30**	**118**	**1,481**	**235**	**1,864**
Cost						
At 1 January 2020	**-**	**102**	**488**	**4,121**	**240**	**4,951**
Additions from business combination[1]	42	3	-	1,192	-	1,237
Additions	-	-	-	3	134	137
Transfers	-	2	14	41	(82)	(25)
Write off	-	-	(8)	(177)	-	(185)
Closing balance	**42**	**107**	**494**	**5,180**	**292**	**6,115**
Depreciation						
At 1 January 2020	**-**	**(72)**	**(370)**	**(2,640)**	**(5)**	**(3,087)**
Depreciation charge	-	(6)	(34)	(195)	(5)	(240)
Transfers	-	-	1	9	-	10
Write off	-	-	8	177	-	185
Closing balance	**-**	**(78)**	**(395)**	**(2,649)**	**(10)**	**(3,132)**
At 30 June 2020						
Cost	42	107	494	5,180	292	6,115
Accumulated depreciation	-	(78)	(395)	(2,649)	(10)	(3,132)
Net book amount	**42**	**29**	**99**	**2,531**	**282**	**2,983**

[1]The merger between the Company and TPG Corporation became effective for accounting purposes on 26 June 2020 and $1,237 million of property, plant and equipment was acquired on this date as a result of the merger (refer Note 13 Business Combinations). The provisional value for these assets has been determined using the carrying values recorded by TPG Corporation at 26 June 2020. The identification and measurement of the acquired assets are provisional. The purchase price accounting is expected to be completed in the second half of 2020.

Note 9 Intangible assets

	Brand Names $m	Spectrum Licences $m	Computer Software $m	Contract Costs $m	Customer Base $m	Indefeasible Rights of Use $m	Goodwill $m	Total $m
At 31 December 2019								
Cost	2	1,594	907	107	-	-	2,413	5,023
Accumulated amortisation	(1)	(433)	(591)	(69)	-	-	-	(1,094)
Net book amount	1	1,161	316	38	-	-	2,413	3,929
Cost								
At 1 January 2020	2	1,594	907	107	-	-	2,413	5,023
Additions from business combination[1]	90	1,092	26	12	85	193	7,709	9,207
Additions relating to Mobile JV[2]	-	257	-	-	-	-	-	257
Additions	-	-	2	23	-	-	-	25
Transfers	-	-	25	-	-	-	-	25
Write off	-	-	(23)	(36)	-	-	-	(59)
Closing balance	**92**	**2,943**	**937**	**106**	**85**	**193**	**10,122**	**14,478**
Amortisation								
At 1 January 2020	(1)	(433)	(591)	(69)	-	-	-	(1,094)
Amortisation charge	-	(59)	(70)	(29)	(0)	-	-	(158)
Transfers	-	-	(10)	-	-	-	-	(10)
Write off	-	-	23	36	-	-	-	59
Closing balance	**(1)**	**(492)**	**(648)**	**(62)**	**(0)**	**-**	**-**	**(1,203)**
At 30 June 2020								
Cost	**92**	**2,943**	**937**	**106**	**85**	**193**	**10,122**	**14,478**
Accumulated amortisation	**(1)**	**(492)**	**(648)**	**(62)**	**(0)**	**-**	**-**	**(1,203)**
Net book amount	**91**	**2,451**	**289**	**44**	**85**	**193**	**10,122**	**13,275**

[1]The merger between the Company and TPG Corporation became effective for accounting purposes on 26 June 2020 and $9,207 million of intangible assets including goodwill was acquired on this date as a result of the merger (refer Note 13 Business Combinations). The provisional value for these assets has been determined using the carrying values recorded by TPG Corporation at 26 June 2020. The identification and measurement of acquired assets are provisional. The purchase price accounting is expected to be completed in the second half of 2020.

[2] Mobile JV was established as a joint venture between the Company and TPG Corporation to purchase 3.6GHz spectrum at the auction conducted in November 2018. Prior to 26 June 2020, the Group funded its 50% share of the 3.6GHz spectrum payment, being $132 million. On acquisition of TPG Corporation, the Group acquired the remaining 50% share of Mobile JV. The Group has recognised the acquisition of TPG Corporation's interest in the spectrum asset as a step asset acquisition and recognised $257 million in spectrum licences. The total underlying asset is measured at fair value on the date of acquisition.

Note 10 Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to draw down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

	30 June 2020 $m	31 December 2019 $m
Current		
At amortised cost		
Bank loans – unsecured	**6,780**	4,983
Bank loans - secured	**2,047**	-
Loans from shareholders	**152**	152
Guarantee fees payable to entities within jointly controlled parents' Group	**239**	119
Other	**-**	2
	9,218	5,256
Non-current		
At amortised cost		
Bank loans - unsecured	**-**	1,700
Guarantee fees payable to entities within jointly controlled parents' Group	**-**	41
Other	**-**	2
	-	1,743

At 30 June 2020, all the Group's existing borrowings have been classified as current as they have all been repaid in July 2020 as part of the merger implementation activities. For further details, refer to Note 18 Events Occurring After Reporting Date.

Information relating to loans that were subsequently repaid in July 2020

The Group's effective rate of interest on bank loans for its A$1.7 billion loan facility was based on the Australian 1 month BBSY plus margin. The bank loans were guaranteed by entities controlled by the shareholders for which the Group paid a guarantee fee. This loan was subsequently repaid as part of the debt restructuring steps on implementation of the merger on 2 July 2020.

The Group's effective rate of interest on bank loans for its US$3.5 billion syndicated loan facility was based on the Australian 3 month BBSW plus margin (pursuant to cross currency swap arrangements in place). Bank loans were guaranteed by entities controlled by the shareholders for which the Group paid a guarantee fee. This loan was assumed by certain shareholders as part of the debt restructuring steps on implementation of the merger on 9 July 2020.

The fair value of the loans approximate their carrying amounts as the interest payable is either close to current market rates or have recently been tested in the market.

Acquired loans

As part of the merger, the Group acquired TPG Corporation's debt facilities of $2,389 million (including a Singapore dollar denominated facility of SGD100 million translated to AUD using the 30 June 2020 spot rate) of which $2,047 million was drawn down as at 30 June 2020. These bank loans were subsequently repaid on 14 July 2020 (refer Note 18 Events Occurring After Reporting Date).

Available facilities

Total undrawn borrowing facilities as at 30 June 2020 were $6,940 million (2019: $1,178 million). This includes new loan facilities of $5,250 million. None of the new loan facilities had been drawn down as at 30 June 2020. Loan establishment fees of $27 million relating to the new loan facilities have been capitalised at 30 June 2020 and paid on 2 July 2020. Assessment of the Group's compliance with financial covenants on the new loan facilities is not required until June 2021.

Note 11 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Interest and dividends are classified as expenses or as distributions of profit consistent with the classification of related debt or equity instruments in the Consolidated Statement of Financial Position.

	30 June 2020 Shares	31 December 2019 Shares	**30 June 2020 $m**	31 December 2019 $m
Ordinary shares (fully paid) – opening	**1,100,096,986**	1,100,096,986	**6,047**	6,047
Shares to be consolidated on the Company's debt restructure	**(685,911,834)**	-	**-**	-
	414,185,152	1,100,096,986	**6,047**	6,047
Shares to be issued on the Company's debt restructure	**517,345,022**	-	**4,475**	-
Shares to be issued on acquisition of TPG Corporation	**927,811,493**	-	**7,877**	-
Fully paid ordinary shares	**1,859,341,667**	1,100,096,986	**18,399**	6,047

(a) Shares to be issued on the Company's debt restructure

On 9 July 2020, the Company performed a share consolidation and issued shares to the Company's pre-merger shareholders, entities in the CKHH and Vodafone Group, so that these shareholders' ownership in the Company represented 50.1% of the Company's total issued shares on merger completion on 13 July 2020. At 30 June 2020, the shares to be issued to the Company's pre-merger shareholders have been disclosed as "shares to be issued".

The value of the shares issued was $4,475 million, which equated to the Company's debt transferred out of the Group and assumed by the Company's pre-merger shareholders. As the Scheme was approved by the Supreme Court of New South Wales on 26 June 2020, the assumption of debt by the Company's pre-merger shareholders has been recognised as a debt restructuring receivable in the Consolidated Statement of Financial Position at 30 June 2020. This receivable was settled when the shares were issued by the Company on 9 July 2020.

(b) Shares to be issued on acquisition of TPG Corporation

On 13 July 2020, the Company legally acquired TPG Corporation through the issuance of shares. One share in the Company was issued to TPG Corporation's pre-merger shareholders for every one share held in TPG Corporation. The shares issued to TPG Corporation's pre-merger shareholders represent 49.9% of the Company's total issued shares on merger completion. At 30 June 2020, the shares issued to TPG Corporation's pre-merger shareholders have been disclosed as "shares to be issued", measured at their acquisition date fair value of $7,877 million. For further details, refer to Note 13 Business Combinations.

Note 12 Earnings per share

	30 June 2020 Cents	30 June 2019 Cents
Basic and diluted earnings per share	**0.19**	(0.37)
	$m	$m
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted earnings per share	**83**	(153)
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**445,946,834**	414,185,152

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares during the period.

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The weighted average number of ordinary shares has been retrospectively adjusted for the share consolidation on the Company's debt restructure which occurred after the period end.

Note 13 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary company comprises:

- fair values of assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interest issued by the Group,
- fair value of any assets or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in the Consolidated Income Statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Consolidated Income Statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Consolidated Income Statement.

Note 13 Business combinations (continued)

Merger of the Company and TPG Corporation

The merger of the Company and TPG Corporation became effective for accounting purposes shortly before the half-year end (on 26 June 2020) and was completed shortly after the half-year end (on 13 July 2020).

The merger brings together two highly complementary businesses to create a leading integrated, full-service telecommunications company with a comprehensive portfolio of fixed and mobile products for consumers, SMEs and enterprises.

The merger was implemented through a Scheme of Arrangement under which the Company acquired all of the shares in TPG Corporation in return for issuing shares in the Company to TPG Corporation shareholders.

The Scheme was approved by the Supreme Court of New South Wales on 26 June 2020 and became effective for accounting purposes on that day, being the deemed date of effective control. The Scheme was implemented on 13 July 2020 when the agreed number of shares in the Company were issued to TPG Corporation shareholders.

TPG Corporation changed its name from TPG Telecom Limited to TPG Corporation Limited and was suspended from trading on the ASX on 29 June 2020, and the Company changed its name to TPG Telecom Limited on 29 June 2020 and listed on the ASX on 30 June 2020.

Between the accounting effective date (26 June 2020) and the merger completion date (13 July 2020) there were several restructuring steps that needed to be implemented by both the Company and TPG Corporation in accordance with the Scheme Implementation Deed. As these steps all occurred post 30 June 2020, the Group's 30 June 2020 consolidated statement of financial position is not fully reflective of the Group's consolidated financial position as at the merger completion date.

The principal restructuring steps not reflected in the Group's 30 June 2020 statement of financial position are as follows:

- The Company undertook debt restructuring between 30 June 2020 and 13 July 2020 which had the overall effect of reducing its net debt by $4,475 million in return for issuing shares to its pre-merger shareholders. In the Group's 30 June 2020 statement of financial position, this reduction in debt is shown as a debt restructuring receivable, with an equal and opposite amount shown as "shares to be issued".
- TPG Corporation paid a fully-franked special cash dividend of $479 million to its pre-merger shareholders on 13 July 2020 which had the effect of increasing the Group's net debt by $479 million by the merger implementation date. The special dividend is shown as an acquired pre-acquisition dividend payable in the Group's 30 June 2020 statement of financial position.
- TPG Corporation demerged its TPG Singapore business through an in-specie distribution of shares in its subsidiary, Tuas Limited, to TPG Corporation pre-merger shareholders on 13 July 2020. In the Group's 30 June 2020 statement of financial position, the fair value of Tuas Limited of $512 million, as determined by an independent valuation assessment, is shown as held for distribution with an equal and opposite amount shown as an acquired pre-acquisition dividend payable for the in-specie dividend.
- Although the Scheme consideration, being the shares in the Company issued to TPG Corporation shareholders, was issued after the half-year end (on 13 July 2020), these "shares to be issued" are reflected in the Group's 30 June 2020 consolidated statement of financial position. The value of the shares has been measured at the acquisition date fair value, using the quoted share price on 30 June 2020.

Acquisition related costs of $24 million are included in Other Operating Expenses in the Consolidated Income Statement for the half year ended 30 June 2020 (30 June 2019: $9 million).

TPG Corporation's contribution to the Group's results for the four day period from 26 June 2020 to the half-year ended 30 June 2020 was revenue of $27 million, EBITDA of $9 million and net profit after tax of $4 million. If the merger had been effective from 1 January 2020, management estimates that TPG Corporation would have contributed revenue and net profit after tax for the half-year ended 30 June 2020 of $1,248 million and $138 million respectively before intercompany eliminations.

Note 13 Business combinations (continued)

Details of the purchase consideration, the net identifiable liabilities acquired and goodwill are as follows:

Purchase consideration	**$m**
Shares to be issued[1]	7,877
Acquisition of spectrum held in Mobile JV[2]	(129)
Settlement of pre-existing relationships[3]	(77)
Total purchase consideration	**7,671**

The assets and liabilities recognised as a result of the acquisition are as follows:

Provisional Fair value[4]	**$m**
Cash and cash equivalents	99
Trade and other receivables	128
Inventories	7
Deferred tax assets (Note 6)	54
Other assets	21
Property, plant and equipment (Note 8)	1,237
Right-of-use assets	93
Intangible assets (Note 9)	1,498
Trade and other payables	(284)
Contract liabilities	(191)
Borrowings (Note 10)	(2,047)
Lease liabilities	(93)
Provisions	(73)
Other liabilities	(1)
	448
Assets classified as held for distribution[5]	512
Acquired pre-acquisition dividends payable[6]	(991)
Net identifiable liabilities acquired	**(31)**
Less: Non-controlling interests acquired[4]	(7)
Add: provisional goodwill[4] (Note 9)	7,709
	7,671

On 26 June 2020, TPG Corporation had $83 million of capital commitments and $39 million of other contractual commitments which were not recognised in the liabilities above.

Subsequent to the 30 June 2020 period end, a related party of the Group was paid accrued leave entitlements and a twelve week redundancy payment upon termination of their employment with TPG Corporation. A liability for this payment was included within TPG Corporation's acquisition date liabilities.

[1] Fair value of shares to be issued
The Company acquired TPG Corporation through the issue of shares in the Company (one TPG Telecom share for every TPG Corporation share owned). For accounting purposes, the acquisition date was 26 June 2020. TPG Telecom was listed on the ASX on a deferred settled basis on 30 June 2020. TPG Telecom commenced trading on an ordinary settlement basis on 14 July 2020. Management has reviewed the reliability of available information and inputs on each relevant date, in particular with regard to the fair value hierarchy under AASB 13, and has assessed that the TPG Telecom quoted share price on 30 June 2020 represents the most reliable measure of the fair value of the Scheme consideration at the acquisition date (26 June 2020).

[2] Acquisition of spectrum held in Mobile JV
Mobile JV was established as a joint venture between the Company and TPG Corporation to purchase 3.6GHz spectrum at the auction conducted in November 2018. Prior to 26 June 2020, the Group funded its 50% share of the 3.6GHz spectrum payment, being $132 million. On acquisition of TPG Corporation, the Group acquired the remaining 50% share of Mobile JV. The Group has recognised the acquisition of TPG Corporation's interest in the spectrum asset as a step asset acquisition and recognised $257 million in spectrum licences. The total underlying asset is measured at fair value on the date of acquisition.

[3] Settlement of pre-existing relationships
On the accounting acquisition date (26 June 2020), the Company held $14 million of MVNO and Interconnect receivables, $473 million of right-of-use assets and $564 million of lease liabilities relating to the Company's access to dark fibre links, of which TPG Corporation was the counterparty. These receivables and liabilities are considered to be effectively settled on the merger effective date. These pre-existing contractual relationships have been assessed to reflect market value at the acquisition date, and no gain or loss has been recognised in the half-year Consolidated Income Statement.

Note 13 Business combinations (continued)

[4] Provisional fair value of acquired assets liabilities, non-controlling interest and goodwill recognised
The fair value of all the acquired assets, liabilities and non-controlling interests noted above is provisional, pending finalisation of the valuations as part of the purchase price accounting exercise which is expected to be completed in the second half of 2020. Hence, the goodwill recognised on acquisition is also provisional at 30 June 2020.

[5] Acquired assets classified as held for distribution
The acquired assets held for distribution, as valued by an independent valuation assessment, represent the net assets of Tuas Limited, which was demerged by way of an in-specie distribution of Tuas shares to TPG Corporation's pre-merger shareholders immediately prior to implementation of the merger on 13 July 2020. The operating results of Tuas between the merger accounting effective date (26 June) and 30 June 2020 were not material to the Group's results for the half-year and have therefore not been reflected in the Group's Consolidated Income Statement for the half-year.

[6] Acquired pre-acquisition dividends payable
Total acquired pre-acquisition dividends payable comprise $479 million relating to the special cash dividend and $512 million relating to the Tuas In-Specie Dividend, which were distributed to TPG Corporation's pre-merger shareholders on 13 July 2020.

Note 14 Interests in Other Entities

(i) Subsidiaries
The following is a list of all entities that formed part of the Group as at 30 June 2020.

			Equity Holding	
	Notes	Country of Incorporation	30 June 2020	31 December 2019
Name of Entity			%	%
Vodafone Hutchison Finance Pty Limited	(1)	Australia	**100**	100
Vodafone Hutchison Spectrum Pty Limited		Australia	**100**	100
Vodafone Hutchison Receivables Pty Limited		Australia	**100**	100
H3GA Properties (No. 3) Pty Limited		Australia	**100**	100
Vodafone Foundation Australia Pty Limited		Australia	**100**	100
Vodafone Australia Pty Limited		Australia	**100**	100
Vodafone Pty Limited		Australia	**100**	100
Vodafone Network Pty Limited		Australia	**100**	100
Mobileworld Operating Pty Ltd		Australia	**100**	100
Mobileworld Communications Pty Ltd		Australia	**100**	100
Mobile JV Pty Limited	(2)	Australia	**100**	50
TPG Corporation Limited	(3)	Australia	**100**	-
TPG Holdings Pty Ltd	(3)	Australia	**100**	-
TPG Internet Pty Ltd	(3)	Australia	**100**	-
Value Added Network Pty Ltd	(3)	Australia	**100**	-
TPG Network Pty Ltd	(3)	Australia	**100**	-
TPG Energy Pty Ltd	(3)	Australia	**100**	-
FTTB Wholesale Pty Ltd	(3)	Australia	**100**	-
TPG (NZ) Pty Ltd	(3)	New Zealand	**100**	-
Orchid Cybertech Services Incorporated	(3)	Philippines	**99.99**	-
Orchid Human Resources Pty Ltd	(3)	Australia	**100**	-
Chariot Pty Ltd	(3)	Australia	**100**	-
Soul Pattinson Telecommunications Pty Ltd	(3)	Australia	**100**	-
SPT Telecommunications Pty Ltd	(3)	Australia	**100**	-
SPTCom Pty Ltd	(3)	Australia	**100**	-
Kooee Communications Pty Ltd	(3)	Australia	**100**	-
Kooee Pty Ltd	(3)	Australia	**100**	-
Kooee Mobile Pty Ltd	(3)	Australia	**100**	-
Soul Communications Pty Ltd	(3)	Australia	**100**	-
Soul Contracts Pty Ltd	(3)	Australia	**100**	-
Digiplus Investments Pty Ltd	(3)	Australia	**100**	-
Digiplus Holdings Pty Ltd	(3)	Australia	**100**	-
Digiplus Pty Ltd	(3)	Australia	**100**	-
Digiplus Contracts Pty Ltd	(3)	Australia	**100**	-
Blue Call Pty Ltd	(3)	Australia	**100**	-
PIPE Networks Pty Ltd	(3)	Australia	**100**	-

Note 14 Interests in Other Entities (continued)

(i) Subsidiaries (continued)

Name of Entity	Notes	Country of Incorporation	Equity Holding 30 June 2020 %	31 December 2019 %
PIPE Transmission Pty Ltd	(3)	Australia	**100**	-
PIPE International (Australia) Pty Ltd	(3)	Australia	**100**	-
PPC 1 Limited	(3)	Bermuda	**100**	-
PPC 1 (US) Incorporated	(3)	USA	**100**	-
ACN 139 798 404 Pty Ltd	(3)	Australia	**100**	-
Intrapower Pty Ltd	(3)	Australia	**100**	-
IP Service Xchange Pty Ltd	(3)	Australia	**100**	-
Trusted Cloud Pty Ltd	(3)	Australia	**100**	-
Trusted Cloud Solutions Pty Ltd	(3)	Australia	**100**	-
Alchemyit Pty Ltd	(3)	Australia	**100**	-
IP Group Pty Ltd	(3)	Australia	**100**	-
Mercury Connect Pty Ltd	(3)	Australia	**100**	-
VtalkVoip Pty Ltd	(3)	Australia	**100**	-
Intrapower Terrestrial Pty Ltd	(3)	Australia	**100**	-
Hosteddesktop.com Pty Ltd	(3)	Australia	**100**	-
Virtual Desktop Pty Ltd	(3)	Australia	**100**	-
Destra Communications Pty Ltd	(3)	Australia	**100**	-
Numillar IPS Pty Ltd	(3)	Australia	**88.57**	-
Telecom New Zealand Australia Pty Limited	(3)	Australia	**100**	-
AAPT Limited	(3)	Australia	**100**	-
Connect Internet Solutions Pty Limited	(3)	Australia	**100**	-
PowerTel Limited	(3)	Australia	**100**	-
Request Broadband Pty Ltd	(3)	Australia	**100**	-
Telecom Enterprises Australia Pty Limited	(3)	Australia	**100**	-
iiNet Limited	(3)	Australia	**100**	-
Chime Communications Pty Ltd	(3)	Australia	**100**	-
Internode Pty Ltd	(3)	Australia	**100**	-
Agile Pty Ltd	(3)	Australia	**100**	-
Westnet Pty Ltd	(3)	Australia	**100**	-
iiNet (New Zealand) AKL Ltd	(3)	New Zealand	**100**	-
Jiva Pty Ltd	(3)	Australia	**100**	-
Netspace Online Systems Pty Ltd	(3)	Australia	**100**	-
iiNet Labs Pty Ltd	(3)	Australia	**100**	-
TransACT Communications Pty LTd	(3)	Australia	**100**	-
TransACT Broadcasting Pty Ltd	(3)	Australia	**100**	-
TransACT Capital Communications Pty Ltd	(3)	Australia	**100**	-
Transflicks Pty Ltd	(3)	Australia	**100**	-
TransACT Victoria Holdings Pty Ltd	(3)	Australia	**100**	-
Cable Licence Holdings Pty Ltd	(3)	Australia	**100**	-
ACN 088 889 230 Pty Ltd	(3)	Australia	**100**	-
TransACT Victoria Communications Pty Ltd	(3)	Australia	**100**	-
Neighbourhood Cable Unit Trust	(3)	Australia	**100**	-
Connect West Pty Ltd	(3)	Australia	**100**	-
The Tech2 Group Pty Ltd	(3)	Australia	**60**	-
Tech2Home Proprietary Ltd	(3)	New Zealand	**60**	-
Tech2Home Pty Ltd	(3)	Australia	**60**	-
Gizmo Corporation Pty Ltd	(3)	Australia	**60**	-
Tech2Home(Communications) Pty Ltd	(3)	Australia	**60**	-
Tech2 Business Solutions Pty Ltd	(3)	Australia	**60**	-
iHug Pty Ltd	(3)	Australia	**100**	-
Adam Internet Holdings Pty Ltd	(3)	Australia	**100**	-
Adam Internet Pty Ltd	(3)	Australia	**100**	-
iiNet (OzEmail) Pty Ltd	(3)	Australia	**100**	-
TPG JV Company Pty Ltd	(3)	Australia	**100**	-

Note 14 Interests in Other Entities (continued)

(ii) Interests in Joint Ventures

Name of Entity	Notes	Country of Incorporation	Equity Holding 30 June 2020 %	Equity Holding 31 December 2019 %
Mobile JV Pty Limited	(2)	Australia	**100**	50
3GIS Pty Limited		Australia	**50**	50
3GIS Properties (No 1) Pty Limited		Australia	**50**	50
3GIS Properties (No 2) Pty Limited		Australia	**50**	50
Tovadan Pty Limited		Australia	**50**	50
Mondjay Pty Limited		Australia	**50**	50

(1) On 9 July 2020, the Company's 100% ownership in VHF was transferred to Vodafone Hutchison (Australia) Holdings Limited, a UK incorporated company jointly controlled by entities in the CKHH and Vodafone Groups.
(2) The entity was established as a joint venture between the Company and TPG Corporation including to purchase 3.6GHz spectrum at the auction conducted in November 2018. As part of the merger, the entity is now 100% owned by the Group and included in the consolidated results. The entity had no material balances as at 31 December 2019 and therefore no significant impact arise from moving from the equity method of accounting to consolidation. Refer to Note 13 Business Combinations for further details.
(3) These companies were acquired as part of the merger between the Company and TPG Corporation on 13 July 2020. These entities previously had a 31 July year-end, which has since been changed to 31 December to align with the Group. TPG Telecom Pte Ltd and Tuas Limited were held for distribution at 30 June 2020 and were distributed to TPG Corporation's pre-merger shareholders on 13 July 2020.

Note 15 Commitments

Capital commitments

Property, plant and equipment
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:

	30 June 2020 $m	31 December 2019 $m
Not later than 1 year	**246**	361
Later than 1 year but not later than 5 years	**110**	18
Later than 5 years	**-**	-
	356	379

Note 16 Fair value measurement of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2020 and 31 December 2019 on a recurring basis:

At 31 December 2019	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Handset receivables	-	115	-	115
Foreign currency swaps	-	129	-	129
Total financial assets	**-**	**244**	**-**	**244**
Financial liabilities				
Forward foreign exchange contracts	-	1	-	1
Total financial liabilities	**-**	**1**	**-**	**1**

At 30 June 2020	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Handset receivables		75		75
Foreign currency swaps		232		232
Total financial assets	**-**	**307**	**-**	**307**
Financial liabilities				
Forward foreign exchange contracts		1		1
Total financial liabilities	**-**	**1**	**-**	**1**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2020 (31 December 2019: nil).

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

The fair value of foreign currency hedging derivatives is determined using Bloomberg valuations at the balance sheet date.

The fair value of handset receivables is determined using the implicit interest rate on handset receivable sale arrangements to external parties at the balance date.

All of the resulting fair value estimates are included in level 2 of the fair value hierarchy.

Note 17 Related Party Transactions

Significant related party transactions relevant to the period ended 30 June 2020 relate to the merger between the Company and TPG Corporation. These transactions have been disclosed in Note 7 Cash and Cash Equivalents, Note 10 Borrowings, Note 11 Contributed Equity, Note 13 Business Combinations, and Note 18 Events Occurring After the Reporting Date.

Note 18 Events Occurring After the Reporting Date

On 13 July 2020, the Scheme was implemented when the agreed number of the Company's shares were issued to the TPG Corporation pre-merger shareholders.

The key merger implementation activities that occurred after the reporting date are set out below:

TPG Telecom debt restructuring
Between 2 July 2020 and 14 July 2020, the Company undertook the following steps which, together, had the effect of removing from the Group $4,475 million of debt that it owed as at 30 June 2020.

- On 2 July 2020, the Company drew down $2,270 million on its new loan facilities. This included the payment of $27 million of loan establishment fees.
- On 3 July 2020, the Company utilised its loan drawing to settle its existing $1,700 million loan facility and associated interest costs, $152 million working capital facility with entities in the CKHH and Vodafone Groups and associated interest costs and guarantee fees.
- On 9 July 2020, the Company made a repayment, comprised of $379 million in cash, and $4,475 million in promissory notes, to Vodafone Hutchison Finance Pty Limited ("VHF") to settle its existing $4.8 billion loan facility and associated interest costs and guarantee fees.
- On 9 July 2020, the Company's 100% ownership in VHF was transferred to Vodafone Hutchison (Australia) Holdings Limited, a UK incorporated company jointly controlled by entities in the CKHH and Vodafone Groups.
- On 9 July 2020, the $4,475 million in promissory notes was settled through the debt restructuring receivable from entities in the CKHH and Vodafone Groups, in return for shares in the Company.
- On 14 July 2020, shares previously issued to CKHH and Vodafone Group entities on 9 July were transferred to Vodafone Hutchison (Australia) Holdings Limited.

TPG Corporation Dividends

- On 13 July 2020, an in specie dividend of one share in Tuas Limited for every two shares held in TPG Corporation, was paid to TPG Corporation's pre-merger shareholders. This settled the $512 million of acquired assets held for distribution and the corresponding $512 million pre-acquisition dividend payable held by the Group at 30 June 2020.
- On 13 July 2020, a $479 million special cash dividend was paid to TPG Corporation's pre-merger shareholders. To fund this cash dividend, TPG Corporation drew down the remaining $342 million of its existing loan facilities, drew down $119 million from a temporary debt facility established for the purpose of paying the special dividend, and used $18 million of its existing cash reserves. This settled the pre-acquisition dividend payable acquired by the Group at 30 June 2020.
- On 14 July 2020, the Group drew down a further $2,510 million of its new loan facilities to repay TPG Corporation's debt of $2,508 million acquired on merger.

COVID-19 Pandemic
Since the reporting date, containment policies by the Australian Government and Governments around the world remain in force to prevent the spread of COVID-19. The level of restrictions and measures to limit movement into and out of Australia, and also domestically, continues to evolve, as seen by stricter measures in certain parts of Australia introduced in July 2020. While there is prevailing uncertainty of the extent and duration of the COVID-19 pandemic, it is reasonably likely that the pandemic will continue to have an impact on the Group's operations and results in future periods.

There has been no other matter or circumstance that has arisen after the reporting date that has significantly affected, or may significantly affect:

(i) the operations of the Company and of the Group in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Company and of the Group in future financial years.

TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)
Directors’ declaration

In the Directors’ opinion:

(a) the financial statements and notes set out on pages 7 to 31 are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standards, the Corporations Regulation 2001 and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Iñaki Berroeta
Managing Director
20 August 2020

Sydney
Australia

David Teoh
Chairman
20 August 2020

Sydney
Australia

Independent auditor's review report to the members of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited)

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited), (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited), is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

S Prakash
Partner

Sydney
20 August 2020

Auditor's Independence Declaration

As lead auditor for the review of TPG Telecom Limited, (formerly named Vodafone Hutchison Australia Limited), for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TPG Telecom Limited (formerly named Vodafone Hutchison Australia Limited) and the entities it controlled during the period.

S Prakash
Partner
PricewaterhouseCoopers

Sydney
20 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au