



TPG Telecom Limited
ABN 46 093 058 069
and its controlled entities

**ASX Appendix 4D and
Half Year Financial Report
31 January 2014**

Lodged with the ASX under Listing Rule 4.2A

Contents

	Page
Results for announcement to the market	2
Directors' report	3
Consolidated interim income statement	6
Consolidated interim statement of comprehensive income	7
Consolidated interim statement of financial position	8
Consolidated interim statement of changes in equity	9
Consolidated interim statement of cash flows	10
Condensed notes to the consolidated interim financial statements	11
Directors' declaration	19
Auditor's review report	20
Auditor's independence declaration	22

TPG Telecom Limited
ASX Appendix 4D

Half Year ended 31 January 2014

(Previous corresponding period: Half Year ended 31 January 2013)

Results for announcement to the market

Earnings

				\$'000
Revenue	up	11%	to	394,555
Earnings before interest, tax, depreciation and amortisation (EBITDA)	up	8%	to	165,641
Profit for the period attributable to owners of the Company	up	15%	to	90,101
Earnings per share (basic and diluted)	up	15%	to	11.4 cents

Dividends

	Amount per security	Franked amount per security
This period:		
Final dividend for FY13	4.00 cents	4.00 cents
Interim dividend for FY14 (payable 20 May 2014)	4.50 cents	4.50 cents
Previous corresponding period:		
Final dividend for FY12	2.75 cents	2.75 cents
Interim dividend for FY13	3.50 cents	3.50 cents

For the FY14 interim dividend the record date for determining entitlement to the dividend will be 15 April 2014. The Dividend Reinvestment Plan (DRP) is currently suspended until further notice.

Net Tangible Assets

	31 Jan 2014	31 Jan 2013
Net tangible assets per security	\$0.36	\$0.19

Commentary on results

The Company has provided a commentary on the results in its Review of operations which accompanies this report.

TPG Telecom Limited and its controlled entities

Directors' report

For the half-year ended 31 January 2014

The directors present their report together with the condensed consolidated financial report for the half-year ended 31 January 2014.

Directors

The names of directors of the Company in office at any time during, or since the end of the half-year are set out below:

Name	Period of directorship
David Teoh <i>Executive Chairman</i> <i>Chief Executive Officer</i>	Director since 2008
Robert Millner <i>Non-Executive Director</i>	Director since 2000
Denis Ledbury <i>Non-Executive Director</i>	Director since 2000
Alan Latimer <i>Executive Director, Finance & Corporate Services</i>	Director since 2008
Joseph Pang <i>Non-Executive Director</i>	Director since 2008
Shane Teoh <i>Non-Executive Director</i>	Director since 2012

Review of operations

Reported Results

The TPG Telecom Limited Group's financial results for the half year ended 31 January 2014 ("1H14") include the following highlights:

- Net Profit After Tax ("NPAT") for the period was \$90.1m, an increase over 1H13 of 15%.
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period increased by 8% to \$165.6m.
- Earnings per share ("EPS") increased by 15% to 11.4 cents per share.
- Free cashflow increased by 25% to \$103.1m.
- Interim dividend per share increased by 29% to 4.5 cents per share.

TPG Telecom Limited and its controlled entities

Directors' report

For the half-year ended 31 January 2014

Review of operations (continued)

Underlying EBITDA growth

As reported last year, the results for the previous corresponding period (1H13) included favorable non-recurring items amounting to \$20.5m.

The results for 1H14 have also benefitted from a number of favorable non-recurring items, but amounting to only \$6.6m.

Excluding these items from both the current and previous corresponding periods, the Group's underlying EBITDA for 1H14 has increased by 19% relative to 1H13.

Consumer business

The Consumer division's EBITDA for the period was \$100.2m which includes \$1.0m of non-recurring benefits arising from a retrospective supplier credit. As reported last year, the division's EBITDA for 1H13 of \$94.8m benefitted from \$10.0m of back-dated rebates arising from favorable regulatory determinations that occurred in that period. The Consumer division's underlying EBITDA growth for 1H14 relative to 1H13 is therefore \$14.4m or 17%. This has been driven by ongoing organic broadband subscriber growth as well as an increase in contribution per subscriber arising from continued tight cost control and an uplift in ARPU (average revenue per user) from subscribers to the Group's home phone bundle plans.

The Group's consumer broadband subscriber base grew by 36,000 in the half year, which is consistent with the growth achieved in the same period last year. The growth in 1H14 continued to be driven by TPG's 'ADSL2+ with Home Phone' bundle plans which grew by 61,000 subscribers in the 6 month period. This increase was partially offset by a decline in standalone on-net (16,000) and off-net (9,000) subscribers.

As at 31 January 2014 the Group had 707,000 broadband subscribers and 370,000 mobile subscribers.

Corporate business

The Group's Corporate division achieved an EBITDA of \$64.5m for the period. This result includes \$5.6m of non-recurring benefits (comprising \$4.0m of back-dated supplier credits and a \$1.6m IRU gain). As reported last year, the division's 1H13 EBITDA of \$57.5m included a \$10.5m IRU gain. The Corporate division's underlying EBITDA growth for 1H14 relative to 1H13 is therefore \$11.9m or 25%. This growth has been achieved through revenue growth as well as an improvement in underlying margin from 41% to 49%.

Cashflow

The Group's cashflow was again very strong; \$178.2m cash was generated from operations (pre-tax), and free cashflow for the half year was \$103.1m, allowing the Group to repay its remaining debt as well as to pay an increased dividend.

Dividend

In light of the Group's strong cashflow and earnings growth, the Board of Directors has declared an increase to

TPG Telecom Limited and its controlled entities

Directors' report (continued)

For the half-year ended 31 January 2014

Review of operations (continued)

the interim FY14 dividend by 29% to 4.5 cents per share (fully franked), payable on 20 May 2014 to shareholders on the register at 15 April 2014.

Acquisition of AAPT

During the period, on 8 December 2013, the Group entered into a Share Sale Agreement to acquire 100% of Telecom New Zealand Australia Pty Ltd and its subsidiaries which include AAPT ("AAPT") for cash consideration of A\$450m on a debt-free and cash-free basis. The acquisition was completed and the consideration paid after the period end, on 28 February 2014, and has therefore had no impact on the 1H14 results.

The acquisition was funded through a combination of debt and cash reserves. Following the acquisition the Group's debt to annualised EBITDA leverage ratio is less than 1.1x.

FY14 Guidance

The directors have upgraded the Group's FY14 EBITDA guidance (excluding AAPT) from \$290-300m to a new estimated range of \$325-330m. AAPT is expected to contribute EBITDA of \$15-25m (net of one-off acquisition and integration related expenses of \$7-12m) for the 5 months from date of acquisition to 31 July, giving an estimated FY14 EBITDA range for the merged Group of \$340m-355m.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the half-year ended 31 January 2014.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 25th day of March 2014.

Signed in accordance with a resolution of the directors:



David Teoh
Chairman

TPG Telecom Limited and its controlled entities

Consolidated interim income statement

For the half-year ended 31 January 2014

	<i>Note</i>	31 Jan 2014 \$'000	31 Jan 2013 \$'000
Revenue	6	394,555	357,039
Other income	7	1,486	2,326
Telecommunications expense		(176,662)	(154,195)
Employee benefits expense		(32,854)	(29,736)
Other expenses		(20,884)	(21,825)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		165,641	153,609
Depreciation of plant and equipment		(25,061)	(24,195)
Amortisation of intangibles		(10,011)	(12,699)
Results from operating activities		130,569	116,715
Finance income		992	1,457
Finance expenses		(1,981)	(5,482)
Net financing costs		(989)	(4,025)
Profit before income tax		129,580	112,690
Income tax expense	8	(39,479)	(34,397)
Profit for the period attributable to owners of the company		90,101	78,293
Earnings per share:			
Basic and diluted earnings per share (cents)	12	11.4	9.9

TPG Telecom Limited and its controlled entities
 Consolidated interim statement of comprehensive income

For the half-year ended 31 January 2014

	<i>Note</i>	31 Jan 2014 \$'000	31 Jan 2013 \$'000
Profit for the period		90,101	78,293
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		15	8
Net change in fair value of available-for-sale financial assets, net of tax	9	5,764	11,757
Other comprehensive income, net of tax		5,779	11,765
Total comprehensive income attributable to owners of the company		95,880	90,058

TPG Telecom Limited and its controlled entities
Consolidated interim statement of financial position

As at 31 January 2014

	Note	31 Jan 2014 \$'000	31 July 2013 \$'000
Assets			
Cash and cash equivalents		56,922	26,128
Trade and other receivables		31,785	40,676
Inventories		354	179
Investments	9	89,415	81,181
Prepayments and other assets	10	12,138	9,523
Total Current Assets		190,614	157,687
Trade and other receivables		7,432	15,268
Investments	9	7,333	7,333
Property, plant and equipment		317,282	319,159
Intangible assets		492,755	502,201
Prepayments and other assets	10	377	339
Total Non-Current Assets		825,179	844,300
Total Assets		1,015,793	1,001,987
Liabilities			
Trade and other payables		90,259	94,122
Loans and borrowings	11	176	169
Current tax liabilities		22,740	33,628
Employee benefits		5,486	5,241
Provisions		2,590	2,616
Accrued interest		76	276
Deferred income and other liabilities		60,820	58,784
Total Current Liabilities		182,147	194,836
Loans and borrowings	11	208	42,305
Deferred tax liabilities		17,877	15,410
Employee benefits		403	349
Provisions		7,123	7,111
Deferred income and other liabilities		29,193	26,010
Total Non-Current Liabilities		54,804	91,185
Total Liabilities		236,951	286,021
Net Assets		778,842	715,966
Equity			
Share Capital		516,907	516,907
Reserves		40,662	36,134
Retained earnings		221,273	162,925
Total Equity		778,842	715,966

The condensed notes on pages 11 to 18 are an integral part of these consolidated interim financial statements.

TPG Telecom Limited and its controlled entities
Consolidated interim statement of changes in equity

For the half-year ended 31 January 2014

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Fair value reserve \$'000	Total reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 August 2012		516,907	106	(445)	10,836	10,497	63,373	590,777
Profit for the period		-	-	-	-	-	78,293	78,293
Foreign currency translation differences		-	8	-	-	8	-	8
Net change in fair value of available-for-sale financial assets, net of tax	9	-	-	-	11,757	11,757	-	11,757
Total comprehensive income for the period		-	8	-	11,757	11,765	78,293	90,058
Share-based payment transactions		-	-	437	-	437	-	437
Dividends paid to shareholders	13	-	-	-	-	-	(21,830)	(21,830)
Total contributions by and distributions to owners		-	-	437	-	437	(21,830)	(21,393)
Balance as at 31 January 2013		516,907	114	(8)	22,593	22,699	119,836	659,442
Balance as at 1 August 2013		516,907	129	734	35,271	36,134	162,925	715,966
Profit for the period		-	-	-	-	-	90,101	90,101
Foreign currency translation differences		-	15	-	-	15	-	15
Net change in fair value of available-for-sale financial assets, net of tax	9	-	-	-	5,764	5,764	-	5,764
Total comprehensive income for the period		-	15	-	5,764	5,779	90,101	95,880
Share-based payment transactions		-	-	(1,251)	-	(1,251)	-	(1,251)
Dividends paid to shareholders	13	-	-	-	-	-	(31,753)	(31,753)
Total contributions by and distributions to owners		-	-	(1,251)	-	(1,251)	(31,753)	(33,004)
Balance as at 31 January 2014		516,907	144	(517)	41,035	40,662	221,273	778,842

TPG Telecom Limited and its controlled entities

Consolidated interim statement of cash flows

For the half-year ended 31 January 2014

	<i>Note</i>	31 Jan 2014 \$'000	31 Jan 2013 \$'000
Cash flows from operating activities			
Cash receipts from customers		458,303	392,707
Cash paid to suppliers and employees		(280,086)	(232,691)
Cash generated from operations		178,217	160,016
Income taxes paid		(50,320)	(40,999)
Net cash from operating activities		127,897	119,017
Cash flows from investing activities			
Acquisition of property, plant and equipment		(23,556)	(33,199)
Acquisition of intangible assets		(559)	(1,875)
Acquisition of investments		-	(5,625)
Proceeds from sale of investments		-	2,475
Dividends received		1,486	1,196
Net cash used in investing activities		(22,629)	(37,028)
Cash flows from financing activities			
Payment of finance lease liabilities		(90)	(206)
Proceeds from borrowings	11	12,000	17,000
Repayment of borrowings	11	(54,000)	(71,000)
Interest received		476	1,087
Interest paid		(1,153)	(4,391)
Dividends paid	13	(31,753)	(21,830)
Net cash used in financing activities		(74,520)	(79,340)
Net increase in cash and cash equivalents		30,748	2,649
Cash and cash equivalents at beginning of the period		26,128	13,767
Effect of exchange rate fluctuations		46	(201)
Cash and cash equivalents at 31 January		56,922	16,215

TPG Telecom Limited and its controlled entities

Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

1. Reporting entity

TPG Telecom Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 January 2014 comprises the accounts of the Company and its subsidiaries (together referred to as the 'Group').

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group for the year ended 31 July 2013, which is available on the Company's website at www.tpg.com.au/about/investorrelations.

The condensed consolidated interim financial report was approved by the Board of Directors on 25 March 2014.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated annual financial report for the year ended 31 July 2013. In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current interim reporting period and are relevant to the Group. The adoption of these amendments, discussed below, has not resulted in any change to the Group's accounting policies and has had no material impact on the Group's consolidated interim financial statements.

Changes in accounting standards adopted

- AASB 10 Consolidated Financial Statements: AASB 10 establishes a single consolidation model based on control that applies to all entities, irrespective of the nature of the investee. The new control model broadens the situations where an entity is considered to be controlled by another entity.
- AASB 13 Fair Value Measurement: AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value but expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the

TPG Telecom Limited and its controlled entities

Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

3. Significant accounting policies (continued)

qualitative impact of those assumptions on the fair value determined. To comply with the new standard, additional disclosures have been included in note 9.

- AASB 119 Employee Benefits (revised): The revised standard changes the distinction between short-term and long-term employee benefits which is now based on whether the benefits are “expected to be settled” wholly within 12 months after the reporting date rather than “due to be settled” within 12 months.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 July 2013.

5. Segment reporting

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Executive Chairman (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The Group’s Consumer segment provides retail telecommunications services to residential and small business customers. The Group’s Corporate segment provides telecommunications services to corporate, government, and wholesale customers.

In the following table, expenses in the ‘Unallocated’ column comprise professional fees incurred in relation to business combinations plus other corporate costs.

TPG Telecom Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

5. Segment Reporting (continued)

	<u>Information about reportable segments</u>						<u>Reconciliation to profit for the period</u>			
	<u>Consumer</u>		<u>Corporate</u>		<u>Total results</u>		<u>Unallocated</u>		<u>Consolidated results for the period</u>	
	<u>31 Jan 2014</u>	<u>31 Jan 2013</u>	<u>31 Jan 2014</u>	<u>31 Jan 2013</u>	<u>31 Jan 2014</u>	<u>31 Jan 2013</u>	<u>31 Jan 2014</u>	<u>31 Jan 2013</u>	<u>31 Jan 2014</u>	<u>31 Jan 2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue	272,754	230,628	121,801	126,411	394,555	357,039	-	-	394,555	357,039
Other income	-	-	-	-	-	-	1,486	2,326	1,486	2,326
Telecommunications expense	(141,219)	(107,566)	(35,443)	(46,629)	(176,662)	(154,195)	-	-	(176,662)	(154,195)
Employee benefits expense	(16,033)	(13,309)	(16,821)	(16,427)	(32,854)	(29,736)	-	-	(32,854)	(29,736)
Other expenses	(15,342)	(14,918)	(5,041)	(5,877)	(20,383)	(20,795)	(501)	(1,030)	(20,884)	(21,825)
Results from segment activities	100,160	94,835	64,496	57,478	164,656	152,313	985	1,296	165,641	153,609
Depreciation of plant and equipment									(25,061)	(24,195)
Amortisation of intangibles									(10,011)	(12,699)
Results from operating activities									130,569	116,715
Net financing costs									(989)	(4,025)
Profit before income tax									129,580	112,690
Income tax expense									(39,479)	(34,397)
Profit for the period									90,101	78,293

Geographic Information

All of the Group's revenues are derived from Australian based entities, except for \$6.3m (2013: \$4.5m) derived from overseas customers.

All of the Group's non-current assets are located in Australia, except for assets amounting to \$119.9m (2013: \$122.9m) that are located either overseas or in international waters.

TPG Telecom Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

6. Revenue

	31 Jan 2014	31 Jan 2013
	\$'000	\$'000
Revenue comprises the following:		
Rendering of services	364,881	321,696
Sale of goods	3,740	4,548
Network capacity sales, recognised as:		
- operating leases	24,383	20,297
- finance leases	1,551	10,498
	394,555	357,039

7. Other income

	31 Jan 2014	31 Jan 2013
	\$'000	\$'000
Dividend income	1,486	1,196
Profit on sale of investments	-	1,130
	1,486	2,326

8. Income tax expense

	31 Jan 2014	31 Jan 2013
	\$'000	\$'000
Current tax expense		
Current period	39,503	40,181
Deferred tax expense		
Origination and reversal of temporary differences	(224)	(6,060)
Adjustments for prior periods	200	276
	(24)	(5,784)
Income tax expense	39,479	34,397

TPG Telecom Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

8. Income tax expense (continued)

Numerical reconciliation between tax expense and pre-tax accounting profit

	31 Jan 2014 \$'000	31 Jan 2013 \$'000
Profit before income tax	129,580	112,690
Income tax using tax rate of 30%	38,874	33,807
Increase in income tax expense due to:		
Non-deductible expenses	695	314
(Over)/Under provided in prior periods	(90)	276
Income tax expense	39,479	34,397

9. Investments

	31 Jan 2014 \$'000	31 July 2013 \$'000
Available-for-sale financial assets		
Current		
Carrying amount at 1 August	81,181	47,619
Disposals at cost	-	(1,345)
Change in fair value	8,234	34,907
Carrying amount at end of period	89,415	81,181
Non-current		
Carrying amount at 1 August	7,333	-
Acquisitions	-	7,333
Carrying amount at end of period	7,333	7,333

There are three possible valuation methods (or 'levels') for financial instruments which are measured at fair value. Those different levels are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

TPG Telecom Limited and its controlled entities

Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

9. Investments (continued)

The Group's only financial instruments which are measured at fair value are available-for-sale financial assets. The current available-for-sale financial assets, being ASX listed securities, are categorised as Level 1 as they are valued at quoted market prices.

The non-current available-for-sale financial assets balance represents the Group's investment in approximately 15% of the ordinary shares in Cocoon Data Holdings Limited. They are categorised as Level 2 as they are valued based on observable inputs other than quoted market prices.

10. Prepayments and other assets

	31 Jan 2014 \$'000	31 July 2013 \$'000
Current		
Prepayments	9,955	6,352
Unamortised borrowing costs	2,183	3,171
	12,138	9,523
Non-current		
Security deposits	377	339

11. Loans and borrowings

	31 Jan 2014 \$'000	31 July 2013 \$'000
Current Liabilities		
Finance lease liabilities	176	169
Non-current liabilities		
Secured bank loans	-	42,000
Finance lease liabilities	208	305
	208	42,305

During the half year ended 31 January 2014, the Group repaid its remaining debt of \$42m (net of a drawdown of \$12m).

As at 31 January 2014 the Group had a debt facility of \$80.0m with an expiry date of 15 March 2015. However, subsequent to the balance sheet date, the Group renegotiated the facility. Refer note 14 for further details.

At 31 January 2014, the Group has reclassified its \$2.2m (31 July 2013: \$3.2m) of unamortised borrowing costs from loans and borrowings to prepayments and other assets.

TPG Telecom Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

12. Earnings per share

	31 Jan 2014 Cents	31 Jan 2013 Cents
Basic and diluted earnings per share	11.4	9.9
	31 Jan 2014 \$'000	31 Jan 2013 \$'000
Profit attributable to ordinary shareholders used in calculating basic and diluted earnings per share	90,101	78,293
	Number	Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share		
Ordinary shares on issue	793,808,141	793,808,141
Weighted average number of shares for the period	793,808,141	793,808,141

13. Dividends

Dividends recognised in the current period were as follows:

	Cents per share	Total amount \$'000	Date of payment
2014			
Final 2013 ordinary	4.00	31,753	19 Nov 2013
2013			
Interim 2013 ordinary	3.50	27,783	21 May 2013
Final 2012 ordinary	2.75	21,830	20 Nov 2012

All dividends recognised were fully franked at the tax rate of 30%.

On 25 March 2014 the directors have declared a fully franked interim 2014 dividend of 4.5 cents per share. The dividend has a record date of 15 April 2014 and will be paid on 20 May 2014. The Dividend Reinvestment Plan (DRP) is currently suspended until further notice.

TPG Telecom Limited and its controlled entities

Condensed notes to the consolidated interim financial statements

For the half-year ended 31 January 2014

14. Business combinations

On 8 December 2013 the Group entered into a binding Share Sale Agreement to acquire 100% of Telecom New Zealand Australia Pty Ltd and its subsidiaries which include AAPT ("AAPT") for cash consideration of A\$450m on a debt-free and cash-free basis.

The acquisition was completed and the consideration paid on 28 February 2014.

As the Group did not gain control of AAPT until 28 February 2014, no impact of the acquisition is reflected in the Group's accounts for the half-year ended 31 January 2014, other than M&A costs of \$255k that were incurred during the period in relation to the transaction.

Due to the proximity of the date of the acquisition to the date of this report no reliable assessment of the fair values of assets acquired or goodwill arising from the business combination is yet available.

The acquisition was funded through a combination of debt and cash reserves. For that purpose on 27 February 2014 the Group entered into an Amendment and Restatement Deed relating to its existing Syndicated Debt Facility Agreement. Under the terms of the Deed the facility limit was increased to \$490m and the termination date of the facility was extended to 27 February 2017. The agreement requires no compulsory debt repayments before the termination date.

15. Subsequent events

Other than the acquisition of AAPT (refer note 14) and the declaration of the interim dividend (refer note 13), there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

TPG Telecom Limited and its controlled entities

Directors' declaration

For the half-year ended 31 January 2014

In the opinion of the directors of TPG Telecom Limited ("the Company"):

1. the financial statements and notes set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the Group as at 31 January 2014 and of its performance for the half-year ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 25th day of March 2014.

Signed in accordance with a resolution of the directors:



David Teoh
Chairman



Independent auditor's review report to the members of TPG Telecom Limited

We have reviewed the accompanying condensed consolidated half-year financial report of TPG Telecom Limited, which comprises the consolidated interim statement of financial position as at 31 January 2014, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the condensed consolidated half-year financial report

The directors of the company are responsible for the preparation of the condensed consolidated 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 condensed consolidated half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the condensed consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the condensed consolidated 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 31 January 2014 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of TPG Telecom Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a condensed consolidated 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*.

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 January 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink that reads 'Anthony Travers'.

Anthony Travers
Partner

Sydney

25 March 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of TPG Telecom Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 January 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink that reads 'Anthony Travers'.

Anthony Travers
Partner

Sydney

25 March 2014