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A people driven business improving productivity
in the resources sector

Tempo Australia Limited

Interim Financial Report
for the half-year ended 30 June 2014

2014

Interim Financial Report



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About this Report:

This Interim Financial Report (Report) is lodged with the Australian Securities and Investment Commission and ASX Limited and is a summary of Tempo Australia Limited's (Tempo) operations, activities and financial position for the half-year ended 30 June 2014. Any references in this report to 'the period' or 'the reporting period' relate to the half-year, which is 1 January 2014 to 30 June 2014 unless otherwise stated. All figures used in this report are Australian Dollars unless otherwise stated.

Tempo Australia Ltd (ABN 51 000 689 725) is the parent entity of Tempo group of companies. In this report references to 'Tempo', 'TPP' and 'the company' and 'we', 'us' and 'our' refers to Tempo Australia Ltd and its controlled entities, unless otherwise stated.

To review the report online, visit www.tempoaust.com or alternative contact Link Market Services Limited Ground Floor
178 St Georges Terrace PERTH WA 6000, Tel: 1300 554 474.

Corporate Directory

Directors

Carmelo Bontempo	Executive Chairman
Nick Bowen	Non-Executive Director
Philip Loots	Non-Executive Director
Michael West	Non-Executive Director

Executive team

Giuseppe Leone	Chief Financial Officer and Company Secretary
Daniel Hibbs	General Manager- Construction and Maintenance, Personnel Management

Stock exchange listing

The company's shares are quoted on the Australian Stock Exchange under the code TPP.

Registered Details

Tempo Australia Ltd
ACN 000 689 725
ABN 51 000 689 725

Registered Office

Level 3, 38 Station Street,
Subiaco, WA, 6008, Australia

Principal place of business

Level 3, 38 Station Street,
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F: +61 (8) 9388 1892
E: info@tempoaustralia.com
W: www.tempoaustralia.com

Postal address

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Subiaco East,
WA, 6008, Australia

Auditor

RSM Bird Cameron Partners
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Share Registry

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Solicitor

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Chairman's review of the half year

Highlights

- ✓ Award of a \$4.5M contract for the refurbishment of bulk fuel tanks in the Pilbara.
- ✓ Appointment of Carmelo Bontempo as Executive Chairman.
- ✓ Investment by Chapmans Ltd (ASX:CHP) in Tempo through the issue of shares under a private placement to raise \$1.0M.
- ✓ Subsequent to half year award of a \$13.4M contract with Rio Tinto for Structural , Mechanical and Piping Miscellaneous Works and Commissioning Support at Rio Tinto's Cape Lambert Expansion in the Pilbara.

\$4.0m

Revenue

\$0.1m

Profit before tax

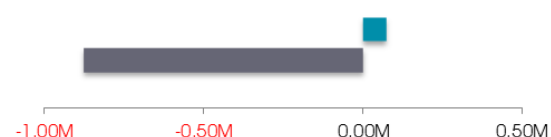
174.4M

Ordinary Shares on Issue

\$1.8M

Cash at bank

Profit / Loss Before Tax (\$'M)



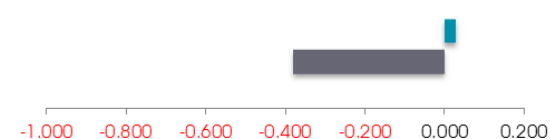
Adj'd Profit / Loss Before Tax ¹ (\$'M)



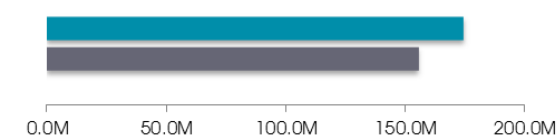
EPS Before Tax (cents)



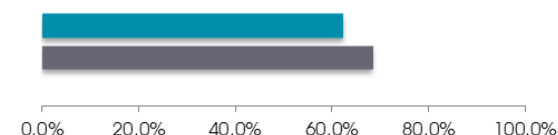
Adj'd EPS Before Tax Per Share (cents)



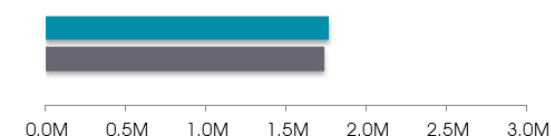
Issued Capital (Shares)



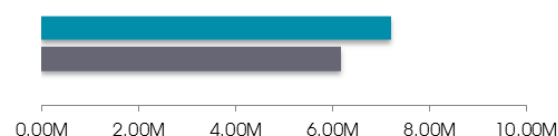
Top 20 Shareholders - % of Issued Capital



Cash at Bank (\$'M)



Net Assets (\$'M)



1. Adjusted for non-recurring items not expected in future periods.

Chairman's review of the half year....

It is with pleasure I submit the half year report for Tempo Australia Ltd as Executive Chairman. We welcome new shareholders who have joined our register in 2014 and thank existing shareholders who have continued their support for the company.

It was with deep sadness that on the 6th of April 2014, the Board was informed of the passing of Mr Richard (Dick) Wright. Dick Wright was one of the founders of Tempo and during that time Dick worked tirelessly on the advancement of the company. The Board and I would again like to extend our condolences to the Wright family and express how grateful we are for the support and advice that Dick provided to Tempo.

We have continued on our path of organically growing the business into a fully integrated multidisciplinary EPC service provider. We continue to invest in the right management team and by investing in the brand development of Tempo Construction and Maintenance. Our investment in people is achieving sound results through the growth of tendering opportunities and we expect that the business will secure a healthy pipeline of revenue growth for 2015 and beyond.

The Company's ability to establish a track record and secure contracts with blue chip clients in a tough market, and within a short time frame, vindicates the Board's investment in organic growth.

For the first six months of calendar 2014, the company recorded a net profit before tax of \$71,023 on revenues of \$4.04 million. This contrasts to the same corresponding period for 2013 where the company recorded a loss before tax of \$0.88 million on revenues of \$6.9 million. The fall in revenue is primarily attributed to a reduction in traditional labour hire revenues which has been offset, profit wise, from an increase in more profitable construction and maintenance works undertaken.

Both the Construction and Maintenance business and the Personnel Management business continue to make a positive contribution to the group's results after direct overhead.

Outlook

While market commentary has focused on the reduction or deferral of projects in the resources sector over the last six months (especially in light of lower commodity prices), Tempo is now starting to see our pipeline of opportunities increasing. Clients are recognising that Tempo's productivity, flexible delivery model and reliability lead to projects being delivered safely, on-time and cost-efficiently.

The Board remains focused on:

- securing the 2015 pipeline for Construction and Maintenance projects direct with major resources, energy and construction companies;
- maintaining margins on existing projects by focusing on safety, productivity and quality;
- keeping an optimised, reliable and flexible delivery model that suits our client's project requirements; and
- improving profitability.

Given the results to date and progress with tenders, the Board believes that Tempo is positioned well for growth and delivering positive returns to shareholders.

Carmelo Bontempo
Executive Chairman
Perth

Appendix 4D Half-Year Report

1. Company details

Name of entity:	Tempo Australia Limited
ABN:	51 000 689 725
Reporting period:	Half-year ended 30 June 2014
Previous corresponding period:	Half-year ended 30 June 2013

2. Results for Announcement to the Market

All figures expressed in Australian dollars unless otherwise stated

Revenue from continuing operations: down from \$6,940,529 to **\$4,041,247**

Comprehensive Income from ordinary activities after tax attributable to members: up from a loss of \$625,760 to a profit of **\$47,671**

Dividends

No dividends were declared or paid in the period.

Comments

For a brief explanation of the figures reported above refer to pages 3 to 13 of this Interim Financial Report.

3. Net tangible assets

	30 June 2014	30 June 2013
Net asset backing per ordinary share	4.1 cents	3.9 cents
Net tangible asset backing per ordinary share	2.0 cents	1.4 cents

4. Control gained over entities

Tempo Australia Ltd did not gain control over any entities in the period.

5. Loss of control over entities

Tempo Australia Ltd did not lose control over any entities in the period.

6. Dividends

Dividends	Amount per share	Franked amount per Share %
Interim dividend declared	Nil	N/A
Final dividend declared	Nil	N/A
Record date for determining entitlements to dividends:	Not applicable	

7. Dividend reinvestment plans

Not applicable

8. Details of associates and joint ventures

Not applicable

9. Foreign entities

Not applicable


10. Audit qualification or review

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

The Interim Report of Tempo Australia Limited for the half-year ended 30 June 2014 is attached.

12. Signed

Signed:  _____ Date: 15 August 2014
Giuseppe Leone
Company Secretary

Directors' report

The directors present their report together with the consolidated interim financial statements for the half-year ended 30 June 2014.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Carmelo Bontempo - Executive Chairman
(Appointed Non-Executive Director 3 August 2011, Appointed as Chairman 7 February 2014, Appointed as Executive Chairman 17 April 2014)

Nick Bowen- Non-Executive Director
(Appointed 11 March 2013)

Philip Loots- Non-Executive Director
(Appointed 20 February 2014)

Michael West- Non-Executive Director
(Appointed 23 June 2014)

Richard Wright- Non-Executive Director
(Passed away 6 April 2014)

Principal Activities

The principal activities of the company were the provision of structural, mechanical and piping construction services including the provision of skilled and semi- skilled tradespeople on an on-hire basis to the resources sector.

The Company has used the cash and assets in a way that is consistent with its business objective of providing construction, maintenance and personnel management services to the resources sector, focusing on Western Australia.

Results

The consolidated profit after income tax attributable to the members of Tempo Australia Limited was \$47,671.

	Consolidated Entity	
	2014 Half Year	2013 Half Year
	\$	\$
Profit /(Loss) before after income tax	47,671	(625,760)
Diluted earnings /(loss) before tax- cents per share	0.029	(0.414)

Review of Operations

- 7 February 2014 – Carmelo Bontempo steps up to the role of Chairman of the Company.
- 20 February 2014 –Philip Loots appointed as a Non-executive Director.
- 28 February 2014 –3,106,000 unlisted options issued under the Tempo Employee Share Option Plan.
- 6 April 2014 – Director Richard Wright passed away.
- 17 April 2014 – Wholly owned subsidiary Tempo Construction and Maintenance Pty Ltd received a letter of award for the refurbishment of bulk fuel tanks in the Pilbara with a value of \$4.5 Million. Carmelo Bontempo appointed to the role of Executive Chairman.
- 30 April 2014 –\$1.0 Million raised through the issue of 19,047,619 shares at 5.25 cents by private placement to Chapmans Ltd.
- 29 May 2014 – The company held its Annual General meeting for 2014. All resolutions were adopted by shareholders on a show of hands.
- 30 May 2014 – 5,847,954 A Class Unlisted Options and 5,847,954 B Class Unlisted options which were issued to Mr Nick Bowen at the company's annual general meeting on the 2nd of May 2013 were cancelled.
- 23 June 2014 –Michael West appointed to the Board as an Independent Non-Executive Director.

The Company currently does not have an on-market share buy-back scheme in place.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within the financial report.

On behalf of the directors



Carmelo Bontempo
Chairman
Perth

15 August 2014

Statement of Comprehensive Income
For the half-year ended 30 June 2014

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
Revenue	4,023,975	6,932,548
Other revenue	17,272	7,981
Revenue	4,041,247	6,940,529
Employee and director benefits expense	2,325,780	6,715,434
Administration costs	14,601	192,864
Occupancy costs	136,803	252,889
Depreciation and amortisation	52,091	49,931
Insurance	43,859	139,085
Other expenses	1,264,357	320,169
Listing and other statutory charges	10,367	674
Other professional expenses	122,366	146,401
Expenses	3,970,224	7,817,447
Profit/(Loss) before income tax benefit	71,023	(876,918)
Income tax (expense)/benefit	(23,352)	251,158
Profit/(Loss) for the period	47,671	(625,760)
Other comprehensive income	-	-
Total comprehensive income	47,671	(625,760)
Net profit/(loss) for the period	47,671	(625,760)
Earnings per share		
Basic earnings / (loss) – cents per share	0.029	(0.414)
Fully Diluted earnings / (loss) – cents per share	0.029	(0.414)

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

Statement of Financial Position
As at 30 June 2014

	Consolidated	
	30 June 2014 \$	31 December 2013 \$
CURRENT ASSETS		
Cash and cash equivalents	1,764,934	2,178,543
Trade and other receivables	3,336,245	1,570,805
Other assets	10,616	183,379
Total Current Assets	5,111,795	3,932,727
NON-CURRENT ASSETS		
Property, plant and equipment	71,321	79,935
Intangibles	3,193,687	3,231,487
Deferred tax assets	536,035	573,508
Total Non-Current Assets	3,801,043	3,884,930
Total Assets	8,912,838	7,817,657
CURRENT LIABILITIES		
Trade and other payables	1,541,714	1,382,206
Provision for income tax	107,568	190,268
Total Current Liabilities	1,649,282	1,572,474
NON-CURRENT LIABILITIES		
Deferred tax liabilities	54,850	68,971
Total Non-Current Liabilities	54,850	68,971
Total Liabilities	1,704,132	1,641,445
Net Assets	7,208,706	6,176,212
EQUITY		
Contributed equity	68,989,779	68,004,958
Accumulated losses	(61,781,073)	(61,828,746)
Total Equity	7,208,706	6,176,212

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

Statement of Changes in Equity
For the half-year ended 30 June 2014

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
Retained losses at the beginning of the year	(61,828,744)	(61,378,353)
Profit/(Loss) for half-year	47,671	(625,760)
Retained losses at the end of half-year	(61,781,073)	(62,004,113)
Transactions with equity holders in their capacity as equity holders:		
Contributed equity at the beginning of the year	68,004,958	67,506,693
Issue of shares and options	1,000,000	500,000
Share based payment	29,494	363
Capital raising costs	(44,673)	(3,200)
Contributed equity at the end of half-year	68,989,779	68,003,856
Total equity at the end of half-year	7,208,706	5,999,743

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

Statement of Cash Flows
For the half-year ended 30 June 2014

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,396,974	5,911,293
Payments to suppliers and employees	(3,777,505)	(6,903,320)
Interest received	17,272	5,916
Net cash used in operating activities	(1,363,259)	(986,111)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property plant and equipment	(5,677)	(54,355)
Net cash used in investing activities	(5,677)	(54,355)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity instruments after costs of issue	955,327	500,000
Net cash provided by financing activities	955,327	500,000
Net (decrease)/increase in cash and cash equivalents	(413,609)	(540,466)
Cash and cash equivalents at beginning of year	2,178,543	2,275,905
Cash and cash equivalents at end of half year	1,764,934	1,735,439

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

Notes to the Financial Statements For the half-year ended 30 June 2014

Note 1: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 30 June 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies and consequently, did not have any significant impact on its financial performance and position.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Note 2: LOSS FOR THE PERIOD

The following expense items are relevant in explaining the financial performance for the half-year:

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
Office reallocation and consolidation	-	(137,000)
Professional Fees	-	(6,540)
Write-off residual Fermiscan assets	-	(53,505)
Overhead restructuring costs	-	(106,000)
	-	(303,045)

Notes to the Financial Statements For the half-year ended 30 June 2014

Note 3: ISSUE OF EQUITIES

During the half-year, the following shares and unlisted options were issued:

- Issue of 19,047,619 shares at 5.25 cents to raise \$1,000,000 (before capital raising costs);
- 4,000,000 C Class unlisted options (exercise price of 10 cents per share with an expiry date of 21 March 2016) and 4,000,000 D Class unlisted options (exercise price of 14 cents per share with an expiry date of 21 March 2017); and
- 3,106,000 unlisted options (exercise price of 10 cents per share with an expiry date of 28 March 2016) under the company's employee share option plan.

The following unlisted options were cancelled:

- 5,847,954 shares, 5,847,954 A Class unlisted options (exercise price of 12.82 cents per share with an expiry date of 10 May 2015) and 5,847,954 B Class unlisted options (exercise price of 17.10 cents per share with an expiry date of 10 May 2016).

The following are the number and class of all securities not quoted on ASX (includes those listed above).

Number	Class
525,000	Unlisted options issued under the Tempo Employee Share Option Plan dated 22/01/2013. Exercisable at 15 cents per share, subject to vesting conditions and expiring 30/03/2015.
3,106,000	Unlisted options issued under the Tempo Employee Share Option Plan dated 22/01/2013. Exercisable at 10 cents per share, subject to vesting conditions and expiring 28/03/2016.
4,000,000	C Class Unlisted Options have an exercise price of A\$0.1000 per ordinary share, expiring 21/03/16. The C Class Options will vest on the date 24 months from the 21st of February 2014 and on the condition of the recipient being a Director of the Company at the time of vesting.
4,000,000	D Class Unlisted Options have an exercise price of A\$0.1400 per ordinary share, expiring 21/03/17. The D Class Options will vest on the date 36 months from the 21st of February 2014 and on the condition of the recipient being a Director of the Company at the time of vesting.

Note 4: DIVIDENDS

There were no dividends paid in the half-year and dividends were proposed.

Note 5: SEGMENT REPORTING

The Group has identified its operating segment based on internal management reporting that is reviewed by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group operated in one segment being mining services.

Note 7: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since 31 December 2013.

Note 8: SUBSEQUENT EVENTS

On the 8 July 2014, Tempo Australia Limited's wholly - owned subsidiary, Tempo Construction and Maintenance Pty Ltd, was awarded a contract for Structural, Mechanical and Piping Miscellaneous Works and Commissioning Support at Rio Tinto's Cape Lambert Port Expansion which is located in the Pilbara region of Western Australia. The contract value is approximately \$13.4 million with works commencing immediately.

Directors' Declaration For the half-year ended 30 June 2014

The directors declare that the financial statements and notes are in accordance with the *Corporations Act 2001*, and:

- (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Carmelo Bontempo
Chairman

Perth
Dated: 15 August 2014

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
TEMPO AUSTRALIA LIMITED**

We have reviewed the accompanying half-year financial report of Tempo Australia Limited which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 control as the directors determine is necessary to enable the preparation of the 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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 Tempo 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tempo Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

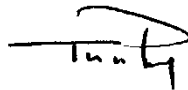
Conclusion

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 Tempo Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 August 2014

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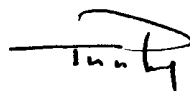
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tempo Australia Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 August 2014