

safety | people | performance | productivity



A people driven business improving productivity

Tempo Australia Limited  
and Controlled Entities  
Annual Report 31 December 2014

*OUR VISION is to be the most productive, efficient and safe service provider to the resources, energy and infrastructure sectors*



Tempo Australia Limited  
ABN 51 000 689 725

ASX Code TPP

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

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#### About this Report:

This Annual 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 as at 31 December 2014. Any references in this report to 'the year' or 'the reporting period' relate to the financial year, which is 1 January 2014 to 31 December 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.tempoaustralia.com](http://www.tempoaustralia.com) or alternative contact Link Market Services Limited of Level 4, Central Park 152 St George's Terrace Perth WA 6000, 1300 554 474.

# 2014

## ANNUAL REPORT



# tempo

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TEMPO AUSTRALIA LTD

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## Corporate Directory

### Directors

Carmelo Bontempo	Executive Chairman
Nick Bowen	Non-Executive Director
Philip Loots	Independent Non-Executive Director
Michael West	Executive Director, Chief Financial Officer and Company Secretary

### Executive Team

Daniel Hibbs	General Manager
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### Stock Exchange Listing

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

### Registered office

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

### Principal place of business

Level 3, 38 Station Street  
Subiaco, WA, 6008, Australia  
Telephone: +61 1300 4 TEMPO  
+61 (8) 6180 2040  
Email: [info@tempoaustralia.com](mailto:info@tempoaustralia.com)  
Website: [www.tempoaustralia.com](http://www.tempoaustralia.com)

### Postal address

PO Box 8075,  
Subiaco East,  
WA, 6008, Australia

### Auditor

RSM Bird Cameron Partners  
8 St Georges Terrace  
Perth WA 6000

T: 08 9261 9100

[www.rsmi.com.au](http://www.rsmi.com.au)

### Share Registry

Link Market Services  
Level 4, Central Park  
152 St George's Terrace  
Perth WA 6000

T: 1300 554 474

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Solicitor

Steinpreis Paganin  
Level 4, The Read Buildings,  
16 Milligan Street,  
Perth WA 6000

T: 08 9321 4000

[www.steinpag.com.au](http://www.steinpag.com.au)

## 2014 Highlights

- ✓ Appointment of Carmelo Bontempo as Executive Chairman.
- ✓ Awarded \$13.4m contract with Rio Tinto for Structural, Mechanical and Piping works, commissioning support and shutdowns for the Cape Lambert Port Expansion.
- ✓ Variations of up to \$11m on existing Rio contract approved – increasing anticipated contract value to ~\$25m.
- ✓ Awarded a three-year general services contract with Santos to provide trade labour services.
- ✓ Award and completion of significant contract for refurbishment of a fuel storage tank in the Pilbara.
- ✓ More than 150 personnel deployed at various sites.
- ✓ Safety – Zero Lost time injuries in 2014
- ✓ Strong new business pipeline.
- ✓ \$1m raised in Private Placement.
- ✓ \$1.2m funding secured via Convertible Loan.

## 2014 In Review

745

Days Lost Time Injury free

\$30m+

Announced value of projects awarded in last twelve months

\$16.0m

Revenue

(\$1.3m)

Loss after tax

\$7.1m

Net Assets

195.3m

Ordinary Shares on Issue  
YE 2014

150+

Peak personnel operating  
at various project sites

## Shareholder Information

The information below is current at 25<sup>th</sup> March 2015, and includes additional information required by the Australian Securities Exchange Limited which is not shown elsewhere in this report.

### Securities exchange listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

### Distribution of shareholders

The number of shareholders, by size of holding, in each class of share is:

Category (Size of holding)	Number of Ordinary Shareholders	Number of Ordinary Shares	% of Issued Capital
100,001 and Over	164	180,135,369	92.17
10,001 to 100,000	316	13,457,834	6.89
5,001 to 10,000	101	809,808	0.41
1,001 to 5,000	274	952,035	0.49
1 to 1,000	256	85,013	0.04
<b>Total</b>	<b>1,111</b>	<b>195,440,059</b>	<b>100.00</b>

Non marketable securities totalling a number of 1,425,698 ordinary shares are held by 588 shareholders (2013: 579).

### Voting Rights

On show of hands: one vote for each member on poll: one vote for each share held.

### Top 20 Shareholders

Name	Number of Ordinary Shares	% of Issued Capital
1 BONTEMPO NOMINEES PTY LTD	38,802,632	19.85
2 MR PETER MICHAEL KOADLOW	28,234,557	14.45
3 GAB SUPERANNUATION FUND PTY LTD	7,750,000	3.97
4 MR NICHOLAS RONALD BOWEN & MS MARIAN CONCEPTA WELSH	5,847,954	2.99
5 FIRST STATE PTY LIMITED	5,394,637	2.76
6 ZERO NOMINEES PTY LTD	4,864,286	2.49
7 CITICORP NOMINEES PTY LIMITED	4,682,877	2.40
8 FUND CONTRIBUTION SERVICES PTY LTD	3,894,635	1.99
9 MISS SILVANA MASALKOVSKI	3,620,457	1.85
10 MR GIUSEPPE LEONE & MRS TERESA LEONE	2,512,858	1.29
11 SEARCH POINT PTY LTD	2,500,000	1.28
11 MR PAUL SANTILLO	2,500,000	1.28
12 MR MALCOLM BRUCE HINGSTON	2,499,992	1.28
13 J P MORGAN NOMINEES AUSTRALIA LIMITED	2,479,185	1.27
14 BLUEBASE PTY LTD	2,362,237	1.21
15 VANAVO PTY LIMITED	2,183,285	1.12
16 SEEFELD INVESTMENTS PTY LTD	2,000,000	1.02
17 CEF SUPER PTY LTD	1,930,000	0.99
18 MR DANNY HANNA & MRS CINZIA HANNA	1,827,569	0.94
19 MR DANNY HANNA	1,646,358	0.84
20 JJSW PTY LTD	1,472,286	0.74
<b>Total</b>	<b>129,005,805</b>	<b>66.01</b>
Balance of Register	66,434,254	33.99
<b>Total Number of Ordinary Shares on Issue</b>	<b>195,440,059</b>	<b>100</b>

## Health, Safety, Environment

Tempo's Health, Safety and Environmental (HSE) expectations are vital and integral elements of our business. They are embedded into our management system with processes that influence everything that we do with our business. Tempo's goal is to achieve HSE excellence in all tasks and activities.

### Health and Safety

We strive for continuous improvement and ensure our Occupational Health and Safety Environment (OHSE) system, in accordance with the OHS Act 1984 and OSH regulation 1996 codes of practice, is providing a safe working environment for clients, customers, employees and subcontractors in all offices and on all projects - no matter the geographical location.

Tempo was pleased to report that it had no lost time injuries (LTI) in 2014 and extending up to 27 March 2015, is over 745 days LTI free.

In 2014 Tempo rolled out its "Operation Zero" initiative, which is a program targeting zero safety incidents. This program focuses on engaging with the workforce to deliver safety initiatives. This workforce engagement delivers practical safety initiatives, improves the focus on safety and has an emphasis on looking after the people they are working alongside. Tempo has a continuous improvement view on safety which sees it continually looking at measures to improve its safety performance.

### Environmental

In compliance with ISO 14001 we have developed an Environmental Management System that regularly assesses the suitability and conformance of the company's environmental protection measures and actions.

## Tempo People

### Our Workforce

We believe the success of Tempo will be driven by the success of our employees, Tempo People, and the way in which they deliver core services to our customers.







Our largest and most important asset which generates the majority of revenue is our people - not plant, not equipment and not proprietary technology.

Our primary focus is to recruit, develop and retain the best people, ensuring they are engaged with Tempo's core values and committed to the company's success.

We take all steps necessary to ensure safe and harmonious working environment and encourage our people to share our values.

The labour market remains tight and the ability to attract, recruit and retain skilled people successfully is a top priority for Tempo.

The ability to provide the number of people our clients require is achieved through:

-  Up-skilling and multi-skilling
-  Training and development
-  Increasing the existing resource pool
-  Accessing the best skills anywhere
-  Our tailored international recruitment programmes, and
-  Providing our clients with access to overseas trades via our Government approved "on-hire" agreement.

Tempo has access to over 1,200 staff servicing the mining, hydrocarbons and resources sectors.

### International Labour Pool

In addition to the local skilled staff, Tempo also has access to international talent through our labour agreement with IMMI to sponsor overseas skilled workers under sub-class 457 visas.

## Directors' report

The directors present their report together with the financial report of the consolidated entity consisting of Tempo Australia Limited (Tempo) and the entities it controls, for the financial year ended 31 December 2014 and auditor's report thereon.

### Principal activities

During the year ended 31 December 2014 the company generated revenues from construction, maintenance and personnel management activities which included the supply of blue collar trades as well as supervised teams.

### Results

The consolidated loss after income tax attributable to the members of Tempo Australia Limited was \$1,306,483.

### Review of operations

Tempo Australia Limited is a mining and energy sector services company established in 2011 with a focus on Structural Mechanical Piping (SMP) services. It specialises in construction, maintenance, sustaining capital works and shutdowns. The Company aims to work collaboratively with clients to execute projects safely and deliver them on time and on budget.

Highlights of the Company's activities and operations for the year ended 31 December 2014 are presented as follows:

#### New Business

On 8 July 2014 Tempo was awarded a contract with Rio Tinto at its Cape Lambert Port B Project in the Pilbara region of Western Australia, for structural, mechanical and piping miscellaneous works, and commissioning support. The contract value was approximately \$13.4 million. Mobilisation to site was completed in August, and during the year Tempo steadily increased its workforce and work at site, with over 100 employees engaged during shutdown periods.

On 8 December 2014, the Company reported that it had been awarded a three-year general services contract with Santos to provide trade labour resources, with a focus on the Cooper Basin in South-West Queensland. This contract positioned Tempo as a supplier to a world-class oil and gas company.

On 17 April 2014 Tempo was awarded a contract with CMA Contracting Pty Ltd for the refurbishment of bulk fuel tanks and associated SMP works at the Parker Point Fuel Terminal South Bund Upgrade, in the Pilbara region.

The first component of this project involved the refurbishment of fuel tanks and was completed ahead of schedule. The remaining components of the contract were impacted by a number of factors outside Tempo's control and resulted in considerable cost and time impacts on the Company. Tempo has previously advised it is in discussion regarding a claim to recover these costs. This project has now been completed.

On 27 October 2014, the Company announced the award of further new contracts worth approximately \$1.5 million. The contracts, all in the Pilbara region, included an agreement with McConnell Dowell for installation of portal lathes at BHP Billiton's Ore Car Repair Shop near Port Hedland, project works at Citic Pacific's Sino Iron project at Cape Preston and project works for Cimvec at Rio Tinto's Nammuldi mine near Tom Price.

Tempo also entered into national labour hire agreements with Laing O'Rourke and First Quantum Minerals Ltd. These contracts were designed to create improved efficiency for these clients when seeking access to Tempo's pool of technicians and tradespeople.

#### Board and Management

On 7 February 2014, Carmelo Bontempo was appointed Non-executive Chairman of the Company and on 17 April moved from being Non-executive Chairman to Executive Chairman, after co-founder and Non-executive Director, Richard Wright sadly passed away. Mr Wright worked tirelessly on the advancement of Tempo. The Company takes this opportunity to again extend its condolences to the Wright family and thank him for his significant contribution to Tempo.

On 20 February 2014, Philip Loots was appointed to the board as an Independent Non-Executive Director. Mr Loot is a lawyer and has significant risk management experience in the development and construction of projects in the infrastructure, mining and oil and gas sectors.

On 23 June 2014, Michael West joined the Tempo board as an Independent Non-Executive Director. He has worked for a number of companies in the construction, maintenance, engineering, private equity and investment banking sectors and brings strong financial, strategy and engineering experience to the Company. On 25 September 2014, Mr West was appointed Company Secretary and CFO, replacing Mr Giuseppe Leone.

#### Capital Raising

On 30 April 2014, the Company announced it had raised \$1.0 million in a Private Placement to Chapmans Ltd (Chapmans), via the issue of 19,047,619 shares at 5.25 cents. Chapmans is an ASX listed (ASX: CHP) specialist investment and finance company.

On 17 October 2014, Tempo entered into a \$1.2 million unsecured convertible loan agreement with Bontempo Nominees Pty Ltd, a related entity of Chairman Carmelo Bontempo. The convertible loan agreement provided \$1.2 million to the Company, to be converted into Tempo shares subject to Tempo shareholder approval, which was received on 11 December 2014.



The funds were used to provide additional working capital and support the Company's pursuit of new tender and work opportunities.

#### Business Development

During the year, Tempo invested significantly in developing its new business pipeline. This included a specific focus on developing systems, processes, people and capabilities in the oil and gas sector. As a result of these endeavours the Company is well placed to meet the requirements of prospective oil and gas clients. Its success in this area is evidenced by its contract with Santos, and it advises that it is also in ongoing discussions with a number of other leading oil and gas companies.

The Company also obtained an Electrical Contractors licence and as a result deployed electricians and instrumentation technicians at BHP Billiton Iron Ore's ore car repair facility near Port Hedland, in WA.

#### Cash Position

The overall net cash position in the year reduced by \$1,055,099 to \$1,123,444 at 31 December 2014 (\$2,178,543 at 31 December 2013).

During the year, the consolidated entity has used cash and assets in a way that is consistent with its business objective of providing construction, maintenance and personnel management services to the mining and energy sector in Australia.

#### Significant changes in the state of affairs

Apart from the matters noted in the "Review of operations", "After balance date events" and in the financial statements and accompanying notes attached, there were no other significant changes in the state of affairs.

#### After balance date events

On 13 February 2015, the Company announced it was awarded variations of up to \$11 million to its existing contract with Rio Tinto at its Cape Lambert Port B Project. These variations increased the anticipated contract value to approximately \$25 million.

#### Likely developments

The Group will continue its strategy of organic growth in Australia, providing construction, maintenance and personnel management services to the resources sector.

#### Environmental regulation

The consolidated entity's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

#### Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

#### Share options

There were no repurchases, repayments of debt securities or equity securities in the year. Tempo has a "Dealing in Securities Policy" and an overview of the policy is available on the company website.

In 2014, the Company cancelled 11,945,908 options being

- i. 5,847,954 A Class Unlisted Options – exercise price of A\$0.1282 per ordinary share, expiring 10/05/15 and
- ii. 5,847,954 B Class Unlisted Options – exercise price of A\$0.1710 per ordinary share, expiring 10/05/16.
- iii. 250,000 Unlisted options issued under Tempo ESOP – can only be exercised on the achievement of certain vesting conditions attached to the options and have an exercise price of A\$0.15 per ordinary share, expiring 08/04/15.

In 2014, the Company issued 11,106,000 options being:

- i. 4,000,000 Unquoted Options exercisable from 22 February 2016 on the achievement of vesting conditions at \$0.10 with an expiry date of 21 March 2016.
- ii. 4,000,000 Unquoted Options exercisable from 22 February 2017 on the achievement of vesting conditions at \$0.14 with an expiry date of 21 March 2017.
- iii. 3,106,000 Unlisted options issued under Tempo ESOP – can only be exercised on the achievement of certain vesting conditions attached to the options and have an exercise price of A\$0.10 per ordinary share, expiring 28 March 2016.

#### Shares issued on exercise of options

There were no options exercised during the year.

#### Indemnification and insurance of Directors and Officers

For the year ended 31 December 2014 the Company had agreements to indemnify Directors and Officers of the Company against all liabilities to persons (other than the Company or related body corporate) which arise out of the performance of their normal duties as Directors or Executive Officers unless the liability relates to conduct involving lack of good faith.

The Company agreed to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity. The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other

than the Company) incurred in their position as a Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

The insurance policy does not allow specific disclosure of the nature of the liabilities insured against or the premium paid under the policy.

The company has not indemnified or agreed to indemnify the auditor of the company.

#### Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

#### Information on Directors and Company Secretary

The directors of Tempo Australia Limited during the financial year and up to the date of this report are provided below, together with Company Secretary.

#### Mr Carmelo Bontempo – Executive Chairman

Initial appointment 3 August 2011

##### Experience and expertise

Mr Bontempo was one of the four founding partners of United Construction Holdings (today known as UGL Limited) where he held the positions of General Manager and Executive Director. He was also Managing Director of Monadelphous Group Limited and a key advisor to numerous private and publicly listed companies in Australia.

Current Directorships: None

Directorships in listed companies in the last three years:

None

#### Mr Nick Bowen

Initial appointment 11 March 2013

##### Experience and expertise

Nick has more than 30 years of experience in resources with open cut mining, underground mining and civil engineering both in Australian and Internationally. Nick is currently Executive Global Head Mining Services of Orica Ltd.

Current Directorships: None

Directorships in listed companies in the last three years:

Macmahon Holdings Ltd

#### Mr Phillip Loots

Initial appointment 20 February 2014

##### Experience and expertise

Philip is a lawyer with a PMD from Harvard Business School and brings to the board significant risk management experience in the development and construction of projects in the infrastructure, mining and oil and gas sectors. Over the past six years Philip has had significant involvement in the mega oil and gas projects in Western Australia.

Current Directorships: None

Directorships in listed companies in the last three years:

None

#### Mr Michael West

Initial appointment as Non-executive director 23 June 2014

Appointment as Company Secretary 24 September 2014

##### Experience and expertise

Michael has extensive experience working in financial, strategy and commercial roles in private and public businesses involved in construction, maintenance, engineering, energy, private equity and investment banking. He holds a Bachelor of Commerce and a Bachelor of Mechanical Engineering (Honours Class I) from Sydney University.

Current Directorships: None

Directorships in listed companies in the last three years:

None

Mr Richard Wright – Non-Executive Director - Initial appointment 3 August 2011 - passed away 6 April 2014

Mr Giuseppe Leone – Company Secretary - Initial appointment 1 July 2012 – ceased 24 September 2014

#### Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Directors' Meetings		Audit & Compliance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Carmelo Bontempo	10	10	1	1
Nick Bowen	10	9	2	1
Phillip Loots	8	7	2	2
Michael West	5	5	1	1
Richard Wright	3	3	-	-

#### Directors' interests in shares or options over shares

Directors' relevant interests in shares of Tempo Australia Limited or options over shares in the company at the date of this report are detailed below.

	2014		2013	
	Ordinary Shares	Options over Ordinary shares	Ordinary Shares	Options over Ordinary shares
Carmelo Bontempo	39,021,632	-	17,969,000	-
Nick Bowen	5,847,954	4,000,000	5,847,954	11,695,908
Phillip Loots	-	4,000,000	N/A	N/A
Michael West	-	-	N/A	N/A
Total	44,869,586	8,000,000	23,816,954	11,695,908

#### Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided within this financial report.

#### Non-Audit Services

Non-audit services are approved by the board of directors. Non-audit services provided by the company's auditors, RSM Bird Cameron Partners are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:

	2014 \$	2013 \$
Taxation services	15,521	9,690

## REMUNERATION REPORT - AUDITED

### Remuneration policies

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

For directors and executives, the company provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for service between the company and specified directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future aside from normal negotiations on contracts as they approach their conclusion and the normal annual review processes expected in July each year. Due to the development nature of the business the remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns and incentives alone would not be beneficial to the long-term creation of wealth by the company for shareholders.

Non-executive directors receive fees and share-based remuneration.

The company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for directors by resolution. Directors' share-based remuneration was voted on by members at general meetings.

### DIRECTORS' AND EXECUTIVES' COMPENSATION

#### (a) Details of Directors and Key Management Personnel

The directors and key management personnel during the year ended 31 December 2014 were:

#### Directors

Carmelo Bontempo	Executive Chairman (Appointed as Executive Chairman 17 April 2014) (Appointed as Chairman 7 February 2014)
Nick Bowen	Non-Executive Director
Philip Loots	Non-Executive Director (Joined as Non-Executive Director 20 February 2014)
Michael West	Executive Director, CFO and Company Secretary (Appointed as Executive Director, CFO and Company Secretary 24 September 2014) (Joined as Non-Executive Director 23 June 2014)
Richard Wright	Non-Executive Director (passed away 6 April 2014) (Resigned as Chairman 7 February 2014)

#### Executive

Daniel Hibbs	General Manager (appointed 5 November 2012)
Giuseppe Leone	Chief Financial Officer / Company Secretary (ceased 24 September 2014)

① Key Management Personnel compensation

	Short-Term				Post-employment		Long-term	Share-based payments	TOTAL	Total Performance Related
	Salary fees	Cash Bonus	Non-monetary	Other	Superannuation	Other payments	Incentive plans	Options granted		
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Carmelo Bontempo	15,000	-	-	16,274	-	-	-	-	31,274	N/A
Nick Bowen	15,000	-	-	-	1,406	-	-	28,404	44,810	N/A
Daniel Hibbs	289,604	-	-	-	26,774	-	-	25,714	342,092	N/A
Philip Loots	12,857	-	-	-	-	-	-	28,404	41,261	N/A
Michael West	74,712	-	-	27,738	5,673	-	-	-	108,123	N/A
Giuseppe Leone	262,422	-	-	-	40,029	156,003	-	660	459,134	N/A
Richard Wright	5,000	-	-	-	-	-	-	-	5,000	N/A
<b>Total</b>	<b>674,615</b>	<b>-</b>	<b>-</b>	<b>44,012</b>	<b>73,882</b>	<b>156,003</b>	<b>-</b>	<b>83,182</b>	<b>1,031,694</b>	

2013	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Nick Bowen	74,598	-	-	-	6,808	-	-	-	81,406	N/A
Robert Whitton	45,742	-	-	-	-	-	-	-	45,742	N/A
Peter Dykes	30,000	-	-	-	-	-	-	-	30,000	N/A
John Rainbow	8,333	-	-	-	-	-	-	-	8,333	N/A
Richard Wright	137,833	-	-	-	9,000	-	-	-	146,833	N/A
Carmelo Bontempo	35,333	-	-	-	-	-	-	-	35,333	N/A
Giuseppe Leone	312,000	-	-	-	28,470	-	-	698	341,168	N/A
Daniel Hibbs	273,600	-	-	-	24,966	-	-	767	299,333	N/A
<b>Total</b>	<b>917,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,244</b>	<b>-</b>	<b>-</b>	<b>1,465</b>	<b>988,148</b>	

Overview

People

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## DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

### Shareholding

The number of ordinary shares in the parent entity held during the financial year by each director and other member management personnel of the consolidated entity, including their personally related parties, is set out below:

2014	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Carmelo Bontempo	17,969,000	-	21,052,632	-	39,021,632
Nick Bowen	5,847,954	-	-	-	5,847,954
Daniel Hibbs	921,000	-	-	-	921,000
Philip Loots	-	-	-	-	-
Michael West	-	-	-	-	-
Giuseppe Leone *	3,048,143	-	-	(3,048,143)	-
Richard Wright **	17,455,773	-	-	(17,455,773)	-
<b>Total</b>	<b>45,241,870</b>	<b>-</b>	<b>21,052,632</b>	<b>(20,503,916)</b>	<b>45,790,586</b>

\* ceased appointment on 24 September 2014

\*\* passed away on 6 April 2014

2013	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Carmelo Bontempo	17,969,000	-	-	-	17,969,000
Nick Bowen	-	-	5,847,954	-	5,847,954
Peter Dykes	4,477,633	-	97,367	(4,575,000)	-
Daniel Hibbs	-	-	921,000	-	921,000
Giuseppe Leone	3,048,143	-	-	-	3,048,143
Robert Whitton	750,000	-	-	(750,000)	-
Richard Wright	17,055,073	-	390,000	-	17,445,773
<b>Total</b>	<b>43,299,849</b>	<b>-</b>	<b>7,256,312</b>	<b>(5,325,000)</b>	<b>45,231,870</b>

### Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below:

2014	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Carmelo Bontempo	-	-	-	-	-
Nick Bowen	11,695,908	4,000,000	-	(11,695,908)	4,000,000
Daniel Hibbs	275,000	3,106,000	-	-	3,381,000
Philip Loots	-	4,000,000	-	-	4,000,000
Michael West	-	-	-	-	-
Giuseppe Leone*	250,000	-	-	(250,000)	-
Richard Wright	-	-	-	-	-
<b>Total</b>	<b>12,220,908</b>	<b>11,106,000</b>	<b>-</b>	<b>(11,945,908)</b>	<b>11,381,000</b>

\* ceased appointment on 24 September 2014

2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Nick Bowen	-	11,695,908	-	-	11,695,908
Robert Whitton	-	-	-	-	-
Peter Dykes	-	-	-	-	-
Richard Wright	-	-	-	-	-
Carmelo Bontempo	-	-	-	-	-
Giuseppe Leone	-	250,000	-	-	250,000
Daniel Hibbs	-	275,000	-	-	275,000
<b>Total</b>	<b>-</b>	<b>12,220,908</b>	<b>-</b>	<b>-</b>	<b>12,220,908</b>

### Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year the Company raised \$1,200,000 from Bontempo Nominees Pty Ltd (a related party of Carmelo Bontempo) in exchange for 21,052,632 ordinary shares. From the period of loaning the money to conversion to ordinary shares, the loan earned interest of \$16,274.

During 2013 the Company raised \$500,000 from Nick Bowen in exchange for 5,847,954 ordinary shares. On the issue he was also awarded 11,695,908 free attaching options.

#### (a) Details concerning share-based compensation of directors and executives

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at year end	Vesting Date
14 May 2013	8 Apr 2015	\$0.15	525,000	-	-	(250,000)	275,000	-	28 Feb 2015
28 Feb 2014	28 Mar 2016	\$0.10	-	3,106,000	-	-	3,106,000	-	28 Feb 2016
30 May 2014	21 Mar 2016	\$0.10	-	4,000,000	-	-	4,000,000	-	22 Feb 2016
30 May 2014	21 Mar 2017	\$0.14	-	4,000,000	-	-	4,000,000	-	22 Feb 2017
<b>Total Granted</b>		-	<b>525,000</b>	<b>11,106,000</b>	-	<b>(250,000)</b>	<b>11,381,000</b>	-	
<b>Weight average exercise Price</b>		-	<b>\$0.15</b>	<b>\$0.11</b>	-	<b>\$0.15</b>	<b>\$0.12</b>	-	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28 Feb 2014	28 Mar 2016	\$0.072	\$0.10	70%	0%	2.60%	\$0.0213
30 May 2014	21 Mar 2016	\$0.070	\$0.10	70%	0%	2.76%	\$0.0202
30 May 2014	21 Mar 2017	\$0.070	\$0.14	70%	0%	3.03%	\$0.0208

There were no shares issued on exercise of compensation options during the year.

## SERVICE AGREEMENTS

The company currently has service agreements with its directors. The agreements detailing the formal terms and conditions of the appointment, expected time commitment, procedure regarding conflicts of interest, performance appraisal, remuneration, superannuation and insurance arrangements. The Tempo Constitution governs the election and appointment of directors, rotation of elected directors, casual vacancies and eligibility for election. The terms and entitlements of non-executive directors are governed by normal employment law.

The following summarises the key provisions of service agreements with executives:

Name:	Daniel Hibbs
Title:	General Manager
Agreement commenced:	5 <sup>th</sup> November 2012
Term of agreement:	Permanent Full Time
Details:	Base salary of \$300,000 and motor vehicle allowance of \$21,600 per annum plus superannuation. 3 months termination notice by either party, bonus of up to 30% subject to the satisfaction of specified milestones and performance criteria (both individual and company). Entitled to participate in the company's Employee Share Option Plan (ESOP) to the value of 30% of base salary subject to the satisfaction of specified milestones and performance criteria (both individual and company)

Name:	Michael West
Title:	Chief Financial Officer / Company Secretary
Agreement commenced:	26 September 2014
Term of agreement:	Permanent Full Time
Details:	Base salary of \$225,000 per annum plus superannuation. 3 months termination notice by either party, bonus of up to 30% subject to the satisfaction of specified milestones and performance criteria (both individual and company). Entitled to participate in the company's Employee Share Option Plan (ESOP) to the value of 30% of base salary subject to the satisfaction of specified milestones and performance criteria (both individual and company)

## (END OF REMUNERATION REPORT)

Signed in accordance with a resolution of the directors.



Carmelo Bontempo  
Director  
Date 31 March 2015



## CORPORATE GOVERNANCE STATEMENT

The comments below apply for the year ended 31 December 2014.

### 1. Approach to Governance

Tempo Australia Limited is committed to high standards of corporate governance and this is reflected in its culture, policies and business practices. The Tempo board has in place governance structures for the formation of strategic direction and policy including an overall framework of internal control, risk management and ethical standards.

This document outlines Tempo's corporate governance policies which conform to the Corporate Governance Principles and Recommendations released by the Australian Stock Exchange Corporate Governance Council in 2007 with the 2010 Amendments. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

### 2. Board Charter

#### 2.1 Introduction

This Board Charter sets out the role, composition and responsibilities of the Board of Directors ("the Board") of Tempo Australia Limited ("The Company").

The conduct of the Board is also governed by the Constitution of Tempo Australia Limited and a number of operational matters relating to the Board such as number of meetings per year, notification of interests, and election of directors are governed by the Constitution and are not reproduced here.

#### 2.2 Roles and Responsibilities

The Board is responsible for the corporate governance of the Tempo Australia Group of Companies (Group). The Board undertakes its role with the objective of ensuring the long-term health and prosperity of the Group for the benefit of shareholders, customers and employees.

The functions of the Board are to:

Provide effective leadership and collaborate with the Executive management team to:

- Articulate The Company's values, vision, mission and strategies
- Provide input to the development of strategic (direction) plans. Review approve and prioritise the strategic objectives and plans
- Review and agree the business (action) plans and annual budget proposed by the Executive management team and then subsequently monitor the outcomes
- Maintain open lines of communication with stakeholders
- Develop and maintain an appropriate organisational structure, internal control and accountability systems and processes for the business
- Establish, review (proactively), ratify appropriate risk management and internal control monitoring systems and procedures to ensure that significant business risks are adequately considered and managed
- Establish such committees, policies and procedures as will facilitate the effective discharge of the Board's roles and responsibilities as the Board sees fit. Ensure, as appropriate that The Company discharges its compliance obligations and functions effectively
- Ratify the appointment and removal of senior executives (including the CEO or equivalent)
- Ensure that organisation has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility
- Approve, monitor and manage major capital expenditure, acquisitions and divestures and
- Review and approve financial and other regulatory and/or compliance reporting.

A CEO if appointed will have delegated by the Board authority for the operations and administration of the organisation.

## 2.3 Membership and Term

The Constitution provides for the number of directors to be determined in a general meeting but with a minimum of 3 directors (so that a quorum can be formed to transact business at meetings).

Directors are free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of The Company.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

At each AGM two directors retire and can re-nominate for their positions.

The Board has not adopted a tenure policy, but according to the Constitution, each director must be re-elected by the membership after 3 years on the Board.

## 2.4 CEO

The roles of the Chair and CEO are strictly separated. The CEO is responsible for:

- policy direction of the operations of The Company
- the efficient and effective operation of The Company and
- bringing material, issues and other relevant matters to the attention of the Board in an accurate and timely manner.

## 2.5 Chair

The Directors will appoint the Chair of the Board. The Chair will not be a current or former CEO of The Company. Where the Chair is absent from a Board meeting, a Chair for the meeting will be appointed by the present members of the Board.

The Chair will serve as the primary link between the Board and management.

The Chair is responsible for:

- providing leadership to the Board
- ensuring that the Board works effectively and discharges its responsibilities
- working with the CEO and Company Secretary to set the agenda for each Board meeting and
- ensuring that all Directors are adequately briefed in relation to issues addressed at Board meetings.

## 2.6 Company Secretary

The appointment and, where appropriate, removal of The Company Secretary is a matter for the full Board.

All Directors will have direct access to The Company Secretary.

The Company Secretary is responsible to the Board for:

- ensuring that the principles and procedures of the Board are followed and
- monitoring and enhancing corporate governance processes.

## 2.7 Independent Directors

The Board considers independent decision-making as critical to effective corporate governance. Independent directors are considered to be those who have the ability to exercise their duties and are not influenced or restricted by any business or other relationship. The independence of non-executive directors is assessed by the Board against the definition outlined in the Board Charter.

### 2.7.1 Materiality Thresholds

An independent director must meet the following thresholds:

- Less than 10% of The Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- No sales are made to or purchases made from any entity or individual directly or indirectly associated with the Director that are not at arms-length; and
- None of the Director's income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

### 2.7.2 Right to Seek Professional Advice

Independent Directors have the right to seek independent professional advice at The Company's expense in the furtherance of their duties as Directors. Written approval must be obtained from the Chair prior to incurring any expenses on behalf of The Company.

## 2.8 Meeting and Reporting

The Board will meet in accordance with the Constitution of The Company.

Directors will use all reasonable efforts to attend each meeting of the Board and Committees of which they are members. Meetings may be held via teleconference as needed.

Board and Committee papers will be circulated to Directors prior to each Board and Committee meeting. Directors are expected to undertake adequate preparation to permit their effective contribution at each meeting.

At each Board meeting, Non-Executive Directors will be given the opportunity to meet without management present.

Proceedings of all meetings are minuted, circulated to all members of the Board, amended as required and, when signed by the chairman of the meeting, is the definitive record of the proceedings of meetings held.

Directors may pass a resolution without a Director's meeting being held.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

## 2.9 Publication of the Board Charter

Key features of the Charter are outlined in the Annual Report.

A copy of the charter is available on request and in any event will be made available on The Company website.

## 2.10 Review of the Board Charter

The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities and approve amendments as it considers appropriate.

## 3. Audit and Compliance Committee Charter

### 3.1 Introduction

The Board has established an Audit and Compliance Committee ("ACC") which operates under a Charter approved by the Board.

It is the Board's responsibility to ensure that an effective internal control framework exists within The Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

This charter sets out the responsibilities delegated by the Board to the Audit and Compliance Committee and the Committee's objectives, authority, composition and operation.

### 3.2 Audit and Compliance Committee ("ACC") Role and Responsibilities

The principal purpose of the Audit and Compliance Committee is to assist The Company Board in fulfilling its corporate governance and oversight responsibilities in relation to the risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting of The Company.

The Board has delegated the responsibility for the establishment and maintenance of the internal control framework and ethical standards to the Audit and Compliance Committee and The Board is responsible for overall oversight of risk management of The Company and reviews the risk register half yearly, or as required on escalation of high priority risks.

#### 3.2.1 Composition

- All members of the ACC shall be Non-Executive Directors who possess the requisite qualifications and financial literacy
- The Chief Executive Officer, Chief Financial Officer, Company Secretary and other Executives shall be invited to attend meetings at the ACC's discretion; and
- The external auditors and other external experts shall be invited to attend meetings at the ACC's discretion.

Additionally, the ACC may invite relevant business specialists to attend meetings.

### 3.2.2 Audit Responsibilities

- Make recommendations to The Company Board as to the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner
- Review with the external auditor the scope and terms of the audit and audit fee in accordance with The Company Board's policy on the provision of audit and other services by the external auditor, and make recommendations to The Company Board in respect of the audit fee
- Review and approve the scope and terms of the internal audit and, where appropriate, the audit fee
- Monitor the co-ordination between the external audit and internal audit programmes
- Oversee and appraise the quality and effectiveness of the audits conducted by the auditors
- Discuss and resolve any issues arising from audit reports, including any matters the auditors may wish to discuss in the absence of management
- Discuss with the external auditor any relationship that may impact on its objectivity or independence, and recommend to The Company Board any appropriate action to satisfy itself of the auditor's independence
- Require the external auditor to provide a formal written statement annually confirming its independence
- Obtain confirmation that the external auditor is aware of its responsibilities to The Company Board as the representative of shareholders
- Approve non-audit assignments that will be undertaken by the external auditor in accordance with The Company Board's policy on the provision of audit and other services by the external auditor, and monitor compliance with the policy; and
- Review the performance the internal audit function as appropriate.

### 3.2.3 Risk Management Responsibilities

- Monitor the process of identification, analysis, prioritisation, evaluation, remediation management of business risks as appropriate
- Review the business contingency planning process within The Company and be assured that material risks are identified and appropriate contingency plans are in place
- Ensure sufficient resources are allocated to managing risk within each business unit
- Implement and ensure the efficient and effective operation of the risk management policy, system and database across The Company business
- Escalation and reporting of key risks to The Company Board
- Oversight of individual The Company business units' specific responsibilities, in regards to risk management, which include the following:
  - educating employees and contractors at all levels of the business on the importance of risk management and assisting them with identifying such risks
  - bringing the risks to the attention of management as soon as possible
  - documenting risks including causes, analysis and evaluation of such risks
  - recommending and implementing actions for the treatment of risks
  - implementation of the risk management database and processes, including training of required participants; and
  - report risks to the ACC, including immediate escalation of significant risks.

### 3.2.4 Financial Reporting Responsibilities

- Review the half year and annual financial statements presented by management, together with reports and opinions from external auditors

- Review significant financial reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant estimates and judgments
- Consider and make appropriate recommendations to The Company Board regarding major changes to accounting policies and procedures
- Review the reliability and appropriateness of disclosure in the financial statements and financial reporting to stakeholders, particularly with regard to estimates and judgments; and
- Make appropriate recommendations to The Company Board as to whether financial statements should be approved.

### 3.2.5 Compliance Responsibilities

- Monitor the effectiveness of The Company policies and practices that relate to compliance with laws, regulations and accounting standards
- Consider the impact of changes in accounting standards, listing rules and the Corporations Act; and
- Review and monitor related party transactions.

### 3.3 Authority

The ACC:

- is authorised to investigate any matter within the scope of its responsibilities and make appropriate recommendations to The Company Board
- will have unrestricted access to senior management of The Company and company records as required
- is authorised to meet with the external or internal auditors, without any other member of management being present, as the ACC deems appropriate; and
- is authorised to obtain any independent legal or other professional advice that it considers necessary to execute its functions.

### 3.4 Meetings of the Audit and Compliance Committee

Any ACC member may convene a meeting of the ACC or request the Secretary of the ACC to do so.

A quorum for an ACC meeting will be a majority of Committee members.

To the extent not inconsistent with this Charter, meetings of the ACC will be conducted in accordance with those provisions of The Company Board's Constitution which relate to the proceedings of meetings.

Non-Executive Directors who are not members of the ACC, the CEO, CFO will have a standing invitation to attend each ACC meeting, subject to exclusion as deemed appropriate by the ACC Chair from time to time. Other executives, the external auditor and external specialists may be invited by the ACC Chair of the Committee to attend part or all of any meeting. The ACC may ask management to present at ACC meetings on issues relevant to the ACC's duties and responsibilities.

Copies of Committee papers and reports, together with minutes of each Committee meeting, will be circulated to all Board members.

### 3.5 Authority to Seek Additional Information

The ACC shall have the authority to seek any information it requires from any officer or employee of The Company or its controlled entities and such officers or employees shall be instructed by The Company to respond to such enquiries.

To the extent the ACC deems necessary, the ACC may retain independent legal, accounting or other advisors.

### 3.6 Limitation of the Role of the Committee

Other than in relation to the work of the external auditor, the function of the ACC is oversight.

It is recognised that members of the ACC may not be full time employees of The Company and generally do not represent them to be experts in the fields of accounting or auditing, except in relation to the "financial expert" as required and described. As such, it is not the responsibility of the ACC personally to conduct accounting or auditing reviews or procedures. The eligibility criteria and required financial skills of ACC members are set out.

The Company Board may rely upon information provided by the ACC and its members, in relation to matters within the ACC's responsibility under the terms of this charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Management of The Company is responsible for the preparation, presentation and integrity of the financial statements of The Company.

Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

Internal audit are responsible for conducting independent reviews of the internal controls of The Company, having regard to the assessed risk profile of The Company.

The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditor is accountable to shareholders through the ACC.

### 3.7 Review of the Audit and Compliance Committee Charter

The ACC will, at least once in each year review the Charter and activities of the ACC, to meet the evolving needs of The Company and changes in the corporate governance environment.

The ACC will recommend to The Company Board the formal adoption of the revised charter for future operations of the ACC.

## 4. Risk Management Policy

### 4.1 Introduction

The Company is committed to effectively managing operational, financial and other risk in the context of the business strategies of The Company and with a view to achieving a balance between acceptable levels of risk and reward.

The Board of The Company recognises that risk management is of concern to all levels of the business and requires a risk management policy and process involving all personnel, with reporting structures to The Company Board.

The types of risk which may be faced by the company include:

Strategic Risk	The risks surrounding key assumptions about the: <ul style="list-style-type: none"> <li>External environment</li> <li>Particular market concentration of resources in or dependence on a narrow range of products, markets, customers or suppliers</li> </ul>
Operational Risk	The risk associated with losses resulting from inadequate or failed processes, people and systems or from external events that may consequence The Company
Market Risk	The risk associated with The Company operating in its core business markets
Financial Risk	The risk of potential financial loss where a customer or other party fails to meet their financial obligations to The Company or The Company is unable to source sufficient capital at an acceptable price
Reporting Risk	The risk and losses associated with inadequate or inaccurate financial, operational and regulatory reporting

This policy describes the risk management methodology, structure and system employed across The Company.

The policy was developed with reference to the ASX Corporate Governance Principles and the Risk Management standard produced by Standards Australia (AS/NZS 4360).

### 4.2 Risk Management System Overview

The Company risk management system ("the Policy") focuses on identifying analysing, evaluating and managing risk.

The risks are documented and recorded in a risk management database that reports to all participants and stakeholders of the process.

### 4.3 Risk Management System

Risk management is a fundamental corporate governance matter and is identified as a specific function and activity within the ASX Corporate Governance guidelines.

#### 4.4 Risk

The chance of something happening that will have a consequence upon objectives. It is measured in terms of consequences and likelihood.

#### 4.5 Risk Management System

The culture, processes and structures that are directed towards the effective management of risks.

#### 4.6 Risk Management Process

The systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risk.

#### 4.7 Identifying, Analysing and Evaluating the Risk

Each business unit is responsible for identifying and documenting the risks to that business unit. Thus the risks to The Company as a whole, including its causes, are identified and documented.

Each risk is then analysed in terms of likelihood and consequence and the adequacy of existing controls. These criteria are used to determine the level of risk, ranging from 'low' to 'extreme', and to aid in identifying the order of priority in which risks and their associated mitigating actions should be addressed by the businesses.

#### 4.8 Managing the Risk

The Board oversees reviews and monitors the risk register half yearly, or in the case of escalated and high priority risks, quarterly.

The Board receives reports and escalations from the Audit and Compliance Committee ("ACC"). The ACC comprises The Company Chairman and the Chair of the ACC. It is charged with overseeing the management of all business risks across The Company with a particular view to ensuring that mitigating actions are being performed and overall risks are minimised.

In order to perform this task, the ACC may require input from various work teams or specialists within each business.

### 5. Shareholder Communication Policy

#### 5.1 Introduction

Tempo Australia Limited ("The Company") is committed to dealing fairly, transparently and openly with both current and prospective shareholders.

In order to achieve the above, The Company seeks to:

- inform investors of the means by which they can obtain information about and communicate with The Company
- communicate effectively with The Company's shareholders; and
- provide all investors with equal and timely access to information about The Company.

The Company is committed to having an active Investor Relations capability in the form of a dedicated person responsible to communicate with the shareholders.

#### 5.2 Approval

The Company Board will approve all shareholder communications unless this is impracticable to do so. Communications are to be approved by the CEO or Chair.

#### 5.3 Communication Channels

The following methods of communication will be available to shareholders:

- Tempo Australia website
- email
- telephone
- facsimile and
- mail.

##### 5.3.1 Websites

The Company maintains a comprehensive and up to date website ([www.tempoaust.com](http://www.tempoaust.com)) which includes a section dedicated to corporate governance policies and company charters.

The Company website is structured as the key day to day information resource for shareholders, potential investors and other stakeholders and hence will be regularly updated to ensure that the information remains current.

All announcements and filings lodged with the ASX and/or ASIC will be lodged on The Company's website on a timely basis under the NEWS section of the website.

The Company may also make available additional information to shareholders via the website such as presentations to industry conferences or broker presentations and analyst or media briefings.

The company will keep and include on its website a summary of topics discussed, group briefings with investors and analysts, including details of attendees and the time and place of such briefing.

In order to manage the cost of maintaining and hosting the website, all material, other than The Company's corporate governance policies and processes and the Annual report, may be removed 6 months after they have been posted.

#### 5.4 Annual Reports and Notices of Meetings

All shareholders will receive Notices of Shareholder meetings in the agreed format and as per relevant legislation.

The Annual Report contains key financial, operating and corporate information about The Company.

A copy of the Annual report will be available on The Company's website and The Company ensures that their Annual reports are sent to all shareholders who have requested them.

#### 5.5 Contacting The Company

Although The Company is committed to providing sufficient information to investors, it appreciates that they may have specific questions, require additional information or need to change their shareholder details. In order to address situations such as this, Directors have made themselves available for contact by a variety of means, being via letter, phone, fax and email.

The Company's contact details are available on their website ([www.tempoaust.com](http://www.tempoaust.com)).

#### 5.6 Annual General Meeting

The Annual General Meeting is one of the primary means of The Company communicating with its shareholders.

Shareholders will be notified of any scheduled meeting dates as described above in paragraph 4.3 Risk Management System.

The Company encourages full participation of shareholders at the Annual General Meeting. As such, the Chair will provide reasonable time to answer any shareholder queries at the Annual General Meeting and answer frequently asked questions received by The Company from shareholders who were unable to attend the Annual General Meeting.

The Company's external auditors are invited to attend the Annual General Meeting in order to answer any shareholder queries concerning the conduct of the audit and the preparation of the auditor's report.

At the conclusion of the Annual General Meetings, all results will be announced to the ASX in accordance with the Listing Rules. As above, they will be made available to all investors in the same manner as other ASX announcements.

There may be matters to be voted on by the shareholders at the Annual General Meeting. If so, The Company will provide all relevant explanatory information and present it as clearly and unambiguously as possible in order to enable shareholders to make an informed decision.

##### 5.6.1 Proxies

If shareholders are unable to attend the Annual General Meeting, a proxy, allowing shareholders to appoint a proxy, will accompany the Notice of Meeting.

#### 5.7 Review of the Shareholder Communication Policy

This policy is subject to annual review and approved by the Board of The Company as required.

### 6. Continuous Disclosure Policy

#### 6.1 Introduction

Tempo Australia Limited ('The Company') seeks to:

- provide equal access to information for all investors
- avoid the disclosure of price sensitive information to any person on a selective basis and
- promote investor confidence in the integrity of The Company and its securities.

In order to achieve this, The Company is committed to complying with the continuous disclosure requirements contained in the ASX Listing Rules and the relevant sections of the Corporations Act.



## 6.2 Policy

### 6.2.1 Guiding Principle

Except for certain confidential information that no reasonable person would expect to be disclosed, once The Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the securities of The Company it will immediately tell ASX that information.

Following receipt of confirmation that ASX has released information, lodged by The Company to the market, that information will be available on or through The Company's website.

### 6.2.2 Company Website

The website will be reviewed continuously to ensure that it is up to date, complete and accurate.

### 6.2.3 Responsibility for Disclosure

Directors, executive officers and employees are responsible for communicating to The Company material, price sensitive information of which they become aware including:

- a general description of the matter
- details of the parties involved
- the date of the event or transaction
- the estimated value for the transaction
- the effect on finances and operations of The Company and
- the names of any persons advising The Company in the matter.

Continuous disclosure is a standing item on the agenda for each regular meeting of the Board and all Directors are required to confirm details of any matter within their knowledge that might require disclosure to the market.

Managers are responsible for ensuring that their teams are aware of the continuous disclosure obligations of The Company and report material information on a continuous basis.

## 6.3 Reporting and disclosure

### 6.3.1 General Briefings

The Company interacts regularly with the market in a variety of ways including briefings, market announcements, regular updates on industry issues, one-on-one briefings, meetings and educational sessions.

### 6.3.2 Public Announcements - authorised spokespersons and releases

Staff will not comment to external parties on rumours, market speculation or discuss announcements released to the ASX.

Only staff or Board members authorised by the Board are permitted to make any public statement and/or speak to shareholders, investors, stockbrokers' analysts or the media on behalf of The Company.

All ASX and media releases are to be approved by the Board except for:

- urgent releases which must be approved by the Chair and advised to all Directors prior to release; and
- administrative releases such as disclosure of Directors' interests and substantial holder notices.

### 6.3.3 Market Speculation and Rumours

The stance of The Company regarding market speculation and rumours, consistent with the above, is a no comment policy.

If market speculation and rumours, whether substantiated or not, result in the ASX formally requesting disclosure by The Company on the matter, The Company will duly respond.

To ensure a consistent response to such occurrences, all instances of rumours should be reported to The Company Secretary as soon as they become known.

### 6.3.4 Briefings to Institutional Investors and Analysts

The Company will not communicate any price sensitive information to institutional investors, analysts or any other third party unless that information has first been disclosed to ASX.

The Company may hold general or one-on-one briefings with institutional investors or analysts. At such briefings, The Company will not disclose price sensitive information but may give background and other information to assist institutional investors and analysts to understand its strategy, financial performance and outlook and business operations.

One-on-one briefings include any communication between The Company and the investor or analyst including phone calls or e-mails.

If there is any inadvertent disclosure of price sensitive information during any briefing, it will be released to ASX as soon as practicable.

#### 6.3.5 Answering Questions

Any staff member who receives a request for comment from an external third party is to refer the enquiry to the Board.

No price sensitive information that has not been disclosed to ASX will be provided at general, institutional investor or analyst briefings. Questions at briefings that deal with such price sensitive information will either:

- not be answered; or
- taken on notice and not answered until the information is released to ASX and
- receipt of confirmation that ASX has released that information to the market.

#### 6.3.6 Joint Announcements

In situations where The Company needs to issue a joint announcement, The Company will seek to give the partner the opportunity to review the announcement prior to its release, provided that it does not compromise the ability of The Company to comply with its disclosure obligation(s).

#### 6.3.7 Analyst Reports

The Company is not responsible for and does not endorse analyst reports that contain commentary on The Company. The Company will not include any analyst report in its own corporate information, or post any analyst reports on its website.

The Company may review analysts' research reports but will limit its comments to factual matters and information previously disclosed.

If The Company is required to correct any factual inaccuracies contained in such reports, the correction made by The Company does not imply endorsement of the content of these reports.

#### 6.3.8 Trading Halts

The Company may request a trading halt, when so, it must be approved by the Board unless it is urgent in which case it must be approved by the Chair (or a person authorised by the Chair) and advised to all directors prior to release.

During trading halts, The Company does not hold meetings or briefings with individual investors, institutional investors, analysts or media representatives unless such meetings or briefings are the subject of a specific announcement to the market via the ASX.

### 6.4 Other Matters

#### 6.4.1 ASX Communications Officer

The Chair, the CEO and Company Secretary have been made responsible for all communications with the ASX.

All ASX announcements are sent by the Chair, the CEO or The Company Secretary with direction from the Board, using the electronic platform(s) of the ASX.

#### 6.4.2 Role of The Company Secretary

The Company Secretary is responsible for the compliance of this Policy and in particular:

- review proposed external announcements and consulting with appropriate members of the Board and or external advisers as necessary
- report on continuous disclosure issues regularly to the Board
- monitor the effectiveness of this Policy
- establish a vetting process to ensure that the announcements are factual and do not omit any material information; and
- ensure that the announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

#### 6.4.3 Role of the Chair

The Chair is responsible for overseeing The Company Secretary enact its functions regarding this policy and is authorised to speak on behalf of The Company in particular on:

- annual and half yearly results
- resolutions to be put to General meetings of The Company
- changes in directors
- any speculation concerning Board meetings and
- matters specifically related to shareholders.

#### 6.4.4 Announcement Release Process

As soon as any employee, including Directors, becomes aware of material price sensitive information which has not been previously released by The Company, the appropriate persons of authority should be notified immediately.

The Company Secretary will review the information and consultation with, if deemed necessary, the Board and or external advisers, to determine whether the information requires to be disclosed.

If the information is of a nature that is required to be disclosed, The Company Secretary will prepare a draft announcement.

The Board or Chair will approve the draft announcement.  
The announcement is lodged by either the Chair or The Company Secretary.

After receipt of ASX's acknowledgement that the announcement has been released to the market, the announcement will be placed onto the website.

#### 6.4.5 Review of the Continuous Disclosure Policy

This policy will be reviewed annually by the Board of The Company and will be revised, when necessary, in order to keep abreast of best practice and ensure compliance with their legal obligations.

The Company maintains records of those matters considered for disclosure and will develop policies that promote a consistent approach to disclosure.

### 7. Share Trading Policy

#### 7.1 Introduction

This policy imposes constraints on directors, employees and consultants dealing in securities of the Company. It also imposes disclosure requirements on directors.

This policy has been adopted by the Board of the Company.

#### 7.2 Objectives

The objectives of this policy are to:

- minimise the risk of directors, employees and consultants of the Company contravening the laws against insider trading;
- assist the Company in meeting its reporting obligations under the ASX Listing Rules; and
- increase transparency with respect to dealing in securities of the Company by Key Management Personnel.

To achieve these objectives, directors, employees and consultants should treat this policy as binding on them in the absence of any specific exemption by the Board.

#### 7.3 What is insider trading?

The Corporations Act 2001 (Cth) (Corporations Act) prohibits persons who are in possession of information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price of securities in the Company (price sensitive information) from:

- dealing in the securities; or
- communicating the price sensitive information to others who might deal in the securities.

Information is 'generally available' if, amongst other things, it consists of readily observable matters or it has been brought to the attention of investors by an ASX announcement and a reasonable period for its dissemination has elapsed since the announcement.

Directors, employees and consultants of the Company will from time to time be in a situation where they are in possession of price sensitive information. Examples are the period prior to release of annual or half-yearly results to the Australian Securities Exchange (ASX) and the period and the period during which a major transaction is being negotiated.

#### 7.4 No dealing in securities of the Company when in possession of Price Sensitive Information

Directors, employees and consultants in possession of price sensitive information must not at any time:

- deal in securities of the Company;
- advise, procure, encourage or suggest another person deal in securities of the Company; or
- communicate the price sensitive information, or cause the price sensitive information to be communicated, to a person who may deal in securities of the Company or may procure another person to deal in securities of the Company.

A contravention of the insider trading prohibitions is an offence and exposes a person to criminal and civil liability, including liability under civil damages actions and compensation orders. The penalty for a breach of the insider trading prohibition is a fine up to \$220,000 for a natural person (and up to five times the maximum for a body corporate) or 5 years imprisonment, or both.

Key Management Personnel must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

The Company may also publish from time to time a list of securities in other companies which directors, employees and consultants are prohibited from dealing in due to the Company being in possession of price sensitive information in respect of those companies (Restricted Securities List). Directors, employees and consultants must not at any time deal in securities on the Restricted Securities List.

#### 7.5 Key management personnel not to deal in securities of the Company during Restricted Periods

In addition to the restrictions in clauses 7.4, 0 and 7.8 but subject to paragraph 7.9, Key Management Personnel must not deal in securities of the Company during the following periods:

- from the balance date until the second trading day after the Company's annual or half-yearly results have been released to ASX; and
- any other period designated by the Board
- Restricted Periods

#### 7.6 Key Management Personnel Securities Trading Policy

At all other times outside the Restricted Periods, Key Management Personnel should not deal in securities of the Company unless:

- they have satisfied themselves that they are not in possession of any inside information that is not generally available to the public;
- they have contacted the Chairman or Company Secretary, and notified them of their intention to do so; and

Where the Chairman wishes to deal in securities, he or she has contacted the Company Secretary or, in his absence, a Non-Executive Director, and notified them of his or her intention to do so. Notification to the Chairman or Company Secretary is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing.

Key Management Personnel remain responsible for their own investment decisions and compliance with the law.

Key Management Personnel should wait a full trading day after disclosure of inside information by the Company before dealing in securities so that the market has had time to absorb the information.

### 7.7 No short-term dealing in securities of the Company

Key Management Personnel must not at any time engage in short term dealing in securities of the Company.

Short-term dealing is considered to be dealing where the acquisition and disposal of securities occurs within 6 months of each other.

The Chairman may, at their discretion, permit Key Management Personnel to trade in securities in circumstances that would contravene this paragraph if that Key Management Personnel establishes hardship and that they do not have inside information.

### 7.8 No hedging

Despite any other part of this policy, Key Management Personnel must not at any time enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

### 7.9 Trading in exceptional circumstances during Restricted Periods

Key Management Personnel may be granted prior written clearance by the Chairman or Company Secretary to deal in securities of the Company during the Restricted Periods if there are exceptional circumstances (provided that he or she is not in possession of unpublished, price sensitive information (see paragraph 7.4)).

Exceptional circumstances are:

- financial hardship whereby the relevant Key Management Personnel has a pressing financial commitment that cannot be satisfied other than by dealing in securities of the Company; or
- a court order or court enforceable undertakings directing the dealing in securities of the Company.

Key Management Personnel wishing to deal in securities of the Company during a Restricted Period based on exceptional circumstances must apply in writing (email is acceptable) to the Chairman or Company Secretary for prior written clearance to deal in those securities. The application must include the following information:

- details of the exceptional circumstances;
- the number of securities of the Company that he or she wishes to deal in;
- the way in which he or she wishes to deal in those securities;
- a request for clearance to deal in those securities; and
- confirmation that he or she is not in possession of any price sensitive information.

The Chairman or Company Secretary must consider the objectives of this policy and the purpose of the ASX Listing Rules in making a determination as to whether to provide consent to deal in securities of the Company during a Restricted Period.

Any consent provided by the Chairman or Company Secretary under this policy must:

- be in writing (email is acceptable); and
- outline the duration of the clearance (no more than 5 trading days).

Clearance by the Chairman or Company Secretary is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing. Key Management Personnel remain responsible for their own investment decisions and compliance with the law.

#### 7.10 Notification of dealing in securities

Key Management Personnel must notify the Company Secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.

Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters in sufficient detail to allow the Company to comply with the ASX Listing Rules.

#### 7.11 Margin Lending

ASX, in its Companies Update of 29 February 2008, has also highlighted that in certain circumstances, the Company may be required to disclose details of the margin lending arrangements of Key Management Personnel in respect of their securities of the Company (if any) if that information would be price sensitive under ASX Listing Rule 3.1.

To enable the Company to comply with ASX Listing Rule 3.1, any Key Management Personnel who enter into margin lending arrangement or otherwise encumber their securities of the Company (Security Arrangements) is required to provide details of those Security Arrangements to the Chairman (who will notify the Company Secretary) upon entering into, and on any change occurring to, the Security Arrangements. Security Arrangements may be subject to prohibitions on dealing in securities in the Company contained in this policy.

The details of the Security Arrangements that must be provided pursuant to paragraph 0 must include the number of securities of the Company involved, any trigger points, the right of the lender or security holder to sell the securities unilaterally and any other material details.

#### 7.12 Directors Notification of dealings in Securities

ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days.

Section 205G of the Corporations Act 2001 requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any Securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications.

ASIC has granted class order relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

#### 7.13 Penalties

Strict compliance with this policy is a condition of employment.

A contravention of this policy by any Key Management Personnel may result in the summary dismissal of that person.

#### 7.14 Application

This policy applies to all directors, employees and consultants and its subsidiaries.

For the purposes of this policy, directors, employees and consultants "dealing" in securities of the Company includes associates of directors, employees and consultants dealing in securities of the Company. It is incumbent on each director and employee to take all reasonable steps to ensure that an associate does not deal in circumstances where the dealing could be attributed to the director or employee concerned and would involve a contravention of this policy if the dealing had been undertaken by the director or employee concerned. Associates include your relatives, entities which you control and entities you are acting in concert with.

Despite anything in this policy, the following types of dealing are excluded from the operation of this trading policy:

- transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary and where the investments are made at the discretion of a third party;

- an investment in, or dealing in units of, a fund or other scheme (other than a scheme only investing in securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a restricted person is a trustee, trading in securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- undertakings to accept, or the acceptance of, a takeover offer;
- dealing under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board of the Company. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- the exercise (but not the sale of securities of the Company following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security.

The Board of the Company has absolute discretion to prohibit directors, employees and consultants from dealing in securities of the Company at any time.

#### 7.15 Definitions

*For the purposes of this policy:*

- **Dealing in securities** includes:
  - applying for, acquiring or disposing of, securities;
  - entering into an agreement to apply for, acquire or dispose of, securities;
  - granting, accepting, exercising or discharging an option or other right or obligation to acquire or dispose of securities;
  - trading in financial products issued or created over securities; and
  - entering into transactions in financial products which operate to limit the economic risk of security holdings;
- **Key Management Personnel** has the meaning given to it in the ASX Listing Rules and includes the people listed below:
  - Each Director of the Company
  - All members of the board of subsidiaries of the Company
  - The Chief Executive Officer, and any Chief Operating Officer or General Manager of any division of the Company or a subsidiary of the company
  - Any other Director appointed to the board of the Company or a board of a subsidiary of the Company
  - The General Manager of any division of the Company or a subsidiary of the Company
  - The Chief Financial Officer of the Company
  - The Company Secretary of the Company
  - All other executives who directly report to the Chief Executive Officer or Chief Operating Officer
  - Other executives as determined by the board from time to time
  - Other than any of the persons listed above, an Officer of the Company as defined by section 9 of the Corporations Act
  - Other than any of the persons listed above, an employee having authority and responsibility for planning, directing and controlling the activities of the Company or any subsidiary of the Company

— **price sensitive information** has the meaning given in clause 0;

— **securities** includes shares, options over those shares and any other financial products of the Company traded on ASX

## 8. Diversity Policy

### 8.1 General Purpose and Principle

- (a) The Group respects and values the competitive advantage of "diversity", and the benefit of its integration throughout the Group, in order to enrich the Group's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Group's objectives ("principle")
- (b) This Principle will manifest itself in the following areas:
  - i. Strategic and operational:
    - A. being attuned to diverse strategies to deliver the Group's objectives,
    - B. being attuned to diverse corporate, business and market opportunities; and
    - C. being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).
  - ii. management:
    - A. adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Group;
    - B. ensuring the Group's culture and management systems are aligned with and promote the attainment of the Principle.
- (c) The Group will develop strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity with respect to the matters referred to in paragraph 8.1 (b)(ii).
- (d) In particular, the Group will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph 8.1 (b)(ii).
- (e) The Group will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).
- (f) Management will monitor, review and report to the Board (including via the Nomination and Remuneration Committee on the achievement of gender diversity with respect to the matters referred to in paragraph 8.1 (b)(ii)), the Group's progress under this Policy.

### 8.2 Responsibility for Policy

- (a) Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the CEO.
- (b) In turn the CEO has delegated to the Company Secretary responsibility for the administration of this Policy (including its reporting to the Board, or its relevant sub-committee as appropriate).

### 8.3 Measurable Objectives, Targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

- (a) develop, for approval by, the Board or its relevant subcommittee, as appropriate:
  - i. measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 8.1 (c);
  - ii. targets or key performance indicators (KPIs) to verify progress towards attainment of those measurable objectives.
- (b) measure performance against those targets and KPIs,
- (c) report from time to time on the progress of the matters referred to in (a) and (b)



#### 8.4 Compliance Requirements

- (a) The Company will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Principles") and other regulatory requirements (if any), including by:
  - i. establishing this Policy as a compliant policy under ASX Guideline 3.2(a) by:
    - A. establishing measurable objectives for achieving gender diversity;
    - B. the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
  - ii. disclosing this Policy or a summary of it under ASX Guideline 3.2(b);
  - iii. in its annual report, and in the terms of ASX Guideline 2.4, disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
  - iv. in its annual report, and in the terms of ASX Principles 3.3 and 3.4, disclosing:
    - A. the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
    - B. the progress from time to time towards achieving them;
    - C. the proportions in the Group (relative to their male counterparts) of:
      - female employees;
      - females in senior executive positions;
      - females on the Board.
  - v. incorporating in the corporate governance statement in the Company's annual report a statement as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board, in the terms of ASX Guideline 2.6.
- (b) The Company Secretary will assume line responsibility to assure that the Company meets its compliance and reporting obligations referred to in (a); including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

#### 8.5 Communication

The Company commits to the communication of this Policy within the Group and to its shareholders and the market, including via its website:

- i. by way of transparency and accountability; and
- ii. to better promote the prospects of attainment of the Principle.

#### 8.6 Accountability

- (a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board Agenda.
- (a) At least annually the Nomination and Remuneration Committee will report to the Board on progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance Requirements, under paragraph 8.4.

#### 8.7 Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives referred to in paragraph 1(c); and
  - (b) approved measurable objectives, targets and KPIs referred to in paragraph 8.1(d);
- as may apply from time to time.

#### 8.8 Overriding Caveat

Nothing in this Policy shall be taken, interpreted or construed so as to endorse:

- (a) the principal criteria for selection and promotion of people to work within the Group being other than their overall relative prospect of adding value to the Group and enhancing the probability of achievement of the Group's objectives;
- (b) any discriminatory behaviour by or within the Group contrary to the law, of any applicable codes of conduct or behaviour for the Group and its personnel;
- (c) any existing person within the Group in any way feeling threatened or prejudiced by this Policy in their career development or otherwise, merely because their Diversity attributes at any time may be more, rather than less, common with others.

## 8.9 Remuneration Committee

The Directors have decided not to appoint a Remuneration Committee due to the scale and nature of The Company's activities. However, the Board actively researches appropriate remuneration for senior employees in particular and significant decisions are generally made by all Board members at a Directors' meeting. It is The Company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating Directors fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board attempts to link the nature and amount of Directors' emoluments to The Company's performance.

The objective of the remuneration approach is:

- the retention and motivation of key executives;
- attraction of quality personnel with appropriate expertise; and
- performance incentives that allow executives to share the rewards of the success of The Company.

For details of the amount of remuneration and all monetary and non-monetary components for each of the Directors during the financial year, refer to the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation for Directors who are paid a salary. Non-Executive Directors are remunerated by way of fees and share-based remuneration and are not entitled to receive bonus payments or participate in other schemes available to the executives of the company.

## 9. Board and Director Evaluation

Tempo Australia Limited ("the Company") full Board is responsible for conducting each year an evaluation of the Board's performance, including the performance and contribution of the Board as a whole and the Board members individually.

### 9.1 Board Evaluation Process

Annually the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of the Board.

The object of the questionnaire is to assist the Chairman of the Board to:

- (a) assess the overall performance of the Board and measure the contributions made by the directors, both collectively and individually;
- (b) evaluate the processes in place for the Board to operate effectively and make decisions in the best interests of the Company;
- (c) enhance and maintain best corporate governance practices; and
- (d) meet regulatory requirements regarding corporate governance.

### 9.2 Director Evaluation Process

Individual directors

Annually the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of individual directors. The questionnaire will ask directors, other than those who are due to retire, to evaluate both themselves and their colleagues as directors. It will also ask directors to evaluate the Chairman, the Chief Executive Officer and directors serving as the chairman or as the chairman of any committee established by the Board in their roles as chairs.

- (a) The object of the questionnaire is to improve the overall performance of the Board by assessing each director's contribution and effectiveness in enhancing and maintaining best corporate governance practices;
- (b) strategic thinking and decision making;
- (c) contribution to resolution of divergent views;

- d) proactive participation;
- e) leadership through vision and values;
- f) Commercial and business acumen.

The questionnaire will also assist individual directors to build on their strengths and assess their need for continuing education.

### 9.3 Renominating directors

The Corporate Governance Committee will also prepare section in the questionnaire to evaluate the effectiveness of re-nominating directors.

### 9.4 The Evaluation Process

The following process is to be adopted:

- a) In July of each year, each Director will receive customised Board and Director evaluation forms to be completed by the end of August.
- b) The evaluation forms, consisting of three parts, are attached.
  - 1. Part I is an evaluation of the effectiveness of the Board as a whole and consists of a series of questions regarding Board responsibilities, how well the Board has conducted itself at meetings and the Board's relationship with the Chief Executive Officer.
  - 2. Part II is an evaluation of the effectiveness of Board committees.
  - 3. Part III is an evaluation of the performance of individual Board members including an evaluation for re-nominating directors.
- c) An additional section Part IV is a separate self-evaluation required to be completed by the re-nominating Directors
- d) The completed questionnaire is to be returned to the Chairman.
- e) The Chairman will conduct separate interviews with each director to discuss the results of the Board, committees' and directors' evaluations.
- f) The Chairman will report to the Board on the results of the questionnaires following the completion of the interviews.

## 10. Nomination Committee

The Directors have decided not to appoint a Nomination Committee due to the scale and nature of The Company's activities.

Subject to the provision of The Company's Constitution, the issues of board composition including diversity and selection criteria for Directors are dealt with by the full board. The board continues to have the mix of skills and experience necessary for the conduct of The Company's activities.

The Company's Constitution provides for events whereby Directors may be removed from the board. Similarly shareholders have the ability to nominate, appoint and remove Directors. In addition, the Constitution provides for the regular rotation of Directors which ensures that Directors seek re-election by shareholders at least once every three years. Given these regulatory requirements, Directors are not appointed for a specified term and Directors' continuity of service is effectively in the hands of shareholders.

## 11. Code of Conduct

### 11.1 Introduction

As part of its commitment to recognising the legitimate interests of stakeholders, The Company has established a Code of Conduct to guide compliance with legal and other obligations to stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole.

The objective of this policy is to demonstrate the commitment of Tempo Australia Limited ('The Company') to ethical standards and practices.

This policy known as The Company Code of Conduct ('the Code') is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour rather it is intended to guide behaviour in order to maintain confidence in integrity of The Company.

### 11.2 Code Violations

Commitment to the integrity of The Company and this Code is taken seriously. Any breach to the Code constitutes misconduct and will lead to disciplinary action which may include dismissal and/or legal action.

### 11.3 Scope

This policy applies to all Directors, Officers, The Company Secretary and all executives of The Company.

## 11.4 Responsibilities

### 11.4.1 Directors

All Directors and all officers of The Company must, as far as possible:

- act with the utmost integrity, objectivity, ethically and responsibly
- strive at all times to enhance the reputation and performance of The Company and related entities
- act in accordance with the interests of shareholders, staff, clients and all other stakeholders in The Company
- undertake their duties with care and diligence
- ensure that any personal opinions expressed are clearly identified as their own and are not represented to be the views of The Company
- value individuals' differences and treat people with respect
- not enter into transactions or make promises on behalf of The Company that The Company does not intend to honour
- be in full compliance with the letter and spirit of the Code, and
- comply with the relevant law in all activities.

If an Officer becomes aware of unlawful or unethical behaviour, he or she will report it to the Chair. The identity of the Officer reporting the violation in good faith will remain confidential.

### 11.4.2 Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of The Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

### 11.4.3 Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of The Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

## 11.5 Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of The Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

### 11.6 Conflicts of Interest

A conflict of interest will occur where an individual's private or professional interests are sufficient to influence or give the appearance of influencing, the performance of his or her duties.

Private interests can be direct or indirect and refers not only to the individual but also to family members and friends.

Officers are not to give preference to personal interests or to the interests of any associate or other person, where to do so would be in conflict with the interests of The Company.

Should there be any likelihood of a conflict of interest arising, full disclosure should be made to the Chair and written approval obtained before acting.

### 11.7 Gifts

Common sense regarding gifts from external parties must be applied.

Gifts and personal benefits can include accommodation, goods, services and discounts on items.

Gifts or personal benefits of any value from external parties are not to be accepted if it could be perceived that this could create an obligation, affect objectivity, compromise or influence any decision made by The Company.

### 11.8 Contributions

Bribes, kickbacks, inducements or other illegal payments of any kind must not be made to any third party in order to receive favourable treatment for any purpose.

Officers of The Company must not seek or accept any type of compensation, fee, commission or gratuity from a third party in connection with the operations of The Company.

#### 11.9 Corporate Opportunities

Officers must not misuse information, their position or opportunities arising as a result of their position within The Company, improperly gain advantage for themselves or for someone else or to cause detriment to or compete with The Company.

Officers must not use the name of The Company to further any personal or other business transaction for their personal benefit.

#### 11.10 Confidentiality

Customers, suppliers and other stakeholders entrust The Company with their confidential communications and information daily.

Confidential information includes internal or propriety information related to The Company's business, technological and other knowledge, processes, computer passwords, computer software, product formulations, business strategies and plans, and information concerning the company's operations, customers, vendors, shareholders suppliers and employees.

Confidential information received by an officer of The Company in the course of his or her duties remains the property of The Company and should not be disclosed to any other person without the prior written consent of the Chair unless the disclosure is required by law or in accordance with their duties as an officer of The Company.

Officers of The Company should respect the privacy of others.

Officers of The Company must protect proprietary, commercial and other information that is confidential to The Company. These obligations continue after the Officer's engagement with The Company ends.

#### 11.11 Protection of Assets

The assets of The Company include such items as IT and manual systems, information, intellectual property and networks of contacts, customers and suppliers.

Officers of The Company are responsible for taking all prudent steps to ensure the protection of the assets and resources of The Company from loss, damage, misuse, waste and theft.

Officers of The Company must ensure that the assets and resources of The Company are used only for lawful business purposes authorised by The Company.

#### 11.12 Compliance With the Law

Officers of The Company should comply with the letter of the law and, where it is clear the spirit of all laws and regulations relating to their business, conduct to the best of their abilities.

Officers of The Company should abide by the laws, rules and regulations of the countries in which they are operating.

Officers of The Company should undertake training on legal obligations and policies as required.

The laws that govern the activities of The Company may be complex, but ignorance of the law does not excuse Officers of The Company from their obligations to comply.

Officers of The Company should not engage in conduct likely to have an adverse effect on the reputation of The Company.

The Company, its directors and employees will cooperate fully with any regulatory body in any properly constituted investigation.

The Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

#### 11.13 Fair Dealing

Officers must act fairly and honestly in all their dealings with and on behalf of The Company.

Officers of The Company are not to take advantage of any party dealing with The Company through illegal conduct, undue influence, concealment, manipulation, abuse of privileged or confidential information, misrepresentation of material facts or any unfair dealing practice.

Business relationships must be maintained in a way which is consistent with the principles of respect for others and fairness.

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company will only engage in fair competition.

The Company strives to deal fairly with the customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

#### 11.14 Political Contributions and Activities

The Company maintains a position of impartiality with respect to party politics. Accordingly The Company does not contribute funds to any political party, politician, or candidate for public office.

The Company does not prohibit Officers of The Company from making personal political contributions but should not use their role with The Company for political interests at any time.

#### 11.15 Monitoring Compliance

The Board, management and all employees of The Company are committed to implementing this code of conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the code.

#### 11.16 Review of the Code of Conduct

This code is subject to annual review by the board of the company and revised when required.

#### 12. Gender Diversity

The group has a commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. Their commitment means that the group has policies and procedures to ensure it has an environment supportive of equal opportunity and equal access to career development, remuneration, and benefits. Nevertheless, given the limited number female trade labour registered with the group, it is proven difficult to achieve gender diversity in the pool of trade labour. And As a result, the gender diversity is measured for management and administrative staff instead of the entire workforce. The group's management and administrative staff is split female 30% and male 70%. Currently there are no female senior executives.

Group's commitment to diversity means that it works to ensure that it has an environment supportive of equal opportunity and with equal access to career development, remuneration and benefits through the implementation of practices, procedures and policies which support, among other matters, diversity.

Group believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background.

#### 13. Corporate Governance Principles and Recommendations

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 2<sup>nd</sup> Edition (Revised Principles) (the Principles), the corporate governance statement reports on the consolidated entity's adoption of the Principles on an exception basis. The summary below provides specific information on compliance with the Principles and as required any recommendations that have not been adopted by the consolidated entity, together with the reasons why they have not been adopted.

ASX Principles	Description	Compliance
Principle 1	Lay solid foundations for management and oversight	Compliant
Principle 2	Structure the board to add value	Compliant
Principle 3	Promote ethical and responsible decision-making	Compliant
Principle 4	Safeguard integrity in financial reporting	Compliant
Principle 5	Make timely and balanced disclosure	Compliant
Principle 6	Respect the rights of shareholders	Compliant
Principle 7	Recognise and manage risk	Compliant
Principle 8	Remunerate fairly and responsibly	Compliant

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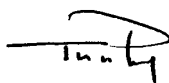
### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tempo Australia Limited for the year ended 31 December 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*Rsm Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 31 March 2015

Tempo Australia Limited and Controlled Entities  
Statement of Comprehensive Income  
For the year ended 31 December 2014

		Consolidated Entity	
	Note	2014 \$	2013 \$
Revenue	3	16,026,422	14,006,914
Other Income	3	13,683	17,088
<b>Revenue</b>		<b>16,040,105</b>	<b>14,024,002</b>
Employee and director benefits expense		9,819,990	11,841,624
Administration costs		272,793	433,277
Occupancy costs		304,365	358,187
Depreciation and amortisation	8, 11	106,652	104,528
Insurance		153,543	219,147
Other expenses	4	7,060,839	1,396,950
Listing and other statutory charges		27,070	8,755
Other professional expenses		257,266	281,848
<b>Total Expenses</b>		<b>18,002,518</b>	<b>14,644,316</b>
<b>Loss before income tax benefit</b>		<b>(1,962,413)</b>	<b>(620,314)</b>
Income tax benefit	5	655,930	169,921
<b>Loss attributable to the members of the parent</b>		<b>(1,306,483)</b>	<b>(450,393)</b>
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Net Loss attributable to members of the parent entity</b>		<b>(1,306,483)</b>	<b>(450,393)</b>
<b>Earnings per share</b>			
Basic earnings (loss) – cents per share	17	(0.772)	(0.294)
Diluted earnings (loss) – cents per share	17	(0.772)	(0.294)

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Tempo Australia Limited and Controlled Entities  
Statement of Financial Position  
As at 31 December 2014

		Consolidated Entity	
	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,123,444	2,178,543
Trade and other receivables	6	6,910,874	1,570,805
Other assets	7	207,243	183,379
<b>Total Current Assets</b>		<b>8,241,561</b>	<b>3,932,727</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	75,793	79,935
Goodwill	9	3,118,087	3,118,087
Intangibles	11	37,800	113,400
Deferred tax assets	20	1,182,540	573,508
<b>Total Non-Current Assets</b>		<b>4,414,220</b>	<b>3,884,930</b>
<b>Total Assets</b>		<b>12,655,781</b>	<b>7,817,657</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,666,975	1,382,206
Borrowings	13	600,000	-
Provisions	14	262,890	190,268
<b>Total Current Liabilities</b>		<b>5,529,865</b>	<b>1,572,474</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	20	23,005	68,971
<b>Total Non-Current Liabilities</b>		<b>23,005</b>	<b>68,971</b>
<b>Total Liabilities</b>		<b>5,552,870</b>	<b>1,641,445</b>
<b>Net Assets</b>		<b>7,102,911</b>	<b>6,176,212</b>
<b>EQUITY</b>			
Contributed equity	15	70,238,140	68,004,958
Accumulated losses		(63,135,229)	(61,828,746)
<b>Total Equity</b>		<b>7,102,911</b>	<b>6,176,212</b>

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Tempo Australia Limited and Controlled Entities  
Statement of Changes in Equity  
For the year ended 31 December 2014

Consolidated	Issued Capital \$	Accumulated Losses \$	Share-based Payments \$	Total Equity \$
<b>At 1 January 2013</b>	67,506,693	(61,378,353)	-	6,128,340
Loss	-	(450,393)	-	(450,393)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	-	<b>(450,393)</b>	-	<b>(450,393)</b>
Share issues	500,000	-	-	500,000
Share based payments	-	-	1,465	1,465
Transaction costs	(3,200)	-	-	(3,200)
<b>At 31 December 2013</b>	<b>68,003,493</b>	<b>(61,828,746)</b>	<b>1,465</b>	<b>6,176,212</b>
<b>At 1 January 2014</b>	<b>68,003,493</b>	<b>(61,828,746)</b>	<b>1,465</b>	<b>6,176,212</b>
Loss	-	(1,306,483)	-	(1,306,483)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	-	<b>(1,306,483)</b>	-	<b>(1,306,483)</b>
Share issues	2,200,000	-	-	2,200,000
Share based payments	-	-	83,182	83,182
Transaction costs	(50,000)	-	-	(50,000)
<b>At 31 December 2014</b>	<b>70,153,493</b>	<b>(63,135,229)</b>	<b>84,647</b>	<b>7,102,911</b>

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Tempo Australia Limited and Controlled Entities  
Statement of Cash Flows  
For the year ended 31 December 2014

	Note	2014 \$	2013 \$
Consolidated Entity			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		11,367,011	15,120,727
Payments to suppliers and employees		(15,164,209)	(15,661,970)
Interest received		13,683	17,088
<b>Net cash used in operating activities</b>	16	<b>(3,783,515)</b>	<b>(524,155)</b>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(26,911)	(70,007)
<b>Net used in investing activities</b>		<b>(26,911)</b>	<b>(70,007)</b>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments		2,200,000	500,000
Capital raising costs		(44,673)	(3,200)
Proceeds from borrowings		600,000	-
<b>Net cash provided by financing activities</b>		<b>2,755,327</b>	<b>496,800</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(1,055,099)</b>	<b>(97,362)</b>
Cash and cash equivalents at beginning of year		2,178,543	2,275,905
<b>Cash and cash equivalents at end of the year</b>		<b>1,123,444</b>	<b>2,178,543</b>

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## Tempo Australia Limited and Controlled Entities Notes to the Financial Statements For the year ended 31 December 2014

### NOTE 1: BASIS OF PREPARATION

Tempo Australia Limited is domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

The financial statements were authorized for issue on 31 March 2015 by the directors of the company.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The consolidated entity has adopted all of the new, revised and amending Accounting Standards and Interpretations issued by the AASB for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the consolidated entity.

Summary of the significant accounting policies:

#### (a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results, of the entities controlled by Tempo Australia Ltd during this year. A controlled entity is any entity which Tempo Australia Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation.

#### **(b) Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### **(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, when the outcome of the contract can be estimated reliably. The stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

#### **(d) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

#### **(e) Income tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

#### **(f) Plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

Depreciation is provided on a straight-line basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used are listed as below:

Asset Class	Depreciation Rate
Furniture and Fixtures	25%
IT	25%
Plant & Equipment	25%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (g) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses.

#### (h) Intangibles

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

#### ① Impairment of non-financial assets

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard. Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with infinite lives.

## Ⓜ Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position, if any. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

## Ⓜ Financial Instruments

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

### Ⓜ *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

### Ⓜ *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.



*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iv) Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss. Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

*(v) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**(n) Investments**

Investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value.

**(m) Goodwill**

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to a cash-generating unit or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

#### **(n) Impairment**

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the consolidated entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

#### **(o) Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### **(p) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **(q) New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the consolidated entity. The consolidated entity has decided not to early adopt any of the new and amended pronouncements. The consolidated entity's assessment of the new and amended pronouncements that are relevant to the consolidated entity but applicable in future reporting periods is set out below:

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

Parts A to C of these amendments is applicable to annual reporting periods beginning on or after 1 July 2014 and affects the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination. The adoption of these amendments from 1 January 2015 will not have a material impact on the consolidated entity.

#### AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 and AASB 138 to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 January 2016 will not have a material impact on the consolidated entity.

#### IFRS 15 Revenue from Contracts with Customers

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

## NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for tax based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3

REVENUE	Consolidated Entity	
	2014 \$	2013 \$
Revenues from operations	16,026,422	14,006,914
Interest Income	13,683	17,088
<b>Total Revenue</b>	<b>16,040,105</b>	<b>14,024,002</b>

Note 4

OTHER EXPENSES	Consolidated Entity	
	2014 \$	2013 \$
<b>Project Recoverable Cost</b>		
Project materials	(3,138,951)	(476,350)
Candidate screening	(190,100)	(357,453)
Other project costs	(3,730,341)	(439,747)
Non-recoverable screening costs	(1,447)	(41,083)
Loss on disposal of assets	-	(82,317)
<b>Total other expenses</b>	<b>(7,060,839)</b>	<b>(1,396,950)</b>

Loss before income tax includes the following specific expenses:

Rental expense relating to operating lease	(274,884)	(313,254)
Superannuation expense	(448,381)	(536,833)
Share-based payments expense	(83,182)	(1,465)

Note 5

INCOME TAX	Consolidated Entity	
	2014 \$	2013 \$
Profit / (loss) before income tax	(1,962,413)	(620,314)
At the statutory income tax rate of 30% (2013: 30%)	(588,724)	(186,094)
Tax effect of amounts which are not deductible in calculating taxable income	(67,206)	16,173
<b>Income tax expense (benefit)</b>	<b>(655,930)</b>	<b>(169,921)</b>

Note 6

RECEIVABLES	Consolidated Entity	
	2014 \$	2013 \$
CURRENT		
Trade receivables	3,744,742	1,479,477
Other receivables	8,311	91,328
Accrued income	3,157,821	-
<b>Total Current Receivables</b>	<b>6,910,874</b>	<b>1,570,805</b>

The following table details the trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled; with the terms and conditions agreed between the consolidated entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully paid to the consolidated entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired			
			< 30	31 - 60	61 - 90	>90
<b>2014</b>						
Trade and term receivables	3,744,742	-	13,550	21,089	-	-
Other receivables	8,311	-	-	-	-	-
Accrued income	3,157,821	-	-	-	-	-
<b>Total</b>	<b>6,910,874</b>	<b>-</b>	<b>13,550</b>	<b>21,089</b>	<b>-</b>	<b>-</b>
<b>2013</b>						
Trade and term receivables	1,479,477	-	46,049	128,004	-	-
Other receivables	91,328	-	-	-	-	-
<b>Total</b>	<b>1,570,805</b>	<b>-</b>	<b>46,049</b>	<b>128,004</b>	<b>-</b>	<b>-</b>

Note 7

OTHER CURRENT ASSETS	Consolidated Entity	
	2014 \$	2013 \$
Prepayments		
- Insurances	100,412	168,345
- Other	106,831	15,034
<b>Total Other Current Assets</b>	<b>207,243</b>	<b>183,379</b>

Note 8

PLANT AND EQUIPMENT	Consolidated Entity	
	2014 \$	2013 \$
Furniture and Fixtures - At Cost	22,146	21,625
Furniture and Fixtures - Accumulated Depreciation	(10,668)	(5,178)
Net Book Value Furniture and Fixture	<b>11,478</b>	<b>16,447</b>
Plant and Equipment - At Cost	46,343	46,343
Plant and Equipment - Accumulated Depreciation	(33,951)	(24,086)
Net Book Value Plant and Equipment	<b>12,392</b>	<b>22,257</b>
IT - At Cost	78,033	51,643
IT - Accumulated Depreciation	(26,110)	(10,412)
Net Book Value IT	<b>51,923</b>	<b>41,231</b>
Total Cost	146,522	119,611
Total Accumulated Depreciation	(70,729)	(39,676)
Total Net Book Value	<b>75,793</b>	<b>79,935</b>
<b>Reconciliations</b>		
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year		
Carrying amount at beginning of year	79,935	101,172
Additions	26,910	70,007
Depreciation expense	(31,052)	(28,928)
Disposals	-	(62,316)
Carrying amount at end of year	<b>75,793</b>	<b>79,935</b>

## Note 9

GOODWILL	Consolidated Entity	
	2014 \$	2013 \$
Goodwill – At Cost	3,118,087	3,118,087
Accumulated impairment losses	-	-
<b>Net Carrying Amount</b>	<b>3,118,087</b>	<b>3,118,087</b>

### Reconciliations

Reconciliations of the carrying amounts of Goodwill at the beginning and end of the current financial year

Carrying amount at beginning of year	3,118,087	3,118,087
<b>Carrying amount at end of year</b>	<b>3,118,087</b>	<b>3,118,087</b>

### Impairment disclosures

Goodwill is allocated to Tempo Personnel Management (previously known as Tempo Industry Partners). Goodwill has an infinite useful life.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-years period with the period extending beyond 1 year extrapolated using an estimated growth rate. The cash flows are discounted using a discount rate which reflects management's estimate of the time value of money and the company's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

The following assumptions were used in the value-in-use calculations:

Growth Rate (revenues and expenses)	5.00%
Discount Rate	21.60%

The Directors believe that any reasonable change in the key assumptions on which the recoverable amount of the CGU is based would not cause the CGU's carrying amount to exceed its recoverable amount.

## Note 10

### SEGMENT REPORTING

The consolidated entity 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 consolidated entity operated in one segment being the mining and energy services sector in Australia.

The accounting policies adopted for internal reporting to the Board of Directors are consistent with those adopted in the financial statements.

### Major customers

The consolidated entity has a number of customers to which it provides services. The consolidated entity supplies a single external customer who accounts for 54% of external revenue (2013: 0%). The next most significant customer accounts for 30% (2013: 16%).



Note 11

INTANGIBLE ASSETS	Consolidated Entity	
	2014 \$	2013 \$
Customer Contracts – At cost	226,800	226,800
Customer Contracts – Accumulated Amortisation	(189,000)	(113,400)
<b>Net Book Value Customer Contracts</b>	<b>37,800</b>	<b>113,400</b>

**Reconciliations**

Reconciliations of the carrying amounts of Intangibles at the beginning and end of the current financial year

Carrying amount at beginning of year	113,400	189,000
Additions (Through Acquisition - Customer Contract)	-	-
Amortisation Expense	(75,600)	(75,600)
Impairment	-	-
<b>Carrying amount at end of year</b>	<b>37,800</b>	<b>113,400</b>

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.  
The intangible Asset - Customer Contracts is expected to have a finite useful life of 3 years. It has been amortised on straight line basis over 3 years.

Note 12

PAYABLES	Consolidated Entity	
	2014 \$	2013 \$
Trade payables	2,060,526	242,017
Other payables	1,860,101	1,140,189
Accrued payables	746,348	-
<b>Total Payables</b>	<b>4,666,975</b>	<b>1,382,206</b>

Note 13

Borrowings	Consolidated Entity	
	2014	2013
	\$	\$
Short term borrowings from debtor finance facility	600,000	-
<b>Total Borrowings</b>	<b>600,000</b>	<b>-</b>

At the reporting date, the consolidated entity has two Debtor Finance facilities, the key terms are:

Facility one:

Funding limit: \$3,000,000

Interests rate – 8.93%

Security: debtors financed by this facility

Facility two:

Funding limit: \$2,500,000

Interests rate – 8.98%

Security: debtors financed by this facility

**Financing arrangements**

Access was available at the reporting date to the following line of credits:

	Consolidated Entity	
	2014	2013
	\$	\$
Total facility limit	5,500,000	-
<b>Total Facility Limit</b>	<b>5,500,000</b>	<b>-</b>
Used at the reporting date	600,000	-
Unused at the reporting date*	4,900,000	-
<b>Total Facility Limit</b>	<b>5,500,000</b>	<b>-</b>

*\*availability to borrow depends on prevailing debtor balances at any point in time*

Note 14

PROVISIONS	Consolidated Entity	
	2014	2013
	\$	\$
<b>Annual Leave</b>		
Carrying amount at the beginning of the period	98,148	76,459
Additional provision made	358,163	165,784
Amounts used	(261,511)	(144,095)
Unused amounts reversed	-	-
<b>Carrying amount at the end of the period</b>	<b>194,800</b>	<b>98,148</b>
<b>Sick Leave</b>		
Carrying amount at the beginning of the period	84,304	-
Additional provision made	135,725	126,790
Amounts used	(71,254)	(25,456)
Unused amounts reversed	(92,750)	(17,030)
<b>Carrying amount at the end of the period</b>	<b>56,025</b>	<b>84,304</b>
<b>Long Service Leave</b>		
Carrying amount at the beginning of the period	7,816	11,385
Additional provision made	4,249	-
Amounts used	-	-
Unused amounts reversed	-	(3,569)
<b>Carrying amount at the end of the period</b>	<b>12,065</b>	<b>7,816</b>
<b>Total Provisions</b>	<b>262,890</b>	<b>190,268</b>

Note 15

Consolidated Entity			
CONTRIBUTED EQUITY	Note	2014	2013
		\$	\$
<i>(a) Issued and paid up capital</i>			
Ordinary shares fully paid	15(b)	70,153,493	68,003,493
Share options issued	15(c)	84,647	1,465
		70,238,140	68,004,958

*Ordinary Shares*

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year and at the date of this report, the company did not have an on-market share buy-back scheme in place.

*Capital Risk Management*

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the dividends paid to shareholders or issue new shares.

(b) Movements in shares on issue		Parent Entity	
	# of shares		(\$)
Beginning of the financial year	155,339,808		68,003,493
Issued during the year	40,100,251		2,200,000
Option Exercised	-		-
Deduct: Share issue costs	-		(50,000)
<b>End of financial year</b>	<b>195,440,059</b>		<b>70,153,493</b>

(C) Share Options – Movements		2014		2013	
	Number	(\$)		Number	(\$)
Outstanding at beginning of year	12,220,908	1,465		11,695,908	-
Issued during the year	-	-		-	-
Share-based payment	11,106,000	83,182		525,000	1,465
Exercised during the year	-	-		-	-
Lapsed or expired during the year	(11,945,908)	-		-	-
<b>Outstanding at year end</b>	<b>11,381,000</b>	<b>84,647</b>		<b>12,220,908</b>	<b>1,465</b>

(d) Share Options

The company offered employee participation in the Employee share option plan as a long-term incentive and as part of the remuneration arrangements. The amount expensed in the statement of comprehensive income is determined by reference to the fair value of the options at the grant date.

Note 16

		Consolidated Entity	
CASH FLOW INFORMATION		2014	2013
		\$	\$
Reconciliation of the net profit (loss) after tax to the net cash flows from operations			
<b>Net profit/(loss)</b>		(1,306,483)	(450,393)
<b>Non-Cash Items</b>			
Depreciation and amortisation		106,652	104,528
Assets written off		-	62,316
Share-based payments		84,647	1,465
<b>Changes In Assets and Liabilities</b>			
Receivables		(5,340,069)	(403,393)
Other assets		(23,864)	41,748
Payables		3,277,978	187,072
Provisions		72,622	102,424
Deferred tax assets		(609,032)	(81,212)
Deferred tax liabilities		(45,966)	(88,710)
<b>Net Operating Cash Flow</b>		<b>(3,783,515)</b>	<b>(524,155)</b>

**Note 17**

EARNINGS PER SHARE	Consolidated Entity	
	2014 \$	2013 \$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share		
Net profit/(loss)	(1,306,483)	(450,393)
Earnings used in calculating basic and diluted earnings per share	(1,306,483)	(450,393)
Weighted average number of ordinary shares used in calculating basic earnings per share	169,278,765	153,256,975
Effect of dilutive securities		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	169,278,765	153,256,975

**Note 18**

LEASE EXPENDITURE COMMITMENTS	Consolidated Entity	
	2014 \$	2013 \$
Operating leases (non-cancellable)		
(a) Operating leases related to office	99,300	386,936
(b) Operating leases related to Plant & Equipment	368,649	-
(c) Minimum lease payments		
- Not later than one year	467,949	287,636
- Later than one year and not later than five years	-	99,300
- Later than five years	-	-
Aggregate lease expenditure contracted for at reporting date	467,949	386,936

Note 19

		Consolidated Entity	
RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES		2014	2013
(a) The consolidated financial statements include the financial statements of Tempo Australia Limited and its controlled entities listed below			
	Country of Incorporation		
Parent Entity			
Tempo Australia Limited	Australia		
Subsidiaries of Tempo Australia Limited			
Tempo Resources Solutions Pty Ltd (former FHL Mining Services Pty Ltd)	Australia	100%	100%
Tempo Engineering Pty Ltd	Australia	100%	100%
Tempo Engineering Services Pty Ltd	Australia	100%	100%
Tempo Construction & Maintenance Pty Ltd	Australia	100%	100%
Tempo Industry Partners Pty Ltd	Australia	100%	100%
Tempo Global Pty Ltd	Australia	100%	100%
		2014	2013
		\$	\$
(b) Compensation by category for Directors and nominated executives			
Short-term employment benefits		674,615	917,439
Post-employment benefits		229,885	69,244
Share based benefit		83,182	1,465
Other benefits		44,012	-
Total benefits		1,031,694	988,148

**Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year the Company raised \$1,200,000 from Bontempo Nominees Pty Ltd (a related party of Carmelo Bontempo) in exchange for 21,052,632 ordinary shares. From the period of loaning the money to conversion to ordinary shares, the loan earned interest of \$16,274.

During 2013 the Company raised \$500,000 from Nick Bowen in exchange for 5,847,954 ordinary shares. On the issue he was also awarded 11,695,908 free attaching options.

Note 20

DEFERRED TAX ASSETS AND LIABILITIES	Consolidated Entity	
	2014	2013
	\$	\$
<b>Deferred tax asset comprises temporary differences attributable to:</b>		
Carry forward tax losses	868,240	470,683
Accrued expenses	119,424	50,071
Employee benefits	144,313	30,728
Doubtful debts	-	22,026
Others	53,563	-
<b>Balance as at year end</b>	<b>1,182,540</b>	<b>573,508</b>
Movements:		
Opening balance	573,508	423,325
Charged to profit or loss	609,032	150,183
<b>Balance as at year end</b>	<b>1,182,540</b>	<b>573,508</b>
<b>Deferred tax liability comprises temporary differences attributable to:</b>		
Other creditors	19,972	2,022
Prepayment and receivables	-	51,795
Employee benefits	-	21,943
Plant and equipment	3,033	929
Others	-	(7,718)
<b>Balance as at year end</b>	<b>23,005</b>	<b>68,971</b>
Movements:		
Opening balance	68,971	88,710
Charged to profit or loss	(45,966)	(19,739)
<b>Balance as at year end</b>	<b>23,005</b>	<b>68,971</b>

Note 21: FINANCIAL INSTRUMENTS

The consolidated entity's activities expose it to credit risk and liquidity risk. Interest rate risks are not considered as significant. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the executives of the group under policies approved by the Audit and Compliance Committee and the Board. The Board provides directions for overall risk management, as well as policies covering specific areas.

(a) Credit risk exposures

The maximum exposure to credit risk at reporting date, excluding the value of any collateral or other security, for recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the financial statements. The consolidated entity has no derivative financial instruments or forward exchange contracts. 73% (\$2,751,882) of trade receivables are due from two largest debtors. Subsequently to the year-end \$2,751,882 has been

paid/withheld for retention and exposure to these debtors decreased to \$nil. As a result there is no material credit risk exposure to any single debtor or group of debtors under financial instruments.

#### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, to meet the on-going expenditure requirements whilst the group is in start-up phase. Management and the board monitor rolling forecasts of the consolidated entity's liquidity on the basis of expected cash flow.

#### (c) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement and for disclosure purposes. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

#### (d) Interest rate risk

The consolidated entity does have some exposure to interest rate risk through loans that it utilises to manage its working capital throughout the year, however the interest charges on these loans are a small portion of the consolidated entity's overall activity, so therefore the direct exposure to interest rate changes is not considered significant and are not deemed to be a significant risk to the consolidated entity's performance.

#### Note 22: PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Parent Entity Information	2014	2013
	\$	\$
Profit after income tax	(1,552,016)	(1,153,283)
<b>Total comprehensive income</b>	<b>(1,552,016)</b>	<b>(1,153,283)</b>
Total current assets	1,520,776	1,349,349
Total assets	6,556,420	5,799,150
Total current liabilities	707,035	568,829
Total liabilities	730,040	653,937
Equity		
Contributed equity	70,238,140	68,004,958
Accumulated losses	(64,411,760)	(62,859,745)
<b>Total Equity</b>	<b>5,826,380</b>	<b>5,145,213</b>

#### Guarantees by provided by the Parent Entity

The parent entity has provided guarantees to debtor finance facilities undertaken by its subsidiaries.

#### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except that investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

#### Contingencies

The parent entity had no contingent liabilities as at 31 December 2014 (2013: Nil).

#### Capital Commitments

The parent entity had no capital commitments as at 31 December 2014 (2013: Nil).



## Note 23: SHARE BASED PAYMENTS

An employee share option plan (ESOP) has been established by the company, and approved by shareholders at the general meeting held on the 2<sup>nd</sup> of May 2013, whereby the company may, grant options over ordinary shares in the parent entity to certain key management personnel of the company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by Tempo Employee Share Option Plan.

As approved at the Annual General Meeting held on the 29/05/2014, the company granted Class C and D options at nil cost to Board Members.

Set out below are summaries of options granted:

### 2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at year end	Vesting Date
14 May 2013	8 Apr 2015	\$0.15	525,000	-	-	(250,000)	275,000	-	28 Feb 2015
28 Feb 2014	28 Mar 2016	\$0.10	-	3,106,000	-	-	3,106,000	-	28 Feb 2016
30 May 2014	21 Mar 2016	\$0.10	-	4,000,000	-	-	4,000,000	-	22 Feb 2016
30 May 2014	21 Mar 2017	\$0.14	-	4,000,000	-	-	4,000,000	-	22 Feb 2017
<b>Total Granted</b>		-	<b>525,000</b>	<b>11,106,000</b>	-	<b>(250,000)</b>	<b>11,381,000</b>	-	
<b>Weight average exercise Price</b>		-	<b>\$0.15</b>	<b>\$0.11</b>	-	<b>\$0.15</b>	<b>\$0.12</b>	-	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28 Feb 2014	28 Mar 2016	\$0.072	\$0.10	70%	0%	2.60%	\$0.0213
30 May 2014	21 Mar 2016	\$0.070	\$0.10	70%	0%	2.76%	\$0.0202
30 May 2014	21 Mar 2017	\$0.070	\$0.14	70%	0%	3.03%	\$0.0208

## Note 24: AUDITORS REMUNERATION

AUDITORS REMUNERATION	Consolidated Entity	
	2014	2013
	\$	\$
Audit or review of the financial report		
RSM Bird Cameron Partners	56,000	55,000
Tax Compliance		
RSM Bird Cameron Partners	15,521	9,690
<b>Total</b>	<b>71,521</b>	<b>64,690</b>

#### NOTE 25: SUBSEQUENT EVENTS

The business was awarded variations of up to \$11 million to the company's existing contract with Rio Tinto at its Cape Lambert Port B Project in the Pilbara region of Western Australia, as announced on 13 February 2015.

Apart from the above, there are no other matters or circumstances which have arisen since 31 December 2014 that has significantly affected, or may affect the consolidated entity's operations, the results of those operations, and of its state of affairs in future financial years.

#### NOTE 26: CONTINGENCIES

The consolidated entity has no contingent assets or liabilities as at 31 December 2014 (2013: nil).

## Directors' Declaration For the year ended 31 December 2014

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

- a. Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance as represented by the results of their operations and its cash flows, for the year ended on that date; and
- c. Comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

Director



Carmelo Bontempo  
Perth  
Date 31 March 2015

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

**Report on the Financial Report**

We have audited the accompanying financial report of Tempo Australia Limited, which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, 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 report.

### *Opinion*

In our opinion:

- (a) the financial report of Tempo Australia Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### **Report on the Remuneration Report**

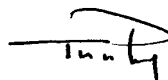
We have audited the Remuneration Report contained within the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion, the Remuneration Report of Tempo Australia Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

**Rsm Bird Cameron Partners**

RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 31 March 2015