



INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT



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CORPORATE DIRECTORY

DIRECTORS

Carmelo Bontempo
Guido Belgiorno-Nettis AM
Brian Thomas
Ian Widdicombe
Guido Bressani
Max Bergomi

Chairman
Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Chief Executive Officer and Managing Director

EXECUTIVE TEAM

Michael West

Chief Financial Officer and Company Secretary

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

1, 111 Colin Street West Perth,
WA, 6005

PRINCIPAL PLACE OF BUSINESS AND REGISTERED ADDRESS

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POSTAL ADDRESS

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6872, Australia

AUDITOR

Ernst & Young
11 Mounts Bay Road
Perth WA 6000
T: 08 9429 2222
www.ey.com/au

SHARE REGISTRY

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

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Level 4, The Read Buildings, 16
Milligan Street,
Perth WA 6000
T: 08 9321 4000
www.steinpag.com.au

APPENDIX 4D

COMPANY DETAILS

Name of entity	Tempo Australia Limited
ABN	51 000 689 725
Reporting period	Half-year ended 30 June 2017
Previous corresponding period	Half-year ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All figures expressed in Australian dollars unless otherwise stated

Revenue from continuing operations	Down 89% from \$55,218,049 to \$6,065,582
Profit after income tax	Down 100% from \$3,735,861 to \$255

NET TANGIBLE ASSETS

	30 June 2017	30 June 2016
Net asset backing per ordinary share	12.75 cents	9.0 cents
Net tangible asset backing per ordinary share	11.46 cents	7.5 cents

CONTROL GAINED OVER ENTITIES

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Consolidated profit/ (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A

LOSS OF CONTROL OVER ENTITIES

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Consolidated profit/ (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A

DIVIDENDS

	Amount per share	Franked amount per Share %
Interim dividend declared	Nil	N/A
Final dividend declared	Nil	N/A

SHARE BUY-BACK SCHEME

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

DIVIDEND REINVESTMENT PLANS

Not applicable

DETAILS OF ASSOCIATES AND JOINT VENTURES

Not applicable

FOREIGN ENTITIES

Not applicable

AUDIT QUALIFICATION OR REVIEW

The Interim Financial Report were subject to a review by the auditors and the unqualified auditor's review report is attached as part of the Interim Report.

ATTACHMENTS

The Interim Financial Report of Tempo Australia Limited for the half-year ended 30 June 2017 is attached.

SIGNED

Signed: 

Michael West
CFO and Company Secretary

Date: 25 August 2017

DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial statements for the half-year ended 30 June 2017.

DIRECTORS

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

Carmelo Bontempo	Chairman (Initial appointment as Non-Executive-Director 3 August 2011 Appointed as Chairman 7 February 2014 Appointed as Executive Chairman 17 April 2014 Appointed Non-Executive Chairman 31 March 2016)
Guido Belgiorno-Nettis AM	Non-Executive Director (Initial appointment 22 December 2016)
Brian Thomas	Non-Executive Director (Initial appointment 7 April 2015)
Ian Widdicombe	Non-Executive Director (Initial appointment 13 June 2017)
Guido Bressani	Non-Executive Director (Initial appointment 13 June 2017)
Massimo Bergomi	CEO and Managing Director (Initial appointment as Chief Executive Officer 11 January 2016) Appointment as Managing Director and Chief Executive Officer 31 March 2016)
Philip Loots	Non-Executive Director (Initial appointment 20 February 2014) Retired 8 March 2017

PRINCIPAL ACTIVITIES

The principal activities of the company were the provision of multidisciplinary maintenance and construction services (Structural, Mechanical and Piping, Electrical, Instrumentation, telecom and data communications) to the resources and - Industrial and Commercial sector.

The Company has used the cash and assets in a way that is consistent with its business objective of providing construction, maintenance and personnel management services.

RESULTS

The consolidated profit after income tax attributable to the members of Tempo Australia Limited was \$255.

	Consolidated Entity	
	2017 Half Year \$	2016 Half Year \$
Profit after income tax	255	3,735,861
Basic earnings after tax- cents per share	0.0001	1.886

REVIEW OF OPERATIONS

Tempo provides sector specialist multidisciplinary maintenance and construction services which protect and enhance our clients' investments, without ever compromising on our values.

Highlights of Tempo's activities and operations since the year ended 31 December 2016 are presented as follows:

- On 8 March 2017, the Company announced that Non-Executive Director, Philip Loots, has retired from the Board.
- On 15 May 2017 the Company held its Annual General Meeting (AGM) for 2017. All resolutions presented at the meeting were adopted by shareholders on a show of hands.
- On 13 June 2017 the Company announced that Mr Ian Widdicombe and Mr Guido Bressani have been appointed Non-Executive Directors.
- Half-year results were reflective of the ramp-down of works at the Gorgon LNG project, deferral of large contract awards in the resources sector, and the Company's previously stated willingness to wait for the right jobs and clients

SUBSEQUENT EVENTS

- On 21 July 2017 the Company announced it has received consent from ASIC to change auditor from RSM Australia Partners (RSM) to Ernest & Young (EY)
- On 24 July 2017 the Company announced it has entered into an agreement to acquire KP Electric, a leading national electrical services provider. The acquisition is through the purchase of 100% of the issued share capital of KP Electric (Australia) Pty Ltd and the business assets of KP Electric (WA) Pty Ltd (Jointly referred to as "KP Electric"). Tempo is acquiring KP Electric on a cash free, debt free basis, with an upfront cash consideration of approximately \$6.8 million. This equates to an Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) multiple of 2.5x current earnings, with potential total deferred consideration payable of approximately \$3.3 million if the business achieves agreed EBITDA targets over the two years following completion of the Acquisition
- On 26 July 2017 the Company announced it has completed the acquisition of KP Electric.

Apart from the matter disclosed above, there are no other matters which have arisen since 30 June 2017 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

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

On behalf of the directors,



Max Bergomi
CEO and Managing Director

Date 25 August 2017

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2017

		Consolidated entity	
		30 June 2017	30 June 2016
Note		\$	\$
Revenue	3	4,719,055	55,157,790
Other income	3	1,346,527	60,259
Revenue		6,065,582	55,218,049
Employee and director benefits expense		4,020,290	46,138,442
Administration costs		305,071	261,451
Occupancy costs		190,272	106,937
Depreciation and amortisation		113,469	85,706
Other expenses	4	1,463,117	4,023,134
Listing and other statutory charges		30,009	29,691
Interest and finance charges		46,994	81,203
Other professional expenses		319,213	352,468
Total expenses		6,488,435	51,079,032
Profit/(loss) before income tax		(422,853)	4,139,017
Income tax benefit / (expense)		423,108	(403,156)
Profit attributable to the members of the parent entity		255	3,735,861
Other comprehensive income		-	-
Total comprehensive income		255	3,735,861
Net profit attributable to members of the parent entity		255	3,735,861
Earnings per share			
Basic earnings – cents per share		0.0001	1.886
Diluted earnings – cents per share		0.0001	1.886

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Consolidated entity	
	30 June 2017	31 December 2016
	\$	\$
Note		
CURRENT ASSETS		
Cash and cash equivalents	22,284,865	25,711,347
Trade and other receivables	3,285,440	5,779,937
Inventories	23,403	93,403
Other assets	415,187	592,886
Total current assets	26,008,895	32,177,573
NON-CURRENT ASSETS		
Plant and equipment	1,027,109	892,417
Goodwill	3,118,087	3,118,087
Deferred tax assets	3,365,069	2,941,961
Total non-current assets	7,510,265	6,952,465
Total assets	33,519,160	39,130,038
CURRENT LIABILITIES		
Trade and other payables	1,651,993	2,536,269
Borrowings	44,650	690,083
Provisions 5	907,050	5,231,145
Total current liabilities	2,603,693	8,457,497
NON-CURRENT LIABILITIES		
Deferred tax liabilities	114,344	114,344
Borrowings	70,933	44,518
Provisions 5	25,291	45,198
Total non-current liabilities	210,568	204,060
Total liabilities	2,814,261	8,661,557
Net assets	30,704,899	30,468,481
EQUITY		
Issued capital 2	79,933,186	80,075,545
Reserve	1,711,994	1,333,472
Accumulated losses	(50,940,281)	(50,940,536)
Total equity	30,704,899	30,468,481

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2017

Consolidated	Issued capital	Accumulated profit/(losses)	Share based payment reserve	Total equity
	\$	\$	\$	\$
At 1 January 2016	70,153,493	(56,395,234)	182,682	13,940,941
Profit after income tax expense for the half-year	-	3,735,861	-	3,735,861
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	3,735,861	-	3,735,862
Share issues	452,530	-	-	452,530
Share based payments	-	-	91,240	91,240
Transaction costs	-	-	-	-
At 30 June 2016	70,606,023	(52,659,373)	273,922	18,220,572
At 1 January 2017	80,075,545	(50,940,536)	1,333,472	30,468,481
Profit after income tax expense for the half-year	-	255	-	255
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	255	-	255
Share issues (net)	-	-	-	-
Share based payments	-	-	378,522	378,522
Options exercised	280,000	-	-	280,000
Transaction costs	-	-	-	-
Acquisition of treasury shares	(422,359)	-	-	(422,359)
At 30 June 2017	79,933,186	(50,940,281)	1,711,994	30,704,899

STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2017

	Consolidated entity	
	30 June 2017	30 June 2016
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	8,208,897	52,611,392
Payments to suppliers, employees (inclusive of goods and services tax)	(10,845,311)	(56,189,185)
Interest and finance costs	(149,269)	(81,203)
Interest received	351,184	5,160
Net cash used in operating activities	(2,434,499)	(3,653,836)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(230,603)	(118,246)
Net cash used in investing activities	(230,603)	(118,246)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity instruments	280,000	842,100
Payments for shares acquired by the Employee Share Trust	(422,359)	(389,571)
Repayments of borrowings	(619,021)	(367,494)
Net cash (used in) / provided by financing activities	(761,380)	85,035
Net decrease in cash and cash equivalents	(3,426,482)	(3,687,047)
Cash and cash equivalents at beginning of year	25,711,347	7,426,812
Cash and cash equivalents as at 30 June	22,284,865	3,739,765

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of Tempo Australia Limited (the Company) and its subsidiaries (collectively, the Group) for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 25 August 2017.

The Company is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded.

These general purpose condensed financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory 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.

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

NOTE 2: ISSUED CAPITAL

	Consolidated Entity	
	Number of shares	\$
Beginning of the financial period	240,804,581	80,075,545
Issued during the period	-	-
Options exercised at 14 cents per share	2,000,000	280,000
On-market purchase*	(2,000,000)	(422,359)
Total Revenue	240,804,581	79,933,186

*Acquisition of shares by the Employee Share Trust.

NOTE 3: REVENUE

	Consolidated Entity	
	30 June 2017 \$	30 June 2016 \$
Revenues from operations	4,719,055	55,157,790
Other Income	1,346,527	60,259
Total Revenue	6,065,582	55,218,049

NOTE 4: OTHER EXPENSES

	Consolidated Entity	
	30 June 2017 \$	30 June 2016 \$
Project recoverable cost		
Project material cost	(1,088,308)	(997,398)
Candidate screening cost	(34,183)	(915,267)
Equipment and subcontractor costs	(340,626)	(2,110,469)
Total other expenses	(1,463,117)	(4,023,134)

NOTE 5: PROVISIONS

	Consolidated entity	
	30 June 2017 \$	31 December 2016 \$
Current provisions		
Employee benefits	556,256	2,554,508
Other provisions	350,794	2,676,637
Total current provisions	907,050	5,231,145
Non-current provisions		
Employee benefits	25,291	45,198
Total non-current provisions	25,291	45,198
Total provisions	932,341	5,276,343

NOTE 6: ISSUE OF EQUITIES

The following options were exercised in current financial period:

- 2,000,000 unlisted options. Exercisable at 14 cents per share.

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

Number	Class
1,500,000	Unlisted options issued under the Plan. Exercisable at 15 cents per share, subject to vesting conditions and expiring 07/08/2017.
2,500,000	Performance Rights Issued under the plan. Vesting date of 1 July 2018 based on satisfaction of certain conditions.
1,500,000	Performance Rights Issued under the Plan. Vesting date of 1 July 2019 based on satisfaction of certain conditions.
2,330,000	Performance Rights Issued under the Plan. Vesting dates between 15/03/2018 and 21/12/2018 based on satisfaction of certain vesting conditions.
2,000,000	E Class Unlisted Options have an exercise price of 34 cents per share, expiring 30/06/2019. The Options will vest on 31 May 2019 on the condition of the recipient being a Director of the Company at the time of vesting.

Employee share trust

During the 2016 financial year, the company established an Employee Share Trust for the purpose of acquiring, holding and transferring shares in connection with the Employee Share Option Plan established by the company for the benefits of participants in those plans. Under the Trust, 2,000,000 shares were issued by the Trust to the participants.

NOTE 7: DIVIDENDS

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

NOTE 8: SEGMENT REPORTING

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

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since 31 December 2016.

NOTE 10: SUBSEQUENT EVENTS

On 21 July 2017 the Company announced it has received consent from ASIC to change auditor from RSM Australia Partners (RSM) to Ernst & Young (EY)

On 24 July 2017 the Company announced it has entered into an agreement to acquire KP Electric, a leading national electrical services provider. The acquisition is through the purchase of 100% of the issued share capital of KP Electric (Australia) Pty Ltd and the business assets of KP Electric (WA) Pty Ltd (Jointly referred to as "KP Electric"). Tempo is acquiring KP Electric on a cash free, debt free basis, with an upfront cash consideration of approximately \$6.8 million. This equates to an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) multiple of 2.5x current earnings, with potential total deferred consideration payable of approximately \$3.3 million if the business achieves agreed EBITDA targets over the two years following completion of the Acquisition

On 26 July 2017 the Company announced it has completed the acquisition of KP. The Group expects to finalise the Acquisition accounting going forward and full mandatory disclosure for business combination will be made in the financial statements for the year ended 31 December 2017.

Apart from the matter disclosed above, there are no other matters which have arisen since 30 June 2017 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

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

- a. Comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. Give a true and fair view of the financial position of the consolidated entity as at 30 June 2017 and of its performance for the half-year ended on that date.

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.



Max Bergomi
CEO and Managing Director

Date 25 August 2017

Independent Auditor's Review Report to the Members of Tempo Australia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tempo Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Ernst & Young

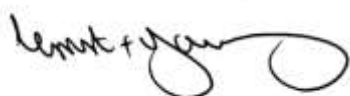


Greg Meyerowitz
Partner
Perth
25 August 2017

Auditor's Independence Declaration to the Directors of Tempo Australia Limited

As lead auditor for the review of Tempo Australia Limited for the half-year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Greg Meyerowitz
Partner
25 August 2017