INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT

30 JUNE 2018

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Carmelo Bontempo	Chairman
Guido Belgiorno-Nettis AM	Non-Executive Director
Ian Widdicombe	Independent Non-Executive Director
Ian Lynass	CEO and Managing Director

EXECUTIVE TEAM

Scott Macdonald	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

Level 1, 111 Colin Street
West Perth WA 6005

PRINCIPAL PLACE OF BUSINESS AND REGISTERED ADDRESS

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West Perth WA 6005
Telephone: 08 6180 2040
Email: info@tempoaust.com
Website: www.tempoaust.com

POSTAL ADDRESS

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West Perth WA 6872

AUDITOR

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

SHARE REGISTRY

Link Market Services Level 12,
QV1 Building, 250 St George's
Terrace Perth WA 6000
T: 1300 554 474
www.linkmarketservices.com.au

SOLICITOR

Steinepreis Paganin
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 2018
Previous corresponding period	Half-year ended 30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All figures expressed in Australian dollars unless otherwise stated

Revenue from continuing operations	Up 220% from $4,719,055 to $15,111,950
Profit after income tax	Down 3,096% from a profit of $255 to a loss of $789,156

NET TANGIBLE ASSETS

	30 June 2018	30 June 2017
Net asset backing per ordinary share	$0.12	$0.13
Net tangible asset backing per ordinary share	$0.05	$0.11

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 was 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 2018 is attached.

SIGNED

Signed:______________________ Date: 29 August 2018

Scott Macdonald
CFO and Company Secretary

DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial statements for the half-year ended 30 June 2018.

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)
Ian Widdicombe	Non-Executive Director (Initial appointment 13 June 2017)
Guido Bressani	Non-Executive Director (Initial appointment 13 June 2017, Resigned 3 April 2018)
Ian Lynass	CEO and Managing Director (Initial appointment as Chief Executive Officer 19 March 2018 Appointed as Managing Director and Chief Executive Officer 28 June 2018)
Massimo Bergomi	Former CEO and Managing Director (Initial appointment as Chief Executive Officer 11 January 2016, Appointed as Managing Director and Chief Executive Officer 31 March 2016, Retired 19 March 2018)
Chris Cook	Alternate Director to Guido Belgiorno-Nettis (Joined as Alternate Director 21 March 2018)
David Iverach	Former Alternate Director to Guido Belgiorno-Nettis (Joined as Alternate Director 9 February 2017, Resigned 21 March 2018)

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 loss after income tax attributable to the members of Tempo Australia Limited was $789,156.

	Consolidated Entity	
	2018 Half Year $	2017 Half Year $
(Loss)/Profit after income tax	(789,156)	255
Basic earnings per share (dollars per share)	(0.0033)	0.0000

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 2017 are presented as follows:

- On 19 March 2018, the Company announced that Chief Executive Officer and Managing Director, Massimo Bergomi, has retired from the Board and that Mr Ian Lynass has been appointed Chief Executive Officer.
- On 31 May 2018 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 28 June 2018, Mr Ian Lynass was appointed as Managing Director in addition to his role as CEO.

SUBSEQUENT EVENTS

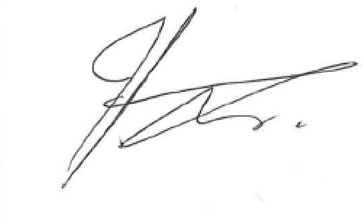
On 9 July 2018, the Company announced that they had entered into an agreement to acquire the business and business assets from Comsite Services Pty Ltd, a telecommunications maintenance services company conducting full end to end services on the mobile network infrastructure. Completion of this acquisition took place on 7 August 2018. The consideration for the acquisition was comprised of $700,000 in cash. As part of the agreement, Tempo is also required to pay certain amounts based on future performance of Comsite. The Company at the date of this report has not yet completed the assessment of the fair value of assets and liabilities acquired in the acquisition, and accordingly is not able to make any additional disclosures regarding the provisional accounting of this acquisition. Disclosures for the business combination will be made in the financial statements for the year ending 31 December 2018.

Apart from the matter disclosed above, there are no other matters which have arisen since 30 June 2018 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,



Ian Lynass
CEO and Managing Director

Date 29 August 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2018

		Consolidated entity	
		30 June 2018	30 June 2017
	Note	$	$
Revenue	3	15,111,950	4,719,055
Other income		935,394	1,346,527
Revenue and other income		**16,047,344**	**6,065,582**
Employee and director benefits expense		8,606,278	4,020,290
Administration costs		384,107	305,071
Occupancy costs		364,929	190,272
Depreciation and amortisation		329,798	113,469
Other expenses	4	7,248,985	1,463,117
Listing and other statutory charges		22,165	30,009
Interest and finance charges		49,061	46,994
Other professional expenses		176,366	319,213
Total expenses		**17,181,689**	**6,488,435**
Loss before income tax		**(1,134,345)**	**(422,853)**
Income tax benefit		345,189	423,108
(Loss)/Profit attributable to the members of the parent entity		**(789,156)**	**255**
Other comprehensive income		-	-
Total comprehensive (loss)/income		**(789,156)**	**255**
(Loss)/Earnings per share			
Basic (loss)/earnings – dollars per share		(0.0033)	0.0000
Diluted (loss)/earnings – cents per share		(0.0033)	0.0000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		Consolidated entity	
		30 June 2018	31 December 2017
	Note	$	$
CURRENT ASSETS			
Cash and cash equivalents		7,176,804	11,017,288
Trade and other receivables		7,960,940	6,421,142
Inventories		400,457	399,866
Other assets		760,113	1,088,481
Total current assets		**16,298,314**	**18,926,777**
NON-CURRENT ASSETS			
Plant and equipment	5	2,363,652	1,539,318
Goodwill		11,793,190	11,793,190
Intangibles		422,805	504,079
Deferred tax assets		5,176,146	4,830,957
Total non-current assets		**19,755,793**	**18,667,544**
Total assets		**36,054,107**	**37,594,321**
CURRENT LIABILITIES			
Trade and other payables	6	4,367,373	2,878,588
Interest bearing loans and borrowings	7	194,390	163,907
Current tax liabilities		-	209,288
Provisions		1,044,425	1,236,680
Total current liabilities		**5,606,188**	**4,488,463**
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	7	804,537	24,772
Contingent consideration	8,14	-	3,053,845
Provisions		183,784	112,338
Total non-current liabilities		**988,321**	**3,190,955**
Total liabilities		**6,594,509**	**7,679,418**
Net assets		**29,459,598**	**29,914,903**
EQUITY			
Contributed equity	9	80,363,400	79,892,904
Share based payment reserve		1,872,897	2,009,542
Accumulated losses		(52,776,699)	(51,987,543)
Total equity		**29,459,598**	**29,914,903**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2018

Consolidated	Contributed Equity	Accumulated profit/(losses)	Share based payment reserve	Total equity
	$	$	$	$
At 1 January 2017	80,075,545	(50,940,536)	1,333,472	30,468,481
Profit for the period	-	255	-	255
Other comprehensive Income	-	-	-	-
Total comprehensive income	**-**	**255**	**-**	**255**
Share based payments	-	-	378,522	378,522
Options exercised	280,000	-	-	280,000
Acquisition of treasury shares	(422,359)	-	-	(422,359)
At 30 June 2017	**79,933,186**	**(50,940,281)**	**1,711,994**	**30,704,899**
At 1 January 2018	79,892,904	(51,987,543)	2,009,542	29,914,903
Loss for the period	-	(789,156)	-	(789,156)
Other comprehensive income	-	-	-	-
Total comprehensive loss	**-**	**(789,156)**	**-**	**(789,156)**
Share based payments	-	-	364,052	364,052
Reversal of un-vested options	-	-	(501,214)	(501,214)
Acquisition of treasury shares	(379,504)	-	-	(379,504)
Other contributed equity on settlement of contingent consideration for acquisition of KP Electric	850,000	-	-	850,000
At 30 June 2018	**80,363,400**	**(52,776,699)**	**1,872,897**	**29,459,598**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2018

	Consolidated entity	
	30 June 2018	30 June 2017
	$	$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	15,609,973	8,208,897
Payments to suppliers, employees (inclusive of goods and services tax)	(18,619,600)	(10,845,311)
Interest and finance costs	(49,061)	(149,269)
Interest received	69,606	351,184
Income tax paid	(209,288)	-
Net cash used in operating activities	**(3,198,370)**	**(2,434,499)**
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(1,072,858)	(230,603)
Net cash used in investing activities	**(1,072,858)**	**(230,603)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	942,111	-
Repayment of borrowings	(131,863)	(619,021)
Proceeds from issue of equity instruments	-	280,000
Payments for shares acquired by the Employee Share Trust	(379,504)	(422,359)
Net cash provided by/(used in) financing activities	**430,744**	**(761,380)**
Net decrease in cash and cash equivalents	**(3,840,484)**	**(3,426,482)**
Cash and cash equivalents at beginning of period	11,017,288	25,711,347
Cash and cash equivalents as at 30 June	**7,176,804**	**22,284,865**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Corporate information

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 2018 were authorised for issue in accordance with a resolution of the directors on 29 August 2018.

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

NOTE 2: Basis of preparation and changes to the Group's accounting policies

2.1. Basis of preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with Australian Accounting Standard IAS 134 '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 2017 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*.

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. As required by AASB 134, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial report of the Group.

AASB 9 *Financial Instruments* ("AASB 9")

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 January 2018 (see note 2.3 for details of the new accounting policy for receivables).

Measurement and classification

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

NOTE 2: Basis of preparation and changes to the Group's accounting policies (cont'd)

Class of financial instrument presented in the statement of financial position	Original measurement category under (i.e. prior to 1 January 2018)	New measurement category under AASB 9 (i.e. from 1 January 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Contingent consideration	Financial liability at amortised cost	Financial liability at amortised cost
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 January 2018.

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 January 2018 $'000:
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable institutions.	-
Trade receivables	The Group applied the simplified approach and concluded that the lifetime ECL for these assets would be negligible and therefore no loss allowance was required at 1 January 2018.	-

NOTE 2: Basis of preparation and changes to the Group's accounting policies (cont'd)

AASB 15 *Revenue from Contracts with Customers* ("AASB 15")
The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach. In this regard, the Group applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

AASB 15 supersedes AASB 118 Revenue ("AASB 118"), AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Prior to the adoption of AASB 15, the Group accounted for revenue from provision of services with reference to the stage of completion of the transaction at the end of the reporting period, when the contract can be measured reliably. The stage of completion was determined with reference to the cost of services performed to date as a percentage of total anticipated costs to be performed. Where the outcome could not be estimated reliably, revenue was only recognised to the extent that related expenditure was recoverable. For sale of goods, the Group recognises revenue from sale of goods generally on delivery or installation of the goods, when risk and reward of ownership of the goods transfer to the customer.

At 1 January 2017 and 1 January 2018, all revenue contracts were assessed and it was determined that the adoption of AASB 15 had no significant impact on the Group. All of the company's contracts are for the provision of services or sale of goods, and it was determined that the adoption of AASB 15 had no significant impact on the Group in respect of these contracts. The new policies adopted by the Group are set out in note 2.3.

2.3 New accounting policies

Trade and other receivables (new policy applied from 1 January 2018 due to adoption of AASB 9 – see note 2.2 above for further details)

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

NOTE 2: Basis of preparation and changes to the Group's accounting policies (cont'd)

The Group considers an event of default has occurred when a financial asset is more than 120 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Revenue (new policy adopted from 1 January 2018 due to adoption of AASB 15 – see note 2.2 above for further details)

Provision of services
The Group provides maintenance, personnel management and electrical services.

Under AASB 15, the Group assesses the performance obligations with respect to each contract and in most cases applies the input method (including costs incurred, resources consumed and labour hours expended) in determining the amount of revenue to be recognised for contracts that contain performance obligations satisfied over time. For contracts where the right to consideration correspond directly with the value provided to the customer from the Group's performance, the Group has utilised the practical expedient to recognise revenue in the amount to which the Group has a right to invoice.

Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of equipment should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or installation of the goods.

NOTE 3: REVENUE

	Consolidated Entity	
	30 June 2018 $	30 June 2017 $
Revenue by type of customer:		
Government & infrastructure	6,993,839	1,757,068
Commercial	5,473,545	637,123
Education & aged care	1,422,569	103,812
Resources	694,816	1,605,845
Other	527,181	615,207
Total revenue	**15,111,950**	**4,719,055**

NOTE 4: OTHER EXPENSES

	Consolidated Entity	
	30 June 2018 $	30 June 2017 $
Project recoverable cost		
Project material cost	3,980,845	1,088,308
Candidate screening cost	123,527	34,183
Equipment and subcontractor costs	3,144,613	340,626
Total other expenses	**7,248,985**	**1,463,117**

NOTE 5: PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2018, the group acquired assets with a cost of $1,072,858 (the six months ended 30 June 2017: $230,603). Acquisitions during the period were mostly related to the purchase of piling rigs.

NOTE 6: TRADE AND OTHER PAYABLES

		Consolidated Entity	
	Note	30 June 2018 $	31 December 2017 $
Trade payables		1,247,776	1,521,425
Other payables		1,471,124	1,357,163
Consideration payable for acquisition of KP Electric	6(a)	1,648,473	-
Total trade and other payables		**4,367,373**	**2,878,588**

6(a) Consideration payable for acquisition of KP Electric

This payable arose as a result of the settlement of the contingent consideration payable in respect of the acquisition of KP Electric. Refer to note 14 for further details.

NOTE 7: INTEREST BEARING LOANS AND BORROWINGS

	Consolidated Entity	
	30 June 2018 $	31 December 2017 $
Current		
Other finance facilities (equipment, insurance, software)	194,390	163,907
Non-Current		
Other finance facilities (equipment, insurance, software)	804,537	24,772
Total interest bearing loans and borrowings	**998,927**	**188,679**

During the period, the Group purchased additional equipment which was funded by an equipment finance facility. The facility is secured over the equipment and has a repayment term of four years.

NOTE 8: CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2018.

NOTE 9: CONTRIBUTED EQUITY

		Consolidated Entity	
	Note	30 June 2018 $	31 December 2017 $
Ordinary shares fully paid	9(a)	79,883,990	79,919,240
Treasury shares	9(b)	(370,590)	(26,336)
Other contributed equity	9(c)	850,000	-
Balance as at 30 June 2018		**80,363,400**	**79,892,904**

	Consolidated Entity	
9(a) Movement in ordinary shares	Number of shares	$
Beginning of the financial period	**240,804,581**	**79,919,240**
Deduct: cost of treasury shares allocated under the Employee Share Incentive Rights Plan during the year	-	(35,250)
Balance as at 30 June 2018	**240,804,581**	**79,883,990**

	Consolidated Entity	
9(b) Movement in treasury shares	Number of shares	$
Beginning of the financial period	**(109,733)**	**(26,336)**
Acquisition of on-market shares	(2,000,000)	(379,504)
Issue of shares under Employee Share Incentive Rights Plan	150,000	35,250
Balance as at 30 June 2018	**1,959,733**	**(370,590)**

9(c) Other contributed equity

Other contributed equity relates to 3,863,636 shares to be issued in July 2019. Refer to note 14 for further details.

NOTE 10: SHARE-BASED PAYMENTS

In 2016 the company created an employee share trust for the purpose of acquiring, holding and transferring shares in connection with the Employee Share Option Plan ("ESOP") established by the Company for the benefits of participants in those plans.

Under the ESOP in the current period a total of 4,700,000 performance rights were issued to eligible employees on 22 March 2018. These performance rights had vesting conditions attached to them and the underlying share price at the date of issue was $0.19.

A total of 6,705,000 performance rights were forfeited during the period as a result of the termination or resignation of employees.

The movement in the performance rights on issue is set out below:

	30 June 2018 Number
Performance rights	
Balance at 1 January 2018	4,945,000
Issued during the period	4,700,000
Exercised during the period	(150,000)
Forfeited during the period	(6,705,000)
Balance at 30 June 2018	**2,790,000**

NOTE 11: DIVIDENDS

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

NOTE 12: 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 Directors believe it is appropriate to aggregate all construction and maintenance activities performed by the group into one segment and operates in one geographical area – Australia.

NOTE 13: SUBSEQUENT EVENTS

On 9 July 2018, the Company announced that they had entered into an agreement to acquire the business assets from Comsite Services Pty Ltd, a telecommunications maintenance services company conducting full end to end services on the mobile network infrastructure. Completion of this acquisition took place on 7 August 2018. The consideration for the acquisition was comprised of $700,000 in cash. As part of the agreement, Tempo is also required to pay certain amounts based on the future performance of Comsite and subject to the continued employment of key personnel. The Company at the date of this report has not yet completed the assessment of the fair value of assets and liabilities acquired in the acquisition, and accordingly is not able to make any additional disclosures regarding the provisional accounting of this acquisition. Disclosures for the business combination will be made in the financial statements for the year ending 31 December 2018.

Apart from the matter disclosed above, there are no other matters which have arisen since 30 June 2018 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.

NOTE 14: BUSINESS COMBINATION

On 24 July 2017, the Company entered into an agreement to acquire KP Electric (Australia) Pty Ltd ("KP Electric"), a leading national electrical services provider, for the cash consideration of $6,650,870 (net of cash acquired of $184,656) and contingent consideration of $2,895,531. The acquisition provides the Company with a stronger national presence.

The accounting for this acquisition in the 31 December 2017 financial statements was provisional pending the finalisation of the fair values of the assets and liabilities acquired. The goodwill represents the business's integrated national footprint, the assembled workforce and the expected synergies with the existing business. Details of the provisional fair value and the final fair value are as follows:

	Provisional fair value $	Final fair value $
ASSETS		
Cash and cash equivalents	175,459	184,656
Trade and other receivables	2,480,468	2,569,805
Inventories	696,019	240,681
Prepayments	36,445	36,445
Property, plant and equipment	797,502	797,502
Customer relationship intangibles	473,496	473,496
Deferred tax assets	127,556	55,188
Total Assets	**4,786,945**	**4,357,773**
LIABILITIES		
Trade and other payables	2,048,471	2,220,696
Borrowings	72,592	19,980
Current tax payable	420,170	403,688
Provisions (including employee benefits)	822,886	657,455
Total liabilities	**3,364,119**	**3,301,819**
Total identifiable net assets at fair value	**1,422,826**	**1,055,953**
Cash used to acquire business	**6,835,526**	**6,835,526**
Deferred consideration arising on acquisition	**2,895,531**	**2,895,531**
Goodwill arising on acquisition	**8,308,231**	**8,675,104**

NOTE 14: BUSINESS COMBINATION (cont'd)

The changes to the provisional accounting for the business combination took place as a result of management finalising their review of the assets and liabilities acquired. From the date of the acquisition to 31 December 2017, the business has contributed $8,163,210 of revenue and $625,807 of profits to the loss after tax. Had the acquisition occurred on 1 January 2017, the business would have contributed $8,499,544 of revenue and $942,790 of profits to the loss after tax for the half-year ended 30 June 2017.

The contingent consideration required the Company to pay the former owners of KP Electric where earnings targets are met up to a maximum of $3,350,000 undiscounted. The fair value of contingent consideration was estimated by applying a probability weighted discounted cash flow model. The fair value measurement is based on inputs that are not observable in the open market which AASB 13: Fair value measurement refers to as Level 3 inputs. The key assumption was the probability of achieving the earnings targets which was assumed as 100%.

In February 2018 an amendment was made to the share purchase agreement whereby the clauses relating to the contingent consideration were deleted and were instead agreed to be settled by way of deferred cash consideration of $1,000,000 payable in July 2018 and $648,473 payable in December 2018, and the issue of 3,863,636 ordinary shares in July 2019. The deferred cash consideration has been disclosed as part of trade and other payables at 30 June 2018, and the shares to be issued have been classified as part of contributed equity in the consolidated statement of financial position.

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 2018 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.

Ian Lynass
CEO and Managing Director

Date 29 August 2018

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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 consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 2018 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 2018 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

Ernst & Young

Philip Teale
Partner
Perth
29 August 2018

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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 2018, 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.

This declaration is in respect of Tempo Australia Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Philip Teale
Partner
29 August 2018