

safety | people | productivity



A people driven business improving productivity  
in the resources sector

Tempo Australia Limited  
and Controlled Entities  
Annual Report 31 December 2012

*"OUR VISION is to create a fully integrated, multidisciplinary Engineering, Procurement and Construction service provider delivering end-to-end turnkey solutions to the mining, oil and gas sectors in Australia"*

*Mr Robert Whitton  
Chairman*



Tempo Australia Limited  
ABN 51 000 689 725

ASX Code TPP

Registered Address  
Level 29, 66 Goulburn Street  
Sydney NSW 2000 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 2012. Any references in this report to 'the year' or 'the reporting period' relate to the financial year, which is 1 January 2012 to 31 December 2012 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.tempoaustr.com](http://www.tempoaustr.com) or alternative contact Link Market Services Limited of Level 12, 680 George Street, Sydney NSW 2000, +61 2 8280 7100.

# 2012

## ANNUAL REPORT



# tempo

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TEMPO AUSTRALIA LTD

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## Corporate Directory

### Directors

Nick Bowen	Executive Chairman (appointed 11 March 2013)
Robert Whitton	Non-Executive Director (Resigned as Non-Executive Chairman 11 March 2013)
Richard Wright	Managing Director
Carmelo Bontempo	Non-Executive Director
Peter Dykes	Non-Executive Director

### Executive Team

Giuseppe Leone	Chief Operating Officer
John Rainbow	Company Secretary

### Stock Exchange Listing

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

### Registered address

Level 29, 66 Goulburn Street  
Sydney NSW 2000 Australia

### Principal Place of business

Level 7, BGC Centre  
28 The Esplanade  
Perth WA 6000 Australia  
Telephone: 1300 4 TEMPO  
Email: [info@tempoaustr.com](mailto:info@tempoaustr.com)  
[www.tempoaustr.com](http://www.tempoaustr.com)

### Operational Offices

121 Fitzgerald Street  
West Perth WA 6005  
Telephone: 08 9328 1444  
Fax: 08 9328 2188  
Email: [info@tempoaustr.com](mailto:info@tempoaustr.com)

### Auditor

Pitcher Partners  
Level 22, MLC Centre  
19 Martin Place  
Sydney NSW 2000

Telephone: 02 9221 2099  
Fax: 02 9223 1762  
[www.pitcher.com.au](http://www.pitcher.com.au)

### Share Registry

Link Market Services  
Level 12  
680 George Street  
Sydney NSW 2000

Telephone: 02 8280 7100  
Fax: 02 9287 0303  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Solicitor

Law Corporation  
Level 1  
277 Sussex Street  
Sydney NSW 2000

Telephone: 02 8999 0599  
Fax: 02 9266 0955  
[www.lawcorporation.com.au](http://www.lawcorporation.com.au)

## 2012 In Review

### Highlights

- ✓ Change of activity to resource services
- ✓ Acquisition of Personnel Management
- ✓ First revenues in 2012 from resource services
- ✓ Appointment of Key Management
- ✓ Zero Harm, Nil Lost Time Injuries
- ✓ Share consolidation
- ✓ \$5.6m in capital raised through the issue of ordinary shares and early

**\$6.0m**

Revenue

**(0.6m)**

Adjusted Loss before tax<sup>1</sup>

**Zero Harm**

Safety Performance

**149.5M**

Ordinary Shares on Issue  
YE 2012

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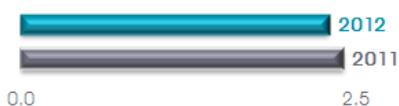
Net Assets (\$'M)



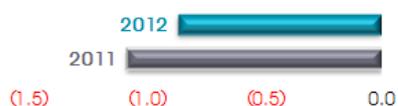
Loss after tax (\$'M)



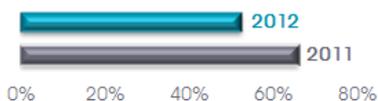
Cash (\$'M)



EPS (cents)



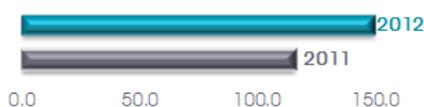
Top 20 Shareholders-  
% of Issued Capital



Adjusted loss before tax (\$'M)<sup>1</sup>



Issued capital (shares)<sup>2</sup>



Adjusted EPS before tax (cents)



1. Adjusted for acquisition and one-off non-operating items not expected in future years.  
2. Restated to post consolidation basis (1:10)

## Chairman's Statement

Robert Whitton

**"2012 has been a landmark year for Tempo"**



It is with much pleasure that I submit to you my fourth report as Chairman, welcoming new shareholders who have joined our register in 2012 and thanking existing shareholders who have continued their support for the company. 2012 has been a landmark year for Tempo with the board's strategic plan of moving into the resource services sector coming to fruition.

**"In 2012 we started with the People, our most valuable asset".**

*Charlie Bontempo  
Non Exec Director*

### The Year in Review

The successful transformation to resource services began in January with the appointment of our fellow director Richard (Dick) Wright to the executive position of Managing Director and appointment of Giuseppe Leone to the position of Chief Operating Officer. With the combined extensive experience and knowledge of the resources sector they together identified and brought to a successful close the acquisition of the Perth based provider of skilled construction and maintenance tradespeople to the resources sector, Industry Partners Pty Ltd, for purchase consideration of \$3.4M, made up of \$3.0M in cash and \$0.4M in shares.

The proposed acquisition was announced to the ASX on the 12<sup>th</sup> of April with the notice including, amongst other items, details of a proposed \$1.0m capital raising, name change and share consolidation.

The acquisition and corresponding change in activities, along with various other resolutions was approved by shareholders at the AGM held on the 31<sup>st</sup> of May and resulted in the company being suspended from official quotation.

On the 27<sup>th</sup> of June 2012 the company received official notification from the ASX of the company's successful re-compliance with Chapters 1 and 2 of the Listing Rules. This day will be an important date in the company's history and marks the day that the company was reinstated to official quotation and re-born as Tempo Australia Ltd with "TPP" as its Ticker. The name Tempo was chosen for its Latin meaning being "timing" and represents our commitment to clients to deliver on time and on budget.

This strategic acquisition of the Labour Management business has provided the base from which to further

expand Tempo's service offering providing:

**"a flexible and instant site-work ready labour pool from which to support construction and maintenance projects we undertake."**

*Giuseppe Leone  
Chief Operating Officer*

Several successful capital raisings were undertaken during the year commencing in March with \$2.0M raised under the 10% Rule. Furthermore, in April we saw the early exercise of unlisted options by directors and key shareholders which provided additional funding of \$1.6M. This early exercise demonstrated a strong sign of support with the board's strategy of pursuing opportunities and acquisitions in the resources services sector. The final capital raising for 2012 occurred in May alongside the completion of the acquisition with the shares on issue totalling 149.5m.

**149.5M**

Shares on Issue  
YE 2012

	Consolidated Entity	
	2012	2011
	\$	\$
Adjusted loss before tax	(622,724)	(789,052)
Acquisition related costs	(826,073)	-
Non-recurring corporate services	(123,137)	-
Loss before income tax	(1,571,934)	(789,052)
Adjusted EPS before tax (loss per share) - cents per share*	(0.432)	(1.075)

\*On a post consolidated basis.

The year was not without its challenges, in July the board announced that the company had entered into a Heads of Agreement for a second acquisition of a potential target which had annual revenues in the order of \$20m and bottom line in the order of \$2m, and was to commence a detailed and comprehensive due diligence process.

The board has always and will continue to maintain an unwavering disciplined, managed and controlled approach to acquisitions and organic growth. As a result of this approach, on the 3<sup>rd</sup> of October the board advised that it had suspended the due diligence process and ceased negotiations with the potential target.

Shortly after the reinstatement to quotation the company established a share sale facility for holders of unmarketable

parcels of the Company's shares. The facility closed in August with the parcels been successfully sold in one line at the market price of \$0.165. Approximately 877,000 shares were available and the sale of same has resulted in a reduction to the register of 3,199 shareholders and will result in significant cost reductions for the company.

2012 concluded with the appointment of a seasoned general manager, Mr Daniel Hibbs, to the position of General Manager and responsible for establishing Tempo's construction and maintenance services business and driving its organic growth.

We finished the year with strong levels of tendering activity for construction and maintenance projects in Tempo's core business. With the robust levels of enquiries the Company committed to intensify its focus on the organic growth of both its construction and maintenance and labour management.

#### Outlook

The outlook for the resource services sector remains robust with a significant pipeline of new capital projects, upgrades and sustaining capital works in excess of \$200Bn.

The Board is pleased to report that revenues from construction and maintenance activities commenced in March 2013 and will be a significant contributor to the December 2013 full year results along with a growing contribution from the personnel management business.

With the significant pipeline of projects, growth in the existing business and management strength the board are confident of achieving a strong result for 2013.

#### Strategy

The board's strategy is for Tempo to become a reputable and credentialed resource services company that is recognised by its employees, clients and shareholders for performance in:

- ✓ Health, Safety and Environment;
- ✓ Performance and Productivity;
- ✓ Quality; and
- ✓ Return to Shareholders

This will be achieved through a disciplined, managed and controlled approach to acquisitions and organic growth.

**Robert Whitton**  
Chairman  
Tempo Australia Ltd

## Managing Director's Statement

Richard (Dick) Wright

### The Year In Review

In 2012 we have been actively focused on setting the foundations to establish a people focused resource Services Company providing Engineering, Construction and Maintenance services to the oil and gas and mining sectors in Western Australia. Our first acquisition was Industry Partners Pty Ltd in June 2012 which provided Tempo with revenue and access to a large skilled and experienced labour force to support the future growth of the construction and maintenance business.

The transition of the Industry Partners business was smooth and performed in line with expectations achieving revenues of \$6.0M for the 6 months July to December 2012 making a positive contribution to the bottom line. The full year adjusted loss after tax for 2012 was a negative result of \$0.45m (2011: negative \$0.8m).

In the second half of the year we continued pursuing the acquisition strategy to establish the construction and maintenance capability. Several potential acquisition targets were evaluated. In July, we announced the signing of a non-binding sale agreement to acquire an asset management business undertaking construction and maintenance activities in the mining sector.

As a result of the detailed due diligence we had determined that a transaction was unlikely and announced the suspension of negotiations on the 3<sup>rd</sup> of October. The decision to suspend negotiations came as a result of the due diligence findings where it became evident that the target no longer met the performance selection criteria set by the board and had the potential to expose our company to an unacceptable level of risk.

In the fourth quarter we then changed our strategy to organic growth for construction and maintenance services and to achieve this, the board appointed Daniel Hibbs to General Manager of Construction and Maintenance.

### Operations

Our business development efforts have been focused on blue chip miners and tier 1 EPC/EPCM contractors to provide opportunities for the start-up construction and maintenance business. These efforts have resulted in first revenues in construction and maintenance commencing in Q1 2013.

### People, Safety

We are pleased with the achievement in 2012 of nil lost-time injuries. The Company will continue to develop its people, processes and systems as part of the on-going safety management program to ensure the highest level of health and safety standards.

Our Tempo People this year have participated in construction, shutdown and maintenance works across the Pilbara on various BHP Billiton, FMG and Chevron sites. These sites include Whaleback, Jimblebar and Eastern Ranges, Cloudbreak, Christmas Creek and Solomon and Gorgon to name a few.

During the year we finalised the "Tempo Employee Share Option Performance Plan" for implementation in 2013 and will be available to our people at various levels in the

Company, and is designed to assist in attracting, retaining and rewarding employees in a manner which supports the creation of shareholder wealth.

### Outlook

The current level of enquiries and tendering supports the organic growth strategy.

We are expanding Tempo Industry Partners to provide complete Personnel Management Services for project personnel, operations, construction and maintenance.

Going forward our focus is to achieve significant organic growth with the Construction and Maintenance and Personnel Management business streams.

### Richard (Dick) Wright

Managing Director  
Tempo Australia Ltd

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## Shareholder Information

The information below is current at 27 March 2013, 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	149	133,017,860	88.98%
10,001 to 100,000	335	14,427,670	9.65%
5,001 to 10,000	115	911,163	0.61%
1,001 to 5,000	300	1,045,397	0.70%
1 to 1,000	262	89,764	0.06%
<b>Total</b>	<b>1,161</b>	<b>149,491,854</b>	<b>100%</b>

Non marketable securities which are holdings 1,247,490 ordinary shares are held by 582 shareholders (2011: 3,696)

### Voting Rights

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

### Top 20 Shareholders

Rank	Name	Number of Shares	% of Issued Capital
1	BONTEMPO NOMINEES PTY LTD	17,750,000	11.87%
2	INVIA CUSTODIAN PTY LIMITED (R & A WRIGHT FAMILY S/F A/C)	17,145,773	11.47%
3	GAB SUPERANNUATION FUND PTY LTD	7,750,000	5.18%
4	EIGHTNINE PTY LTD	4,200,000	2.81%
5	NEFCO NOMINEES PTY LTD	4,038,786	2.70%
6	GENERAL INVESTMENT SERVICES PTY LTD	3,694,635	2.47%
7	MISS SILVANA MASALCOVSKI	3,259,957	2.18%
8	MR GIUSEPPE LEONE & MRS TERESA LEONE	2,857,143	1.91%
9	CEF SUPER PTY LTD	2,800,000	1.87%
10	FIRST STATE PTY LTD	2,777,778	1.86%
11	PERSHING AUSTRALIA NOMINEES PTY LTD	2,758,967	1.85%
12	SEARCH POINT PTY LTD	2,500,000	1.67%
13	FUND CONTRIBUTION SERVICES PTY LTD	2,400,000	1.61%
14	BLUEBASE PTY LTD	2,362,237	1.58%
15	SEEFELD INVESTMENTS PTY LTD	2,000,000	1.34%
15	PEDY INVESTMENTS PTY LTD	2,000,000	1.34%
16	MR DANNY HANNA	1,637,858	1.10%
17	MR MIRCEA DAN DUMITRESCU	1,251,928	0.84%
18	MR PETER JAMES DYKES	1,250,000	0.84%
18	SOUTH BANC GROUP PTY LTD	1,250,000	0.84%
19	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD	1,210,821	0.81%
20	KENNY FAMILY PTY LTD	1,200,000	0.80%
	<b>TOTAL</b>	<b>88,095,883</b>	<b>58.93%</b>
	<b>Balance of Register</b>	<b>61,395,971</b>	<b>41.07%</b>
	<b>Total Number of Ordinary Shares</b>	<b>149,491,854</b>	<b>100.00%</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 - "Tempo Way" with processes that influence everything that we do with our business. Tempo's Goal is to achieve HSE excellence in all tasks and activities that we do.

### Health and Safety

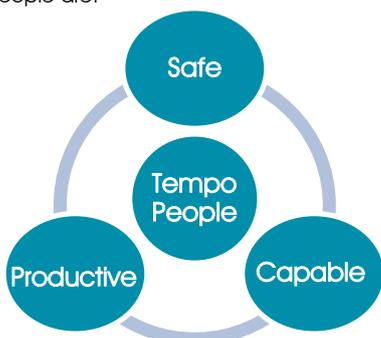
We strive for continuous improvement and ensure our Occupational Health and Safety Environment (OHSE) system in accordance with the OHS Act 1984 and OSH regulation 1996 codes of practise is providing a safe working environment for clients, customers, employees and subcontractors in all offices and on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

## Tempo 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.

Tempo people are:



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 resource services market will remain robust for the foreseeable future and the ability to attract, recruit and retain skilled people successfully is a top priority for Tempo.

### Environmental

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

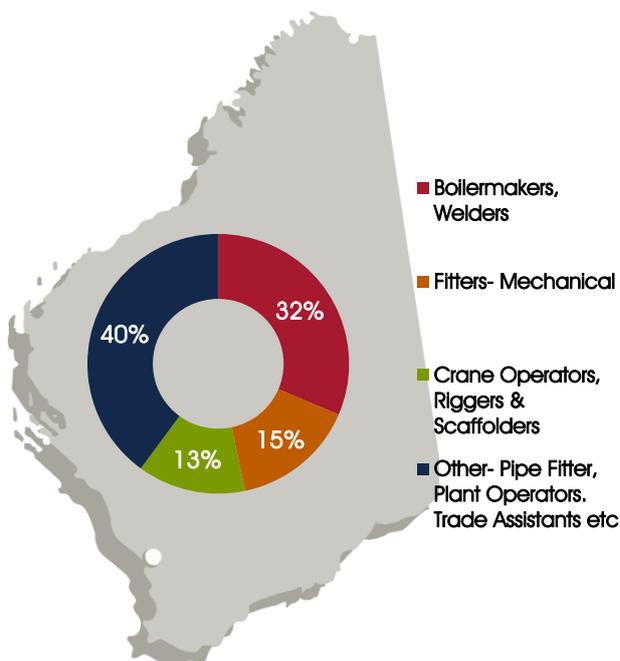
### International Labour Pool

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.

The ability to provide the number of people our clients require will be 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
- ◆ Providing our clients with access to overseas trades via our Government approved "on-hire" agreement.

With access to over 1,200 staff our skill profile is as follows:



## The Board in 2012

Richard (Dick) Wright and Carmelo (Charlie) Bontempo came together in 2011 with a common goal to create a Structural, Mechanical and Piping Company that would one day be considered a leader in productivity and safety as well as being recognised for its focus on people.

The current board of Robert Whitton (Chairman), Richard (Dick) Wright, Charlie Bontempo and Peter Dykes have lead the company to its successful transformation into a mining services business and pursuit of organic growth. With the Board's vast experience and a youthful management team, Tempo is poised to become another great success story in WA.

Looking to the future and a desire to attract the most talented individuals in the industry, the board was pleased to announce in January 2013 that Mr Nick Bowen has agreed to join the Tempo Board as Executive Chairman in March 2013.

***"Tempo is driven by some of the most knowledgeable and experienced people from the resources sector"***

*Steven Yatomi-Clarke,  
Director, Corporate Finance, Patersons Securities Limited*



### Nick Bowen

**Chairman** (Appointed 11 March 2013)  
Nick has more than 30 years of experience in resources with open cut mining, underground mining and civil engineering both in Australian and Internationally as well as significant executive experience with ASX listed Macmahon which had peak revenues of \$1.8B.

*"I share the vision and direction of the Directors in growing a SMP (Structural Mechanical Piping) resource services"*



### Robert Whitton

**Non-Executive Director**  
(Resigned as Chairman 11 March 2013)  
More than 25 years of business advisory, insolvency and reconstruction experience. Currently a Director at William Buck, Chartered Accountants and Advisors. Non-Executive Director to various listed Australian companies.

*"Our ambition is to grow a full service, site-focused EPC capability, setting new standards of productivity for the resources sector."*



### Richard Wright

**Managing Director**  
40 years of resources sector experience, delivering multi-billion dollar resource projects in Australia and internationally. A strong track record in growing resource services companies. Key roles with Rio Tinto, Fluor, Johns Perry, UIE (France), ADrail, Hancock Prospecting and Decmil.

*"Our key platform is to achieve continuous productivity improvement by engaging our people to participate and share in our core values."*

### Peter Dykes

**Non-Executive Director**  
Over 15 years of experience in the technology industry, advising some of Australia's largest corporate clients, including BHP Billiton, Boral and Telstra also small start-up companies in respect of their research and development and commercialisation efforts. Non-Executive Director to listed Australian companies.

*"Tempo will create stakeholder value by continuously engaging with both our clients and our people to ensure we maximise productivity and margin contribution."*



### Carmelo Bontempo

**Non-Executive Director**  
A Founding partner and former executive of UGL Limited, Managing Director of Monadelphous Group Limited and a key advisor to numerous private and publicly listed companies in Australia.

*"Many times in my life I have seen the positive contribution that people can make towards the success of a project, that is why we must always focus on and engage with our people."*

## Leadership Team

Tempo believes that the culture within the company will play a key role in the future success of Tempo and it is critical to preserve the culture as the company grows.

### **"A Management team with proven achievement at the coal face"**

*Richard (Dick) Wright, Managing Director*

Tempo believes that the leadership team plays an important role in fostering a positive culture, and as such bringing in the right leaders into the Tempo family is important. Each team member has been chosen individually by the board and chosen for their shared vision, ability, passion and commitment.



#### **Giuseppe Leone**

Chief Operating Officer

18 years of experience in Industrial Services in the oil and gas, minerals and mining, chemical and power sectors across South East Asia, Australia and the Pacific Rim.

*"How will Tempo excel? Through our tenacious pursuit of Excellence in safety, delivery and focus on customers as well as looking after our most important asset, our people"*



#### **Daniel Hibbs**

General Manager- Construction and Maintenance

18 years "hands-on" experience across Australia in the resources sector with key oil and gas experience. Significant exposure on projects across the Pilbara Region, WA.

*"The Tempo Way is to be an SMP company most admired for its people, partnership and performance."*



#### **Craig Hudson**

General Manager- Personnel Management

13 years in managed labour services, recruitment and labour hire to the resources sector. Previously, general Manager of Mining and Resources for the Integrated Group.

*"Tempo will succeed in today's dynamic marketplace by safely delivering positive outcomes to clients, candidates and shareholders alike."*



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## 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 controlled, for the financial year ended 31 December 2012 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

### Principal activities

During the year end 31 December 2012 the company changed the nature and scale of its activities through the acquisition of the business of Industry Partners Pty Ltd ACN 103 689 309 in its own capacity and in its capacity as trustee of The K Trust and of the P Trust and for Industry Partners a partnership of these trusts ABN 20 623 309 527 and Immigration Partners Pty Ltd ACN 123 166 496 (together Industry Partners). The change in nature, being to resource services, and scale of activities was approved by shareholders on the 31 May 2012 at the company's annual general meeting.

The principal activity through wholly owned subsidiary Tempo Industry Partners Pty Ltd, was the provision of skilled and semi-skilled tradespeople on an on-hire basis to the resources sector.

The company also continued to evaluate potential acquisition targets as well as driving organic growth into the resources sector.

### Results

The consolidated loss after income tax attributable to the members of Tempo Australia Limited was \$1,237,319.

### Review of operations

Some of the significant transactions during the year included:

- 23 January 2012 - The Company announced the appointment of Mr Richard (Dick) Wright as Managing Director and Mr Giuseppe Leone as Operating Officer. These gentlemen bring a wealth of corporate expertise to the company generally but also specifically the Resource Services Sector.
- 26 March 2012 – The Company issued 111,111,111 (pre-consolidation) Shares at 0.018 cents per share to sophisticated investors raising \$2,000,000.
- 13 April 2012 – The board announced to the ASX that the company had entered into a binding agreement to acquire the business of Industry Partners.
- 19 April 2012 – 160,000,000 (pre-consolidation) options, exercisable at \$0.01, were exercised well ahead of the expiry date of 31 December 2014 raising \$1,600,000.
- 7 May 2012 – Prospectus lodged offering for subscription up to 5,000,000 shares (post-consolidation) at an issue price of \$0.20 to Directors and sophisticated investors to raise \$1,000,000.
- 31 May 2012 – The Annual General Meeting (AGM) was held and all resolutions put to shareholders were passed with the most significant being:
  - i. Approval of the shares issued on the 26 March 2012.
  - ii. Approval for change in scale of activities and acquisition of the business and Assets of Industry Partners.
  - iii. Consolidation of capital at a ratio of 1 share for every 10 held.
  - iv. Change of name to Tempo Australia Ltd.
- 31 May 2012 – Immediately following the approval of the acquisition of the business of Industry Partners, the

company was suspended, at its own request, from official quotation in order to comply with Chapters 1 and 2 of the Listing Rules.

- 7 June 2012 – The offer under the Prospectus lodged on 7 May 2012 was fully subscribed and closed.
- 27 June 2012 – The Company was reinstated to official quotation as Tempo Australia Ltd following re-compliance with Chapters 1 and 2 of the Listing Rules.
- 3 July 2012 – The Board established a share sale facility for the holders of unmarketable parcels in the company's shares.
- 30 July 2012 – The Board announced that it had entered into a non-binding heads of agreement to acquire 100% of the issued shares of a West Australian based Asset Management Group.
- 13 August 2012 – The share sale facility for the holders of unmarketable parcels was closed with 877,000 shares sold under the facility reducing the number of shareholders to 3,199.
- 3 September – Patersons Corporate Finance- Melbourne was appointed as corporate adviser.
- 3 October 2012 – Due diligence of and negotiations with a West Australian based Asset Management Group were suspended as a result of the due diligence findings.
- 5 November 2012 – Mr Daniel Hibbs appointed to the position of General Manager of Tempo Construction and Maintenance, being responsible for the establishment of the Construction and Maintenance business as well as driving organic growth.
- 27 November 2012 – The Board advised the market that tendering activities for construction and maintenance projects in Western Australia commenced strongly with first revenues expected in the March 2013 Quarter.
- 29 January 2013 – The Board advised the market that Mr Nick Bowen, former CEO of ASX listed Macmahon Holdings Ltd has agreed to join the Tempo Board as Executive Chairman in March 2013 bringing with him, over 30 years' experience in the industry.

### Cash Position

The overall net cash position in the year reduced \$106,531 from \$2,382,436 at 31 December 2011 to \$2,275,905 at 31 December 2012.

### 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

In January 2013 that Mr Nick Bowen has agreed to join the Tempo Board as Executive Chairman in March 2013.

Nick has more than 30 years of experience in resources with open cut mining, underground mining and civil engineering both in Australian and Internationally as well as significant executive experience with ASX listed Macmahon which had peak revenues of \$1.8B

In March 2013, Tempo Construction and Maintenance has been awarded its first contract to work on the Cape Lambert Construction Project to supply supervisors and trades to Laing O'Rourke. The project is expected to generate 3.2M over 14 weeks.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity,

the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### Likely developments

The Group will continue its strategy of organic growth focusing on Western 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.

There were no options issued during the year.

#### Shares issued on exercise of options

160,000,000 (pre-consolidation) shares were issued during the year from the exercise of 160,000,000 (pre-consolidation) options at \$0.01 raising \$1,600,000. No other shares were issued as a result of an exercise of options.

#### Indemnification and insurance of Directors and Officers

For the year ended 31 December 2012 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 qualifications, experience and special responsibilities of each person who is a director of Tempo Australia Limited during the financial year and up to the date of this report is provided below, together with details of the company secretary.

**Mr Nick Bowen-** (Appointed 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 as well as significant executive experience with ASX listed Macmahon which had peak revenues of \$1.8B.

**Mr Robert Whitton-** Initial appointed 20 August 2010

#### Experience and expertise

Robert Whitton is a Director at William Buck, Chartered Accountants and Advisors where he is head of their Business Recovery team. He has 28 years insolvency, reconstruction and business advisory experience gained across a range of accounting firms. He is a Fellow of the Institute of Chartered Accountants, an Official Liquidator, Trustee in Bankruptcy and a Certified Fraud Examiner.

Robert has been Chairman of Tempo since August 2010 and was instrumental in its restructure and relisting on the ASX.

He has been a Director of Nexbis Ltd (ASX:NBS) since October 2010 and a Director of The Australian Wine Consumers Co-operative Society Ltd ("The Wine Society") for in excess of 9 years having been its Chairman for 3 years. Directorships in listed companies in the last three years Nexbis Ltd

**Mr Peter Dykes-** Initial appointed 17 March 2010

#### Experience and expertise

Peter has over 15 years of experience in the technology industry, advising some of Australia's largest corporate clients, including BHP Billiton, Boral and Telstra and also small start-up companies in respect of their research and development and commercialisation efforts.

Peter is a Fellow of the Tax Institute of Australia and has an accounting/commerce degree. He spent a number of years with KPMG and was a founding member of KPMG's technology advisory practice in Melbourne and Sydney. Directorships in listed companies in the last three years Nexbis Limited

**Mr Richard Wright -** Initial appointed 3 August 2011

#### Experience and expertise

Mr Wright is one of Australia's most experienced and respected leaders in mining and oil and gas development and began his career as a mechanical engineer in Australia's mining heartland of Broken Hill. He has started, grown, steered and governed a wide range of both public and private projects and has significant international experience working alongside industry leaders.

He has a proven track record of driving business growth with many successes in the resource development sector. He has held the position of Chairman, Managing Director and Board Member for both private and publicly listed companies in Australia, Europe and the USA in the mining, oil and gas, engineering and construction services/sectors.

Mr Wright has created businesses, turned start-up operations into thriving public companies, steered major corporations to sustained success, and delivered the largest resource development projects to meet demanding cost and timing targets. He has an outstanding record in both corporate governance and executive accountability. Directorships in listed companies in the last three years Brockman Resources Limited

**Mr Carmelo Bontempo - Initial appointed 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.

Directorships in listed companies in the last three years  
None

He has experience in the services and goods sectors as well as in global industry and as a commercial lawyer in private practice.

His corporate experience includes directorships general counsel and company secretary of public and privately held companies. Recent roles include acting as Senior Corporate Counsel for RESMED INC (ASX:RMD) and as a founding shareholder, promoter and General Counsel of unlisted public company Unistraw International Ltd and was integral in the development of its patented and trademark branded food and beverage product, Sipahh. As a result he brings a wealth of highly relevant expertise to the company. Directorships in listed companies in the last three years  
None.

**Mr John Rainbow - Company Secretary- Initial appointed 28 October 2010**

**Experience and Expertise**

John has been a practicing lawyer since 1978. He is a Consulting Lawyer at Sydney based law firm Watson Mangioni.

**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:

	Board of Directors		Audit & Compliance Committee		Remuneration Committee		Governance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Robert Whitton	14	14	-	-	-	-	-	-
Richard Wright	14	14	-	-	-	-	-	-
Peter Dykes	14	14	-	-	-	-	-	-
Carmelo Bontempo	14	14	-	-	-	-	-	-
John Rainbow	14	13	-	-	-	-	-	-

Although there were no meeting held for Audit and Compliance Committee, Remuneration Committee and Governance Committee, the Board of Directors form the members of these committees.

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

Directors' relevant interests in shares of Tempo Australia Limited or options over shares in the company as at 31 December 2012 are detailed below.

	2012		2011	
	Ordinary Shares	Options over Ordinary shares	Ordinary Shares <sup>1</sup>	Options <sup>1</sup> over Ordinary shares
Robert Whitton	750,000	-	-	500,000
Richard Wright	17,055,773	-	12,857,142	2,500,000
Peter Dykes	11,927,633	-	11,470,000	500,000
Carmelo Bontempo	17,969,000	-	12,857,143	2,500,000
John Rainbow	-	-	-	-
<b>Total</b>	<b>47,702,406</b>	<b>-</b>	<b>37,184,285</b>	<b>6,000,000</b>

<sup>1</sup> on a post consolidation basis.

**Directors' Interests in Contracts**

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors Report.

No director has entered into a material contract with the company or consolidated entity (other than an employment contract) since the end of the previous year and, there were no material contracts involving directors' at 31 December 2011.

**Auditor's Independence Declaration**

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

**Non-Audit Services**

Non-audit services are approved by audit committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher 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:

	2012 \$	2011 \$
Taxation services, due diligence and corporate secretarial services	20,883	10,708

## REMUNERATION REPORT

### 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, in consultation with the board Remuneration and Nomination Committee. 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 specified 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 2012 were: -

### Directors

Robert Whitton	Chairman
Richard Wright	Managing Director
Peter Dykes	Non-Executive Director
Carmelo Bontempo	Non-Executive Director
John Rainbow	Company Secretary

### Executives

Giuseppe Leone	Chief Operating Officer (appointed 1 July 2012)
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There have been no changes to executive or director compensation arrangements after reporting date and the date the financial report was authorised for issue.

The names and positions of each person who held the position of director at any time during the financial year is provided above. The directors and executives in the consolidated group who received the highest remuneration for the financial year are named above.

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	Retirement benefits	Incentive plans	Options granted		
<b>2012</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Robert Whitton	80,000	-	-	-	-	-	-	-	80,000	Not applicable
Peter Dykes	40,000	-	-	-	-	-	-	-	40,000	Not applicable
John Rainbow	25,000	-	-	-	-	-	-	-	25,000	Not applicable
Richard Wright	193,333	-	-	-	-	-	-	-	193,333	Not applicable
Carmelo Bontempo	40,000	-	-	-	-	-	-	-	40,000	Not applicable
Giuseppe Leone*	156,000	-	-	-	14,040	-	-	-	170,040	Not applicable
<b>Total</b>	<b>534,333</b>	-	-	-	<b>14,040</b>	-	-	-	<b>548,373</b>	
<b>2011</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Robert Whitton	80,000	-	-	-	-	-	-	979	80,979	1.2
Peter Dykes	31,005	-	-	-	-	-	-	979	34,037	3.1
John Rainbow	25,000	-	-	-	-	-	-	-	25,000	Not applicable
Richard Wright	13,118	-	-	-	-	-	-	4,897	13,118	27.2
Carmelo Bontempo	16,452	-	-	-	-	-	-	4,897	16,452	23.0
Ben Dillon	34,037	-	-	-	-	-	-	-	-	Not applicable
Ian Chalmers	33,211	-	-	-	-	-	-	-	-	Not applicable
<b>Total</b>	<b>232,823</b>	-	-	-	-	-	-	<b>11,752</b>	<b>244,575</b>	

\*Giuseppe's appointment as COO was from 1<sup>st</sup> July 2012 and the remuneration for the same period is reflected in the report.

(D) Compensation by category for Directors and nominated executives

	Consolidated Entity	
	2012	2011
	\$	\$
Short-term employment benefits	534,333	232,823
Post-employment benefits	14,040	-
Other long-term benefits	-	11,752
Termination benefits	-	-
<b>Total</b>	<b>548,373</b>	<b>244,575</b>

DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Compensation Options:

There were no compensation options granted and vested during the year to 31 December 2012 (consolidated).

(b) Compensation Options: Granted, vested and exercised (consolidated)

	Number of Options '000				Exercised		Long-term	Share-based payments	TOTAL
	Held at 1 Jan 2012	Issued during the year	Exercised during the year	held at 31 Dec 2012	Date	Price	Incentive plans	Options granted	
Robert Whitton	5,000	-	5,000	-	19/04/2012	\$0.01	-	-	-
Peter Dykes	5,000	-	5,000	-	19/04/2012	\$0.01	-	-	-
John Rainbow	-	-	-	-	-	-	-	-	-
Richard Wright	25,000	-	25,000	-	19/04/2012	\$0.01	-	-	-
Carmelo Bontempo	25,000	-	25,000	-	19/04/2012	\$0.01	-	-	-
<b>Total</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>19/04/2012</b>	<b>\$0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The value of each person's remuneration that consists of options is shown in the preceding tables. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. No options previously granted as remuneration have lapsed during the year.

The basis for share-based compensation of directors and executives is disclosed the remuneration policy described above.

(d) Shares issued on exercise of compensation options (consolidated)

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

(e) The number of options held by directors and key management personnel (consolidated)

Are as described in the preceding table.

(f) Number of shares held by directors

Relevant interest in ordinary shares held in Tempo Australia Limited by directors as at 31 December 2012.

	Number of Shares '000			
	Opening balance 1 January 2012*	Acquired	Disposed or retired as a director	Closing Balance 31 December 2012
Robert Whitton	-	750	-	750
Peter Dykes	11,470	8,798	8,340	11,928
John Rainbow	-	-	-	-
Richard Wright	12,857	4,199	-	17,056
Carmelo Bontempo	12,857	5,112	-	17,969
<b>Total</b>	<b>37,184</b>	<b>18,859</b>	<b>8,340</b>	<b>47,703</b>

\*Opening balance is stated as a post-consolidation amount.

#### SERVICE AGREEMENTS

The company currently does not have service agreements with its directors. It does however intend in the short term to put in place 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:

Currently there are no executives of the company.

Signed in accordance with a resolution of the directors.



Robert Whitton  
Director  
Sydney  
Date 28 March 2013

## CORPORATE GOVERNANCE STATEMENT

The comments below apply for the year ended 31 December 2012.

### 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

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

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

#### 7.2 Objectives

7.2.1 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.

7.2.2 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?

7.3.1 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.

7.3.2 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.

7.3.3 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

7.4.1 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.

7.4.2 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.

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

7.4.4 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

7.5.1 In addition to the restrictions in clauses 7.4, 7.7 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

7.6.1 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

7.6.2 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.

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

7.6.4 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

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

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

7.7.3 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

7.8.1 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

7.9.1 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)).

7.9.2 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.

7.9.3 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.

7.9.4 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.

7.9.5 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).

- 7.9.6 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**
- 7.10.1 Key Management Personnel must notify the Company Secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.
- 7.10.2 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**
- 7.11.1 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.
- 7.11.2 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.
- 7.11.3 The details of the Security Arrangements that must be provided pursuant to paragraph 7.11.1 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**
- 7.12.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days.
- 7.12.2 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.
- 7.12.3 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**
- 7.13.1 Strict compliance with this policy is a condition of employment.
- 7.13.2 A contravention of this policy by any Key Management Personnel may result in the summary dismissal of that person.
- 7.14 **Application**
- 7.14.1 This policy applies to all directors, employees and consultants and its subsidiaries.
- 7.14.2 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.

7.14.3 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.

7.14.4 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 7.3.1;
- **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)(iii)), 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.
- (b) 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 24% and male 76%. 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

### To the Directors of Tempo Australia Limited

In relation to the independent audit of Tempo Australia Limited for the year ended 31 December 2012, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct.



ROD SHANLEY  
Partner

PITCHER PARTNERS

Sydney  
28 March 2013

Tempo Australia Limited and Controlled Entities  
Statement of Comprehensive Income  
For the year ended 31 December 2012

	Note	Consolidated Entity	
		2012 \$	2011 \$
Revenue	3	5,898,237	-
Other Income	3	100,202	184,234
<b>Revenue</b>		<b>5,998,439</b>	<b>184,234</b>
Employee and director benefits expense		5,928,584	232,823
Administration costs		434,454	-
Legal fees		191,925	138,099
Occupancy costs		33,526	-
Depreciation and amortisation	7, 11	52,109	5,945
Insurance		164,749	2,886
Other expenses		202,271	-
Listing and other statutory charges		132,585	12,429
Other professional expenses		430,170	581,104
<b>Total Expenses</b>		<b>7,570,373</b>	<b>973,286</b>
<b>Loss before income tax benefit</b>		<b>(1,571,934)</b>	<b>(789,052)</b>
Income tax benefit	4	334,615	-
<b>Loss attributable to the members of the parent</b>		<b>(1,237,319)</b>	<b>(789,052)</b>
Other comprehensive income			
<b>Total comprehensive income</b>		<b>(1,237,319)</b>	<b>(789,052)</b>
<b>Net Loss attributable to members of the parent entity</b>		<b>(1,237,319)</b>	<b>(789,052)</b>
<b>Non-Controlling Interest</b>		<b>-</b>	<b>-</b>
<b>Earnings per share</b>			
Basic earnings (loss) – cents per share*	16	(0.858)	(1.075)
Diluted earnings (loss) – cents per share*	16	(0.858)	(1.034)

\* Earnings (loss) – cents per share are stated based on-post-consolidation basis

Tempo Australia Limited and Controlled Entities  
Statement of Financial Position  
For the year ended 31 December 2012

	Note	Consolidated Entity	
		2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,275,905	2,382,436
Trade and other receivables	5	1,167,412	51,928
Other assets	6	225,127	27,059
<b>Total Current Assets</b>		<b>3,668,444</b>	<b>2,461,423</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	101,172	53,505
Goodwill	8	3,118,087	-
Intangibles	11	189,000	-
Deferred Tax Assets	19	423,325	-
<b>Total Non-Current Assets</b>		<b>3,831,584</b>	<b>53,505</b>
<b>Total Assets</b>		<b>7,500,028</b>	<b>2,514,928</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,195,134	29,269
Provisions	13	87,844	-
<b>Total Current Liabilities</b>		<b>1,282,978</b>	<b>29,269</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	19	88,710	-
<b>Total Non-Current Liabilities</b>		<b>88,710</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,371,688</b>	<b>29,269</b>
<b>Net Assets</b>		<b>6,128,340</b>	<b>2,485,659</b>
<b>EQUITY</b>			
Contributed equity	14	67,506,693	62,626,693
Accumulated losses		(61,378,353)	(60,141,034)
<b>Total Equity (Deficiency)</b>		<b>6,128,340</b>	<b>2,485,659</b>

Tempo Australia Limited and Controlled Entities  
Statement of Changes in Equity  
For the year ended 31 December 2012

	Note	Consolidated Entity	
		2012 \$	2011 \$
Retained losses at the beginning of the year		(60,141,034)	(59,351,982)
Loss for the year		(1,237,319)	(789,052)
<b>Retained losses at the end of the year</b>		<b>(61,378,353)</b>	<b>(60,141,034)</b>
Transactions with equity holders in their capacity as equity holders:			
Contributed equity at the beginning of the year		62,626,693	59,108,000
Issue of shares and options		5,000,000	3,668,693
Option expired		-	-
Fund raising costs		(120,000)	(150,000)
<b>Contributed equity at the end of the year</b>		<b>67,506,693</b>	<b>62,626,693</b>
<b>Total Equity at the end of the year attributable to members of the parent</b>		<b>(6,128,340)</b>	<b>2,485,659</b>
<b>Non-Controlling Interest</b>		<b>-</b>	<b>-</b>

Tempo Australia Limited and Controlled Entities  
Statement of Cash Flows  
For the year ended 31 December 2012

	Note	Consolidated Entity	
		2012 \$	2011 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,388,187	-
Payments to suppliers, employees and transfers to administrator		(7,120,470)	(917,349)
Interest received		40,738	20,823
<b>Net cash used in operating activities</b>	15	<b>(1,691,545)</b>	<b>(896,526)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of business		(2,886,609)	-
Payments for property plant and equipment		(8,377)	-
<b>Net used in investing activities</b>		<b>(2,894,986)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity instruments		4,600,000	3,368,693
Equity issue transaction costs		(120,000)	(150,000)
<b>Net cash provided by financing activities</b>		<b>4,480,000</b>	<b>3,218,693</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(106,531)</b>	<b>2,322,167</b>
Cash and cash equivalents at beginning of year		2,382,436	60,269
<b>Cash and cash equivalents at end of the year</b>		<b>2,275,905</b>	<b>2,382,436</b>

## Tempo Australia Limited and Controlled Entities Notes to the Financial Statements For the year ended 31 December 2012

### NOTE 1: BASIS OF PREPARATION

Tempo Australia Limited is domiciled in Australia as the parent entity of the consolidated group.

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.

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 (IFRS). 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, 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 financial statements were authorized for issue on 27 March 2013 by the directors of the company.

#### Going Concern

The financial report for the year ended 31 December 2012 has been prepared on a going concern basis, which contemplates the group, has the ability to pay its debts as and when they fall due.

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.

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 Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

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

### **(b) 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, 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.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

### **(c) 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.

### **(d) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### **Property**

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

#### **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 (refer to Note 8 for details of impairment).

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.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the group 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 rate used are listed as below

Asset Class	Depreciation Rate
Furniture's, 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.

#### (e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

#### (f) Intangibles

Customer contracts

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.

### g) Impairment of assets

At the end of each reporting period, the Group 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, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 (eg in accordance with the revaluation model in AASB 116). 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 Group 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 indefinite lives.

### h) 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.

### i) 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.

## 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 (ie trade date accounting is adopted).

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 Group 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.

### *(i) 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.

### *(ii) 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.

**(k) Foreign currencies**

*Functional and presentation currency*

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

*Transactions and balances*

Tempo Australia Limited and its subsidiaries presently transact in foreign currencies. Transactions in foreign currencies of entities within the entity are translated into the functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. Resulting exchange differences arising on settlement or re statement would be recognised as revenues and expenses for the financial year.

**(l) 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.

**(n) 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.

**(o) Goodwill**

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

- (vi) the consideration transferred;
- (vii) any non-controlling interest; and

(viii) 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.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

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 the Group's cash-generating units 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.

#### **(p) Impairment**

At the end of each reporting period, the Group 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 Group 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.

#### (q) 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. Refer to Note 5 for further discussion on the determination of impairment losses.

#### (r) 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.

#### (s) 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 Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- *AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments.

The key changes made to accounting requirements include:

- i. simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- ii. simplifying the requirements for embedded derivatives;
- iii. removing the tainting rules associated with held-to-maturity assets;
- iv. removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- v. allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- vi. requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- vii. requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow the IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. This Standard is not expected to significantly impact the Group's financial statements.

- ***AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests In Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments In Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).***

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

This Standard is not expected to significantly impact the Group's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Group's financial statements.

- ***AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).***

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- ***AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).***

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

- ***AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).***

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- ***AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).***

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- i. removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- ii. disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and re-measurements and recognition of:
  1. service cost and net interest expense in profit or loss; and
  2. re-measurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

This Standard is not expected to significantly impact the Group's financial statements.

- ***AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).***

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

- ***AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).***

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

- ***AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 (applicable for annual reporting periods commencing on or after 1 January 2013).***

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- i. AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- ii. AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- iii. AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- iv. AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- v. AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

**NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are based on past performance and management's expectation for the future.

***Critical accounting estimates and assumptions***

The consolidated group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**(a) Impairment**

The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Refer to note 8.

**(b) Income Tax**

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future tax benefits will be available to utilise those temporary differences.

**Note 3**

REVENUE	Consolidated Entity	
	2012 \$	2011 \$
Revenues from operations	5,898,237	-
Interest Income	40,738	20,823
Income from administration	59,464	163,411
<b>Total Revenue</b>	<b>5,998,439</b>	<b>184,234</b>

**Note 4**

INCOME TAX	Consolidated Entity	
	2012 \$	2011 \$
Profit (loss) before income tax	(1,571,934)	(789,052)
At the statutory income tax rate of 30% (2011: 30%)	(471,580)	(236,716)
Tax effect of amounts which are not deductible in calculating taxable income	136,965	-
Tax losses and timing differences not recognised as future tax benefits	-	236,716
<b>Income tax expense (benefit)</b>	<b>(334,615)</b>	<b>-</b>

Note 5

RECEIVABLES	Consolidated Entity	
	2012 \$	2011 \$
CURRENT		
Trade receivables	1,076,519	-
Other receivables	90,893	51,928
<b>Total Current Receivables</b>	<b>1,167,412</b>	<b>51,928</b>

The following table details the Group's 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 Group 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 Group.

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>2012</b>						
Trade and term receivables	1,076,519	23,756	371,898	295,073	407,372	-
Other receivables	90,893		90,893			
<b>Total</b>	<b>1,167,412</b>	<b>23,756</b>	<b>462,791</b>	<b>295,073</b>	<b>407,372</b>	<b>-</b>
<b>2011</b>						
Other receivables	51,928	-	51,928	-	-	-
<b>Total</b>	<b>51,928</b>	<b>-</b>	<b>51,928</b>	<b>-</b>	<b>-</b>	<b>-</b>

Specific provision of bad debt is provided for the full amount owed by TSG Project who has been placed into liquidation. No recovery is expected.

Note 6

OTHER CURRENT ASSETS	Consolidated Entity	
	2012 \$	2011 \$
Prepayments		
Insurances	185,534	-
Utilities	33,530	-
Other	6,063	27,059
<b>Total Other Current Assets</b>	<b>225,127</b>	<b>27,059</b>

**Note 7**

PROPERTY, PLANT AND EQUIPMENT	Consolidated Entity	
	2012	2011
	\$	\$
Furniture and Fixtures - At Cost	6,335	-
Furniture and Fixtures - Accumulated Depreciation	(888)	-
<b>Net Book Value Furniture and Fixture</b>	<b>5,447</b>	<b>-</b>
Plant and Equipment - At Cost	93,688	59,450
Plant and Equipment - Accumulated Depreciation	(16,880)	(5,945)
<b>Net Book Value Plant and Equipment</b>	<b>76,788</b>	<b>53,505</b>
IT - At Cost	9,051	-
IT - Accumulated Depreciation	(682)	-
<b>Net Book Value IT</b>	<b>8,369</b>	<b>-</b>
Motor Vehicle - At Cost	12,372	-
Motor Vehicle - Accumulated Depreciation	(1,804)	-
<b>Net Book Value Motor Vehicle</b>	<b>10,568</b>	<b>-</b>
<b>Total Cost</b>	<b>121,426</b>	<b>59,450</b>
<b>Total Accumulated Depreciation</b>	<b>(20,254)</b>	<b>(5,945)</b>
<b>Total Net Book Value</b>	<b>101,172</b>	<b>53,505</b>

**Reconciliations**

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Carrying amount at beginning of year	53,505	59,450
Additions	61,976	-
Depreciation Expense	(14,309)	(5,945)
Impairment	-	-
<b>Carrying amount at end of year</b>	<b>101,172</b>	<b>53,505</b>

**Note 8**

GOODWILL	Consolidated Entity	
	2012	2011
	\$	\$
Goodwill - At Cost	3,118,087	-
Accumulated impairment losses	-	-
<b>Net Carrying Amount</b>	<b>3,118,087</b>	<b>-</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	-	-
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Acquisitions through business combinations	3,118,087	-
Amortisation Expense	-	-
Impairment	-	-
<b>Carrying amount at end of year</b>	<b>3,118,087</b>	<b>-</b>

#### Impairment disclosures

Goodwill is allocated to Tempo Industry Partners. Since the acquisition in June to December 2012, excluding the intercompany loan the unit has generated AUD\$0.35M cash through operating activities with over AUD\$1.5M net current assets.

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 group'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 (revenue and exposure)	10.00%
Discount Rate	12.50%

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 9

ACQUISITION OF BUSINESS ASSETS	Fair Value
	\$
<b>Purchase Consideration</b>	
Cash	2,886,609
Equity Issued	400,000
	<b>3,286,609</b>
Less: Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	(54,439)
Contract rights (net of deferred tax)	(226,800)
Provision for employee entitlements (net of deferred tax)	112,717
<b>Goodwill</b>	<b>3,118,087</b>
Purchase consideration settled in cash	2,886,609
<b>Cash outflow on acquisition</b>	<b>2,886,609</b>

Tempo Group completed the acquisition of Industry Partners Pty Ltd and Immigration Partners Pty Ltd on the 26<sup>th</sup> June 2012. This acquisition

- enables Tempo to launch into the resource service sector;
- provide high growth rate opportunity;

- give the company access to a large pool of Australian and overseas skilled tradespeople;
- provides a registered trade agreement with the Department of Immigration and Citizenship to sponsor and on-hire overseas skilled tradespeople; and
- has the flexibility to integrate with and complement future acquisitions.

The goodwill is attributable to Industry Partners Pty Ltd's strong position and competitive advantage in labour hire specifically in the mining services sector.

No amount of the goodwill is deductible for tax purposes.

Profit before tax and revenue resulting from the acquisition of Industry Partners Pty Ltd amounting to \$0.6M and \$6M respectively are included in the statement of comprehensive income for the year ended 31 December 2012. If Tempo had Industry Partners for the full year, the Industry Partners business would have contributed \$11.5M in revenue and \$1.3M in profit before tax.

#### Note 10

#### 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 the mining services segment.

#### Note 11

INTANGIBLE ASSETS	Consolidated Entity	
	2012 \$	2011 \$
Customer Contracts – At cost	226,800	-
Customer Contracts – Accumulated Amortisation	(37,800)	-
Net Book Value Customer Contracts	<b>189,000</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	-	-
Additions (Through Acquisition - Customer Contract)	226,800	-
Amortisation Expense	(37,800)	-
Impairment	-	-
Carrying amount at end of year	<b>189,000</b>	-

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite useful life.

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	
	2012	2011
	\$	\$
Trade Payables	221,034	-
Other Payables	974,099	29,269
<b>Total Payables</b>	<b>1,195,133</b>	<b>29,269</b>

Note 13

PROVISIONS	Consolidated Entity	
	2012	2011
	\$	\$
<b>Current Provisions</b>		
<b>Annual Leave Provision</b>		
carrying amount at the beginning of the period	-	-
additional provision made	152,019	-
amounts used	(63,465)	-
Unused amounts reversed	(12,095)	-
carrying amount at the end of the period	76,459	-
<b>Long Service Leave Provision</b>		
carrying amount at the beginning of the period	-	-
additional provision made	23,918	-
amounts used	-	-
Unused amounts reversed	(12,533)	-
carrying amount at the end of the period	11,385	-
<b>Total Provisions</b>	<b>87,844</b>	<b>-</b>

Both of the above provisions are employees' leave entitlement which can be taken at any time as long as both employee and immediate supervisor/manager approve the leave application.

Note 14

CONTRIBUTED EQUITY	Note	Consolidated Entity	
		2012 \$	2011 \$
<i>(a) Issued and paid up capital</i>			
Ordinary shares fully paid	14(b)	67,506,693	62,546,693
Share options issued	14(d)	-	80,000
		<b>67,506,693</b>	<b>62,626,693</b>

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

(b) Movements in shares on issue		Parent Entity	
		# of shares	(\$)
Beginning of the financial year		1,153,804,566	62,546,693
Issued during the year		181,111,111	3,400,000
Option Exercised		160,000,000	1,680,000
10:1 Consolidation		(1,345,423,823)	-
Deduct: Share issue costs		-	(120,000)
<b>End of financial year</b>		<b>149,491,854</b>	<b>67,506,693</b>

(c) 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.*

(d) Share Options – Movements	2012		2011	
	Number	(\$)	Number	(\$)
Outstanding at beginning of year	160,000,000	80,000	-	-
Granted during the year	-	-	160,000,000	80,000
Exercised during the year	(160,000,000)	(80,000)	-	-
Lapsed or expired during the year	-	-	-	-
<b>Outstanding at year end</b>	<b>-</b>	<b>-</b>	<b>160,000,000</b>	<b>80,000</b>

(e) Issuances, repurchases, and repayments of debt and equity securities

During the financial year, nil options were granted (2011: 160,000,000 options at an issue price of \$0.0005).

Note 15

CASH FLOW INFORMATION	Consolidated Entity	
	2012	2011
	\$	\$
Reconciliation of the net profit (loss) after tax to the net cash flows from operations		
<b>Net profit/(loss)</b>	(1,237,319)	(789,052)
<b>Non-Cash Items</b>		
Depreciation and amortisation	52,109	5,945
<b>Changes in Assets and Liabilities</b>		
Transfer of assets and liabilities to Administrator	-	-
(Increase)/decrease in receivables	(1,115,484)	(30,776)
(Increase)/decrease in other assets	(198,068)	(27,059)
Increase/(decrease) in payables	1,141,832	(55,584)
(Increase)/decrease in deferred tax assets	(423,325)	-
Increase/(decrease) in deferred tax liabilities	88,710	-
<b>Net Operating Cash Flow</b>	<b>(1,691,545)</b>	<b>(896,526)</b>

Note 16

EARNINGS PER SHARE	Consolidated Entity	
	2012	2011
	\$	\$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share		
Net profit/(loss)	(1,237,319)	(789,052)
Earnings used in calculating basic and diluted earnings per share	(1,237,319)	(789,052)
Weighted average number of ordinary shares used in calculating basic earnings per share	144,194,607	73,405,409 <sup>1</sup>
Effect of dilutive securities		
Share options	-	2,893,151 <sup>1</sup>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	144,194,607	76,298,560 <sup>1</sup>

<sup>1</sup> number of shares are stated based on-post-consolidation basis

**Note 17**

LEASE EXPENDITURE COMMITMENTS	Consolidated Entity	
	2012	2011
	\$	\$
Operating leases (non-cancellable)		
(a) Operating leases related to office	227,176	-
(b) Minimum lease payments		
- Not later than one year	111,285	-
- Later than one year and not later than five years	115,891	-
- Later than five years	-	-
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>227,176</b>	<b>-</b>

**Note 18**

RELATED PARTY DISCLOSURES	Consolidated Entity	
	2012	2011
(a) The consolidated financial statements include the financial statements of Tempo Australia Limited and its controlled entities listed below		
	Country of Incorporation	
<b>Parent Entity</b>		
Tempo Australia Limited	Australia	
<b>Subsidiaries of Tempo Australia Limited</b>		
Tempo Resources Solutions Pty Ltd (former FHL Mining Services Pty Ltd)	Australia	100%
Tempo Engineering Pty Ltd	Australia	100%
Tempo Engineering Services Pty Ltd	Australia	100%
Tempo Construction & Maintenance Pty Ltd	Australia	100%
Tempo Industry Partners Pty Ltd	Australia	100%
Tempo Global Pty Ltd	Australia	100%
	2012	2011
	\$	\$
(b) Compensation by category for Directors and nominated executives		
Short-term employment benefits	534,333	232,823
Post-employment benefits	14,040	-
Other long-term benefits	-	11,752
Termination benefits	-	-
Share based benefit	-	-
<b>Total benefits</b>	<b>548,373</b>	<b>244,575</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.

William Buck (NSW) Pty Ltd, a related party of the Chairman Robert Whitton have been paid \$228,964 during the year for accounting and administration services on normal commercial terms.

**Note 19**

DEFERRED TAX ASSETS AND LIABILITIES	Consolidated Entity		
		Deferred Tax Assets	Deferred Tax Liabilities
	\$	\$	\$
<b>Tax Losses since January 2012</b>	1,139,343	341,803	-
Tax Loss Utilised	-	-	-
<b>Carry Forward Tax Losses</b>	<b>1,139,343</b>	<b>341,803</b>	<b>-</b>
<b>Temporary Differences</b>			
Work in Progress	(90,893)	-	(27,268)
<b>Accrues</b>			
Superannuation	42,455	12,737	-
Payroll Tax	32,693	9,808	-
Construction Industry Long Service Leave	8,146	2,444	-
Child Support Agency	3,717	1,115	-
FBT Liability	5,000	1,500	-
Audit and Accounting	25,499	7,650	-
D&O Insurance	31,944	9,583	-
Other Creditors	(6,740)	-	(2,022)
Other Accrues	3,207	962	-
<b>Provisions</b>			
Annual Leave	76,459	22,938	-
Sick Leave	12,008	3,602	-
Long Service Leave	11,385	3,416	-
Workers' Compensation	(3,806)	(1,142)	-
Project Incentive Payment	634	190	-
Doubtful Debt	21,580	6,474	-
<b>Prepayments and Receivable</b>			
Insurances	(158,475)	-	(47,543)
Rent	(22,333)	-	(6,700)
Others	(17,260)	-	(5,178)
Depreciation	14,309	4,293	-
Depreciation	(13,488)	(4,046)	-
<b>Total</b>	<b>1,905,458</b>	<b>423,325</b>	<b>(88,710)</b>

**Note 20**

**FINANCIAL INSTRUMENTS**

The group's activities expose it to credit risk and liquidity risk. Interest rate risks are not considered as significant.

The group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Managing Director and the Chief Financial Officer 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, excluding the value of any collateral or other security, at balance date 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 group has no derivative financial instruments or forward exchange contracts.

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group.

**(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 Group'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 Group for similar financial instruments.

**(d) Interest rate risk**

The group exposure to interest rate risks is nil as there is neither loans nor any liabilities which attract interest payable.

**Note 21 AUDITORS REMUNERATION**

AUDITORS REMUNERATION	Consolidated Entity	
	2012	2011
	\$	\$
Amounts received or due and receivable for: An Audit or review of the financial report of the entity and any other related in the consolidated entity		
Pitcher Partners	45,100	36,977
<b>Total Audit Fee</b>	<b>45,100</b>	<b>36,977</b>

#### NOTE 22: SUBSEQUENT EVENTS

In January 2013 that Mr Nick Bowen has agreed to join the Tempo Board as Executive Chairman in March 2013.

In March 2013, the company signed a construction services contract through its wholly owned subsidiary, Tempo Construction and Maintenance Pty Ltd (Tempo C&M) with Laing O'Rourke Australia Construction Pty Ltd for work on Rio Tinto's expansion of Cape Lambert Port B (50MTPA+50MTPA) Project.

Laing O'Rourke Australia Construction Pty Ltd is a subsidiary of UK based Laing O'Rourke, one of the world's largest privately-owned international construction and engineering companies.

Tempo C&M will provide construction services to support Laing O'Rourke's Structural, Mechanical & Piping Package Scope on the Cape Lambert Port B (50MTPA+50MTPA) Expansion Project for Rio Tinto. Supervision and Skilled trade labour will start mobilising to site over the coming weeks with the contract expected to run through to the 31st of May 2013.

## Directors' Declaration For the year ended 31 December 2012

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

- a. Comply with applicable Accounting Standards as they apply on a liquidation basis, 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 31 December 2011 and of its performance as represented by the results of their operations and its cash flows, for the year ended on that date.
- c. The attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- d. There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

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

Director



Robert Whitton  
Sydney  
Date 28 March 2013

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Pitcher Partners is an association of independent firms  
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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEMPO AUSTRALIA LIMITED AND CONTROLLED ENTITIES**

### **Report on the Financial Report**

We have audited the accompanying financial report of Tempo Australia Limited and controlled entities, which comprises the Statement of Financial Position as at 31 December 2012, the Statement of Comprehensive Income, the Statement of Changes in Equity and the 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 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 gives a true and fair view and 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. Those 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 company's preparation of the financial report that gives a true and fair view 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 company'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*.

*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 entity's financial position as at 31 December 2012 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 included in the directors' report for the year ended 31 December 2012. 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 and controlled entities for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.



ROD SHANLEY  
Partner



PITCHER PARTNERS  
Sydney

28 March 2013