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in the resources sector

Tempo Australia Limited

Interim Financial Report
for the half-year ended 30 June 2013

2013

Interim Financial Report



CONTENTS

Corporate directory.....	1
Director's review of the half year.....	2
Appendix 4D.....	4
Half-year financial report	
Directors' report.....	6
Financial Statements	
Statement of comprehensive income.....	7
Statement of financial position.....	8
Statement of changes in equity.....	9
Statement of cash flows.....	10
Notes to the financial statements.....	11
Directors' declaration.....	13
Independent Auditor's Review Report.....	14
Auditor's Independence Declaration.....	16

About this Report:

This Interim Financial Report (Report) is lodged with the Australian Securities and Investment Commission and ASX Limited and is a summary of Tempo Australia Limited's (Tempo) operations, activities and financial position for the half-year ended 30 June 2013. Any references in this report to 'the period' or 'the reporting period' relate to the half-year, which is 1 January 2013 to 30 June 2013 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.temppoaust.com or alternative contact Link Market Services Limited Ground Floor 178 St Georges Terrace PERTH WA 6000, Tel: 1300 554 474.

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	Non-Executive Director (Resigned as Managing Director 30 June 2013)
Carmelo Bontempo	Non-Executive Director
Peter Dykes	Non-Executive Director

Executive team

Giuseppe Leone	Chief Financial Officer Company Secretary (appointed 14 May 2013)
Daniel Hibbs	General Manager- Construction and Maintenance, Personnel Management

Stock exchange listing

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

Registered Details

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

Registered Office

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

Principal place of business

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Subiaco, WA, 6008, Australia
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E: info@tempoaustr.com
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Postal address

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WA, 6008, Australia

Auditor

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Perth WA 6000

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Share Registry

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178 St Georges Terrace
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Solicitor

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Directors review of the half year

Highlights

- ✓ Award of a General Services Contract on Rio Tinto's Expansion Project of the Cape Lambert Port facilities.
- ✓ Award of a contract for the refurbishment of a fuel tank in the Pilbara.
- ✓ Appointment of Nick Bowen as Executive Chairman.
- ✓ Relocation and integration of businesses to a central location of Subiaco.
- ✓ Capital Raising of \$0.5M.
- ✓ Increasing Tendering Activities.

\$7.0m

Revenue

(\$0.6m)

Adjusted Loss before tax¹

155.3M

Ordinary Shares on Issue

\$1.7M

Cash at bank

Overview

Governance

Financial

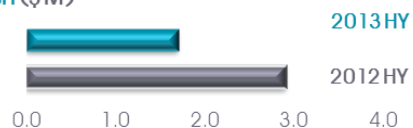
Net Assets (\$'M)



Loss after tax (\$'M)



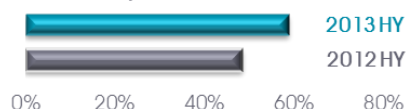
Cash (\$'M)



Diluted EPS (cents)



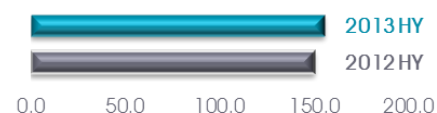
Top 20 Share holders-
% of Issued Capital



Adjusted Loss before tax (\$'M)¹



Issued Capital (shares)



Adjusted Diluted EPS before Tax (cents)



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

Directors review of the half year....

It is with pleasure I submit my first half year report for Tempo Australia Ltd as Chairman welcoming new shareholders who have joined our register in 2013 and thanking existing shareholders who have continued their support for the company.

Organically growing a fully integrated multidisciplinary EPC service provider can only be achieved by investing in the right management team and by investing in the brand development of Tempo Construction and Maintenance. This investment is reflected in the half year result where considerable effort and resources have been expended securing tendering opportunities that will provide a pipeline of revenue growth in 2014 and beyond.

The Company's ability in a tough market and without a track record to secure contracts with blue chip clients in a short time frame vindicates the Board's investment in organic growth. Having now achieved exposure on site coupled with a reputation for delivering, tendering opportunities and enquiries are growing rapidly.

When comparing \$6.0M in revenue for the last 6 months of calendar 2012 against \$7.0M in revenue achieved in the first six months of 2013 we have achieved 17% half on half growth. This growth has come from Construction and Maintenance projects supported by the Personnel Management business.

The market experienced a downturn in demand for resource services in the June half year and this resulted in a significant reduction in the demand for traditional labour hire. Despite the challenging conditions, both the Construction and Maintenance business and the Personnel Management business made a positive contribution to the group's results after direct overhead.

During the first half the Board implemented an optimised management and operating structure. Changes implemented will reduce overhead costs in the second half by 25% and include:

- consolidation of the Construction and Maintenance business and Personnel Management business into one location

under the management of a single General Manager;

- rationalisation of staff as a result of bringing the two businesses together;
- a 20% reduction in Directors fees'; as well as
- additional marketing and tendering resources to secure 2014 revenues.

Non-recurring costs of \$0.303 million bring the loss before tax to \$0.877 million for the half year. The non-recurring charges relate to the consolidation of the two businesses and include a write-off of residual "Fermiscan" assets. By comparison, non-recurring costs incurred in the first half of 2012 relate to business acquisition costs of Industry Partners Pty Ltd and Immigration Partners Pty Ltd.

Outlook

The Board believes that the focus of the company must remain on:

- securing the 2014 pipeline for Construction and Maintenance projects;
- maintaining margins on existing projects;
- keeping an optimised, fit for purpose operating and overhead structure; and
- conserving cash;

The business is expected to be supported into 2014 by its existing cash reserves of \$1.7M in conjunction with the debtors finance facility.

Based on the revised lower overhead structure and current tender margins a breakeven result can be achieved with half year revenues of around \$10 million. With the current work in hand and expected tender wins this breakeven outcome seems achievable for the December half and would be a significant improvement on the first half performance.

Given the results to date and progress with tenders, the Board believes that Tempo is in good shape to grow and deliver positive returns to shareholders in 2014.

Nick Bowen
Chairman
Perth

Appendix 4D Half-Year Report

1. Company details

Name of entity:	Tempo Australia Limited
ABN:	51 000 689 725
Reporting period:	Half-year ended 30 June 2013
Previous corresponding period:	Half-year ended 30 June 2012

2. Results for Announcement to the Market

All figures expressed in Australian dollars unless otherwise stated

Revenue from continuing operations	up from	\$31,969	to	\$6,940,529
Comprehensive Income from ordinary activities after tax attributable to members	up	51%	to	\$(625,760)

Dividends

No dividends were declared or paid in the period.

Comments

For a brief explanation of the figures reported above refer to pages 3 to 12 of this Interim Financial Report.

3. Net tangible assets

	30 June 2013	30 June 2012
Net asset backing per ordinary share	3.86 cents	4.17 cents
Net tangible asset backing per ordinary share	1.38 cents	1.93 cents

4. Control gained over entities

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

5. Loss of control over entities

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

6. Dividends

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

7. Dividend reinvestment plans

Not applicable

8. Details of associates and joint ventures

Not applicable

9. Foreign entities

Not applicable

10. Audit qualification or review

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

11. Attachments

The Interim Report of Tempo Australia Limited for the half-year ended 30 June 2013 is attached.

12. Signed

Signed: 
Giuseppe Leone
Company Secretary

Date: 19 August 2013

Directors' report

The directors present their report together with the consolidated interim financial statements for the half-year ended 30 June 2013.

Directors'

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

Nick Bowen	Chairman, Executive (appointed 11 March 2013)
Richard Wright	Non-executive Director (from 1 July 2013) Managing Director (resigned 30 June 2013)
Robert Whitton	Non-Executive Director (Resigned as Non-Executive Chairman 11 March 2013)
Carmelo Bontempo	Non-Executive Director
Peter Dykes	Non-Executive Director

Principal Activities

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

Results

The consolidated loss after income tax attributable to the members of Tempo Australia Limited was \$625,760.

The adjusted loss before tax was \$573,873.

	Consolidated Entity	
	2013 Half Year \$	2012 Half Year \$
Loss before income tax	(876,918)	(1,269,503)
Add Back:		
Non-recurring Costs	303,045	406,447
Adjusted Loss before income tax	(573,873)	(863,056)
Adjusted basic and diluted loss before tax- cents per share	(0.380)	(0.599)

Review of Operations

- 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.
- 22 March 2013 – The Board announced that Tempo Construction and Maintenance Pty Ltd, a wholly owned subsidiary, had been awarded a construction services contract by Laing O'Rourke Australia Construction Pty Ltd for work on Rio Tinto's Expansion of the Cape Lambert Port facilities.
- 27 June 2013 – The Board announced the award of another contract to wholly owned subsidiary, Tempo Construction and Maintenance Pty Ltd for the refurbishment of a fuel storage tank in the Pilbara with a value of \$1.9 Million.
- 1 July 2013 – The Board announced the retirement of Dick Wright from the position of Managing Director, Appointment of Giuseppe Leone as CFO and Daniel Hibbs now responsible for the Personnel Management business. Both Giuseppe and Daniel will report to Nick Bowen.

Auditor's Independence Declaration

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

On behalf of the directors



Nick Bowen
Chairman
Perth

19 August 2013

Statement of Comprehensive Income
For the half-year ended 30 June 2013

	Consolidated	
	30 June 2013 \$	30 June 2012 \$
Revenue	6,932,548	-
Other revenue	7,981	31,969
Revenue	6,940,529	31,969
Employee and director benefits expense	6,715,434	277,531
Administration costs	192,864	-
Legal fees	-	111,519
Occupancy costs	252,889	-
Depreciation and amortisation	49,931	5,351
Insurance	139,085	14,512
Other expenses	320,169	-
Listing and other statutory charges	674	107,121
Other professional expenses	146,401	785,438
Expenses	7,817,447	1,301,472
Loss before income tax benefit	(876,918)	(1,269,503)
Income tax benefit	251,158	-
Loss for the period	(625,760)	(1,269,503)
Other comprehensive income	-	-
Total comprehensive income	(625,760)	(1,269,503)
Net loss for the period	(625,760)	(1,269,503)
Earnings per share		
Basic and Diluted loss – cents per share	(0.414)	(1.061)

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

Statement of Financial Position
As at 30 June 2013

	Consolidated	
	30 June 2013 \$	31 December 2012 \$
CURRENT ASSETS		
Cash and cash equivalents	1,735,439	2,275,905
Trade and other receivables	2,747,157	1,167,412
Other assets	20,580	225,127
Total Current Assets	4,503,176	3,668,444
NON-CURRENT ASSETS		
Property, plant and equipment	81,064	101,172
Intangibles	3,269,287	3,307,087
Deferred tax assets	585,773	423,325
Total Non-Current Assets	3,936,124	3,831,584
Total Assets	8,439,300	7,500,028
CURRENT LIABILITIES		
Trade and other payables	2,439,557	1,195,134
Provision for income tax	-	87,844
Total Current Liabilities	2,439,557	1,282,978
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	88,710
Total Non-Current Liabilities	-	88,710
Total Liabilities	2,439,557	1,371,688
Net Assets	5,999,743	6,128,340
EQUITY		
Contributed equity	68,003,856	67,506,693
Accumulated losses	(62,004,113)	(61,378,353)
Total Equity	5,999,743	6,128,340

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

Statement of Changes in Equity
For the half-year ended 30 June 2013

	Consolidated	
	30 June 2013 \$	30 June 2012 \$
Retained losses at the beginning of the year	(61,378,353)	(60,141,034)
Loss for half-year	(625,760)	(1,269,503)
Retained losses at the end of half-year	(62,004,113)	(61,410,537)
Transactions with equity holders in their capacity as equity holders:		
Contributed equity at the beginning of the year	67,506,693	62,776,693
Issue of shares and options	500,000	5,000,000
Share based payment	363	-
Capital raising costs	(3,200)	(130,150)
Contributed equity at the end of half-year	68,003,856	67,646,543
Total equity at the end of half-year	5,999,743	6,236,006

Overview

Governance

Financial

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

Statement of Cash Flows
For the half-year ended 30 June 2013

	Consolidated	
	30 June 2013 \$	30 June 2012 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	5,911,293	-
Payments to suppliers and employees	(6,903,320)	(1,081,298)
Interest received	5,916	31,969
Net cash used in operating activities	(986,111)	(1,049,329)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for acquisition of business	-	(2,886,609)
Payments for property plant and equipment	(54,355)	-
Net cash used in investing activities	(54,355)	(2,886,609)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity instruments after costs of issue	500,000	4,469,850
Net cash provided by financing activities	500,000	4,469,850
Net (decrease)/increase in cash and cash equivalents	(540,466)	533,912
Cash and cash equivalents at beginning of year	2,275,905	2,382,436
Cash and cash equivalents at end of half year	1,735,439	2,916,348

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

Notes to the Financial Statements For the half-year ended 30 June 2013

Note 1: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 30 June 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2012 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

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

Note 2: LOSS FOR THE PERIOD

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

	Consolidated	
	30 June 2013 \$	30 June 2012 \$
Office reallocation and consolidation	(137,000)	-
Professional Fees	(6,540)	-
Write-off residual Fermiscan assets	(53,505)	-
Overhead restructuring costs	(106,000)	-
Cost in relation to business acquisition	-	(406,447)
	(303,045)	(406,447)

Notes to the Financial Statements For the half-year ended 30 June 2013

Note 3: ISSUE OF EQUITIES

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

- 5,847,954 shares, 5,847,954 A Class unlisted options (exercise price of 12.82 cents per share with an expiry date of 10 May 2015) and 5,847,954 B Class unlisted options (exercise price of 17.10 cents per share with an expiry date of 10 May 2016) for a consideration of \$500,000; and
- 525,000 unlisted options (exercise price of 15 cents per share with an expiry date of 8 April 2015) under the company's employee share option plan.

Note 4: DIVIDENDS

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

Note 5: SEGMENT REPORTING

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

The group operated in one segment being mining services.

Note 7: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since 31 December 2012.

Note 7: SUBSEQUENT EVENTS

On the 1 July 2013, the company announced Mr Richard Wright, Managing Director of Tempo, retired from his executive role on the 30 June 2013 however will continue with the Company as a Non-executive Director. Mr Giuseppe Leone, currently COO at Tempo will move into the role of CFO and Company Secretary.

Directors' Declaration For the half-year ended 30 June 2013

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

- (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date.

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

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

On behalf of the directors



Nick Bowen
Chairman

Perth
Dated: 19 August 2013

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

We have reviewed the accompanying half-year financial report of Tempo Australia Limited which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tempo Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tempo Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

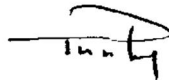
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tempo Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 19 August 2013

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tempo Australia Limited for the half-year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 19 August 2013