

ASX Announcement

19 August 2013

Half Year Results

Tempo Australia Ltd (ASX:TPP) provider of Structural, Mechanical and Piping services to the mining, oil and gas sectors, specialising in construction, maintenance, sustaining capital works and shutdown services announces interim results for the six months ended 30 June 2013.

\$' Million	Consolidated Entity	
	2013 H1	2012 H1
Revenue	6.941	0.032
EBITDA	(0.827)	(1.264)
Depreciation and Amortisation	(0.050)	(0.005)
Net Loss Before Tax *	(0.877)	(1.269)
Non-recurring costs	0.303	0.406
Adjusted loss before tax	(0.574)	(0.863)
Adjusted basic and diluted loss before tax- cents per share	(0.380)	(0.599)

* Nil interest cost in H1 2013 and H1 2012

H1 Highlights

- Revenue \$6.941 million (H1 2012: \$0.032 million).
- Adjusted loss before tax of \$0.574 million (H1 2012: \$0.863 million).
- 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.
- Integration of businesses to a central location of Subiaco.
- Rationalization of overhead costs
- Capital raising of \$0.500 million.
- Increasing tendering activities.

Chairman's Overview

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

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About Tempo

Tempo Australia Ltd (ASX:TPP) was established in 2011 to provide SMP (Structural Mechanical Piping) services to mining, oil and gas sectors specialising in:

- ◆ construction (greenfield and brownfield);
- ◆ maintenance;
- ◆ sustaining capital works; and
- ◆ shutdowns.

Tempo works collaboratively with clients to execute projects safely and deliver them on time and budget.